THIS CIRCULAR TO SHAREHOLDERS OF SARAWAK CONSOLIDATED INDUSTRIES BERHAD ("SCIB" OR "COMPANY") 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 advisers immediately.

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SARAWAK CONSOLIDATED INDUSTRIES BERHAD

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

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-

(I) PROPOSED DISPOSAL BY SCIB HOLDINGS SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, OF ITS ENTIRE EQUITY INTEREST IN SCIB CONCRETE MANUFACTURING SDN BHD ("SCM") TO YTL CEMENT (SARAWAK) SDN BHD, AN INDIRECT SUBSIDIARY OF YTL CORPORATION BERHAD, FOR A CASH CONSIDERATION OF RM113.00 MILLION ("PROPOSED DISPOSAL OF SCM"); AND

(II) PROPOSED DISPOSAL OF 7 PARCELS OF LAND OWNED BY THE COMPANY WHICH ARE KNOWN AS LOT 1166, LOT 1541 AND LOT 787-791 AT PRE-AGREED PURCHASE PRICES OF RM18.00 MILLION, RM6.00 MILLION AND RM14.19 MILLION RESPECTIVELY TO BE SATISFIED ENTIRELY VIA CASH, PURSUANT TO THE EXERCISE OF THE OPTIONS TO PURCHASE BY SCM OR THE OPTIONS TO SELL BY SCIB, AS THE CASE MAY BE ("PROPOSED DISPOSAL OF LANDS")

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

Berjaya Securities Sdn Bhd
(formerly known as Inter-Pacific Securities Sdn Bhd)
Registration No. 197201001092 (12738-U)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") of the Company that will be held at Hall 1, Corporate Meetings by Envivo, Ground Floor, Lobby 1, Crystal Plaza No.4, Jalan 51A/223, 46100 Petaling Jaya, Selangor on Monday, 4 May 2026 at 2.30 p.m. or at any adjournment thereof, for the purpose of considering the Proposals, together with the Form of Proxy are enclosed in this Circular.

A member entitled to attend, participate, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, participate, speak and vote on his/her behalf. In such event, the completed and signed Form of Proxy must be deposited at the office of the Company's share registrar at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur or alternatively to lodge the Form of Proxy electronically via Digerati Portal at https://scib-egm.digerati.com.my or email to admin@aldpro.com.my, not less than forty-eight (48) hours before the time and date fixed for holding the EGM or at any adjournment thereof.

Last date and time for lodging the Form of Proxy	: Saturday, 2 May 2026 at 2.30 p.m.
Date and time of the EGM	: Monday, 4 May 2026 at 2.30 p.m. or at any adjournment thereof

This Circular is dated 16 April 2026

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

Act	-	Companies Act, 2016
BDOCC	-	BDO Capital Consultants Sdn Bhd
Berjaya Securities or the Principal Adviser	-	Berjaya Securities Sdn Bhd (formerly known as Inter-Pacific Securities Sdn Bhd)
Board	-	Board of Directors of the Company
Bursa Securities	-	Bursa Malaysia Securities Berhad
CAGR	-	Compound annual growth rate
Cheston	-	Cheston International (KL) Sdn Bhd
Circular	-	This circular to Shareholders in relation to the Proposals
CMSA	-	Capital Markets and Services Act, 2007, as amended from time to time including any re-enactment thereof
Completion Date	-	A date falling 14 business days following the date of fulfilment or waiver of the Condition Precedent or such other date as may be agreed in writing by the parties
Condition Precedent	-	Condition precedent in the SSPA i.e. Shareholders' approval being obtained at an EGM within 7 months from the date of the SSPA (subject to extension in accordance to the terms of the SSPA)
Construction & EPCC Segment	-	Construction, EPCC as well as project management businesses of the Group
DCF	-	Discounted cash flow
Demak Laut Industrial Park	-	Leasehold plots located within the Muara Tebas Land District at Taman Perindustrian Demak Laut Phase IIb (Stage 2), Kuching, Sarawak
Directors	-	Directors of the Company, and shall have the meaning given in subsection 2(1) of the CMSA and includes any person who is or was a director or a chief executive of SCIB, its subsidiary or holding company within the preceding 6 months of the date on which the terms of the transaction were agreed upon
Disposal Consideration	-	Cash consideration of RM113.00 million for the Proposed Disposal of SCM, which is subject to adjustments in accordance with Sections 3.2 and 3.3 of Appendix I of this Circular
EGM	-	Extraordinary general meeting
EPCC	-	Engineering, procurement, construction and commissioning
EPS	-	Earnings per share
FPE	-	Financial period ended
FYE	-	Financial year ended
GP	-	Gross profit

GDC	-	Gross development cost
GDV	-	Gross development value
IMR Report	-	Independent market research report dated 27 March 2026 on the precast concrete industry in Malaysia prepared by Infobusiness
Indicative Offer	-	Indicative letter of offer dated 2 October 2025 issued by YTL Cement Sarawak to the Company to acquire 100% equity interest in SCM at an indicative purchase price of RM113.00 million
Infobusiness or Independent Market Researcher	-	Infobusiness Market Research Sdn Bhd
Lands	-	Collectively, Lot 1166, Lot 1541 and Lot 787-791
Land Code	-	National Land Code
Listing Requirements	-	Main Market Listing Requirements of Bursa Securities
Lot 1166	-	All that parcel of land situated at Demak Laut Industrial Park, Kuching, measuring more or less 4.047 hectares, described as Lot 1166, Block 8, Muara Tebas Land District (title registration no. 01-LCPLS-014-008-01166) with a 2-storey office building, a 1-storey pre-cast panels factory, a 1-storey pipe plant building and other buildings erected thereon
Lot 1541	-	All that parcel of land situated at Demak Laut Industrial Park, Kuching, measuring more or less 1.25 hectares, described as Lot 1541, Block 8, Muara Tebas Land District (title registration no. 01-LCPLS-014-008-01541) with a 1-storey i-Beam factory and a 1-storey store
Lot 787-791	-	Collectively, Lot 787, Lot 788, Lot 789, Lot 790 and Lot 791
Lot 787	-	All that parcel of land situated at Demak Laut Industrial Park Phase IIB (Stage 2) Sejingkat, Kuching, measuring more or less 1.8506 hectares, described as Lot 787, Block 4, Muara Tebas Land District (title registration no. 01-LCLS-014-004-00787)
Lot 788	-	All that parcel of land situated at Demak Laut Industrial Park Phase IIB (Stage 2), Sejingkat, Kuching, measuring more or less 1.982 hectares, described as Lot 788, Block 4, Muara Tebas Land District (title registration no. 01-LCLS-014-004-00788)
Lot 789	-	All that parcel of land situated at Demak Laut Industrial Park Phase 2B (Stage 2B), Sejingkat, Kuching, measuring more or less 1.6011 hectares, described as Lot 789, Block 4, Muara Tebas Land District (title registration no. 01-LCLS-014-004-00789)
Lot 790	-	All that parcel of land situated at Demak Laut Industrial Park Phase IIB (Stage 2), Sejingkat, Kuching, measuring more or less 1.6847 hectares, described as Lot 790, Block 4, Muara Tebas Land District (title registration no. 01-LCLS-014-004-00790)
Lot 791	-	All that parcel of land situated at Demak Laut Industrial Park Phase IIB (Stage 2), Sejingkat, Kuching, measuring more or less 1.736 hectares, described as Lot 791, Block 4, Muara Tebas Land District (title registration no. 01-LCLS-014-004-00791)

LPD	-	27 March 2026, being the latest practicable date prior to the printing of this Circular
Major Shareholder(s)	-	Pursuant to Paragraph 1.01 of the Listing Requirements, a person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares, is:- (i) 10% or more of the total number of voting shares in the Company; or (ii) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company. For the purposes of this definition, "**interest**" shall have the meaning of "**interest in shares**" given in Section 8 of the Act. A "**Major Shareholder**" includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company, or any other corporation which is its subsidiary or holding company
MFRS	-	Malaysian Financial Reporting Standards
Manufacturing Business	-	Manufacturing and sale of precast concrete products such as concrete spun pipes, prestressed spun concrete piles, reinforced concrete square piles, reinforced concrete box culverts and prestressed girder beams
NA	-	Net assets
NBV	-	Net book value
Net Intercompany Receivables	-	Difference between the aggregate of all amounts owing by the Group (excluding SCM) to SCM and the aggregate of all amounts owing by SCM to the Group (excluding SCM)
Official List	-	List specifying all securities which have been admitted for listing on the Main Market of Bursa Securities and not removed
Options to Purchase	-	Collectively, the Option to Purchase Lot 1166 and Lot 1541 and the Option to Purchase Lot 787-791
Option to Purchase Lot 1166 and Lot 1541	-	An irrevocable option granted by SCIB to SCM to purchase Lot 1166 and Lot 1541
Option to Purchase Lot 787-791	-	An irrevocable option granted by SCIB to SCM to purchase Lot 787-791
Options to Sell	-	Collectively, the Option to Sell Lot 1166 and Lot 1541 and the Option to Sell Lot 787-791
Option to Sell Lot 1166 and Lot 1541	-	An irrevocable option granted by SCM to SCIB to sell Lot 1166 and Lot 1541
Option to Sell Lot 787-791	-	An irrevocable option granted by SCM to SCIB to sell Lot 787-791
PAT	-	Profit after tax
PBT	-	Profit before taxation

Proposals	-	Collectively, the Proposed Disposal of SCM and the Proposed Disposal of Lands
Proposed Disposal of Lands	-	Proposed disposal of Lot 1166, Lot 1541 and Lot 787-791 at pre-agreed purchase prices of RM18.00 million, RM6.00 million and RM14.19 million respectively to be satisfied entirely in cash, pursuant to the exercise of the Options to Purchase by SCM or the Options to Sell by SCIB, as the case may be, in accordance with the terms and conditions of the Tenancy Agreement, the Supplemental Letter to the Tenancy Agreement, the Right to Build and Operate Agreement and the Supplemental Letter to the RBO
Proposed Disposal of SCM	-	Proposed disposal by SCIB Holdings of its entire equity interest in SCM to YTL Cement Sarawak for the Disposal Consideration in accordance with the terms and conditions of the SSPA
RBO or Right to Build and Operate Agreement	-	Right to build and operate agreement dated 1 March 2025 in relation to Lot 787-791 which are owned by SCIB and are where a new factory is intended to be constructed thereon by SCM for its manufacturing operations
RM and sen	-	Ringgit Malaysia and sen, respectively
RNAV	-	Revalued net asset value
RPGT	-	Real property gains tax
Sale Shares	-	18,581,702 ordinary shares in SCM, representing 100% equity interest in SCM
SCIB or the Company	-	Sarawak Consolidated Industries Berhad
SCIB Group or the Group	-	Collectively, SCIB and its subsidiaries
SCIB Holdings or the Seller	-	SCIB Holdings Sdn Bhd, a wholly-owned subsidiary of the Company
SCIB Shares or Shares	-	Ordinary shares in SCIB
SCM	-	SCIB Concrete Manufacturing Sdn Bhd, a wholly-owned subsidiary of the SCIB Holdings
Shareholders	-	Shareholders of SCIB
SOPV	-	Sum of parts valuation
SSPA	-	Conditional share sale and purchase agreement dated 18 November 2025 between the Company, SCIB Holdings and YTL Cement Sarawak for the Proposed Disposal of SCM
Sublot 13	-	A 4-storey mid-terraced shop/office/house identified as Sublot 13 (Survey Lot 10747) of Parent Lot 4871, Block 18, Salak Land District, Sarawak, bearing postal address Sublot 13, Lot 10747, Vista Tunku, Off Jalan Tun Datuk Patinggi Abang Haji Muhammad Salahuddin, Petra Jaya, 93050 Kuching, Sarawak

Sublot 24	-	A 4-storey mid-terraced shop/office/house identified as Sublot 24 (Survey Lot 10758) of Parent Lot 4871, Block 18, Salak Land District, Sarawak, bearing postal address Sublot 24, Lot 10758, Vista Tunku, Off Jalan Tun Datuk Patinggi Abang Haji Muhammad Salahuddin, Petra Jaya, 93050 Kuching, Sarawak
Supplemental Letter to the RBO	-	Supplemental letter dated 18 November 2025 executed by SCIB and SCM in respect of the Right to Build and Operate Agreement to record, amongst others, their mutual agreement on the purchase price of RM14.19 million, which is subject to certain adjustments, for the sale and purchase of Lot 787-791 upon exercise of the Option to Purchase Lot 787-791 or the Option to Sell Lot 787-791, as the case may be
Supplemental Letter to the Tenancy Agreement	-	Supplemental letter dated 18 November 2025 executed by SCIB and SCM in respect of the Tenancy Agreement to record, amongst others, their mutual agreement on the purchase price of RM24.00 million, which is subject to certain adjustments, for the sale and purchase of Lot 1166 and Lot 1541 upon the exercise of the Option to Purchase Lot 1166 and Lot 1541 or the Option to Sell Lot 1166 and Lot 1541, as the case may be
Tenancy Agreement	-	Tenancy agreement dated 1 July 2025 for the tenancy by SCM of Lot 1166 and Lot 1541, which are owned by SCIB and are where SCM's existing factories are erected thereon
Valuation Letter	-	The valuation letter dated 13 January 2026 issued by BDOCC in respect of the valuation of the entire equity interest of SCM
YTL Cement Sarawak or the Purchaser	-	YTL Cement (Sarawak) Sdn Bhd, an indirect subsidiary of YTL Corporation Berhad

In this Circular, 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 and vice versa. References to persons shall include corporations, unless otherwise specified. All references to "you" and "your" in this Circular are to the Shareholders.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time or date in this Circular shall be a reference to Malaysian time and date, unless otherwise stated. Any discrepancies in the tables between the actual figures, the amounts stated and the totals in this Circular are due to rounding, unless otherwise explained.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Company's plans and objectives will be achieved.

Any exchange rate translation in this Circular is provided solely for the convenience of the Shareholders and should not be constituted as representative that the translated amount stated in this Circular could have been or would have been converted into such other amounts or vice versa.

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposals. Shareholders are advised to read and carefully consider the contents of this Circular in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposals before voting at the forthcoming EGM.

<table>
<tr><th>Key information</th><th>Description</th><th>Reference to Circular</th></tr>
<tr><td>Summary of the Proposals</td><td><u>Proposed Disposal of SCM</u>

The Proposed Disposal of SCM entails the disposal by SCIB Holdings of its entire equity interest in SCM to YTL Cement Sarawak for a cash consideration of RM113.00 million.

<u>Proposed Disposal of Lands</u>

The Proposed Disposal of Lands entails the disposal of the Lands pursuant to the exercise of the Options to Purchase by SCM or the Options to Sell by SCIB, as the case may be, in accordance with the terms and conditions of the Tenancy Agreement (as supplemented by the Supplemental Letter to the Tenancy Agreement) and the Right to Build and Operate Agreement (as supplemented by the Supplemental Letter to the RBO).</td><td>Sections 2 and 3</td></tr>
<tr><td>Basis and justification for the Disposal Consideration</td><td>The Disposal Consideration is equivalent to the Indicative Offer issued by YTL Cement Sarawak to the Company on 2 October 2025. It represents the following:-

(i) a premium of RM12.71 million or 12.67% to the latest unaudited NA of SCM as at 30 September 2025 of RM100.29 million;

(ii) a premium of RM23.96 million or 26.91% to the latest audited NA of SCM as at 30 June 2024 of RM89.04 million; and

(iii) within the range of values of the entire equity interest in SCM of RM101.1 million to RM120.6 million as appraised by BDOCC as set out in the Valuation Letter.</td><td>Section 2.4</td></tr>
<tr><td>Utilisation of proceeds from the Proposed Disposal of SCM</td><td>The proceeds from the Proposed Disposal of SCM are intended to be utilised in the following manner:-

<table>
<tr><th>Utilisation of proceeds</th><th>Intended timeframe for utilisation</th><th>RM‘000</th></tr>
<tr><td>(i) Funding for ongoing and future projects for the Construction & EPCC Segment</td><td>Within 24 months</td><td>42,642</td></tr>
<tr><td>(ii) Funding for future property development projects</td><td>Within 24 months</td><td>20,386</td></tr>
<tr><td>(iii) Working capital</td><td>Within 24 months</td><td>10,000</td></tr>
<tr><td>(iv) Settlement of the Net Intercompany Receivables</td><td>Immediate</td><td>26,722</td></tr>
<tr><td>(v) Acquisition of new office premises</td><td>Within 6 months</td><td>10,000</td></tr>
<tr><td>(vi) Estimated expenses for the Proposals</td><td>Immediate</td><td>3,250</td></tr>
<tr><td>Total</td><td></td><td>113,000</td></tr>
</table></td><td>Section 4</td></tr>
<tr><td>Rationale for the Proposals</td><td><u>Proposed Disposal of SCM</u>

The Proposed Disposal of SCM represents an opportunity for the Group to divest and unlock the value of its Manufacturing Business potentially at or close to the peak of its recent financial performance.</td><td>Section 5</td></tr>
</table>

Key information	Description	Reference to Circular
Rationale for the Proposals (cont'd)	Moreover, the Group is estimated to record a gain on disposal of RM8.69 million from the Proposed Disposal of SCM, which in turn is expected to increase the NA and contribute to higher earnings for the Group in the immediate term. **Proposed Disposal of Lands** The Proposed Disposal of Lands allows SCIB to restructure its existing connections with SCM with regards to Lot 1166, Lot 1541 and Lot 787-791 which are crucial for SCM's continued business. In addition, the Proposed Disposal of Lands allows the Group to monetise and unlock the value of the Lands and convert them into cash to support the Group's future business needs.	Section 5
Risk factors	**Non-completion risk** There is no assurance that the Condition Precedent will be fulfilled or that the parties to the SSPA will be able to fulfill their respective obligations under the SSPA within the timeframe stipulated therein. **Loss of future revenue and earnings that may be generated by SCM** Upon completion of the Proposed Disposal of SCM, SCM will no longer be a subsidiary of the Company and as such, the Group would lose a major source of revenue and earnings from SCM moving forward. **Loss of participation in the Manufacturing Business and the precast concrete industry in Malaysia** The Group will no longer be able to capitalise on any potential future growth of the Manufacturing Business as well as the future prospects of the precast concrete industry in Malaysia. **Concentration risk on existing remaining construction / EPCC / project management businesses** Upon completion of the Proposed Disposal of SCM, the Group's revenue and earnings will be entirely derived from the Construction & EPCC Segment. Any adverse developments affecting the business of the Construction & EPCC Segment may result in material adverse effect on the Group's overall financial performance.	Section 7
Approvals required	The Proposals are subject to the following approvals being obtained:- (i) Shareholders at the forthcoming EGM; and (ii) any other relevant authorities and/or parties, if required.	Section 10
Interests of Directors, Major Shareholders, chief executive of the Company and/or persons connected to them	None of the Directors and/or Major Shareholders, chief executive of the Company and/or persons connected to them have any interest, direct or indirect, in the Proposals.	Section 11
Board's recommendation	The Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM, the details of which are set out in the cover page of this Circular and the Notice of EGM as enclosed.	Section 14

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

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

Registered Office

Lot 1258, Jalan Utama
Pending Industrial Estate
93450 Kuching
Sarawak

16 April 2026

Board of Directors

Datuk Chong Loong Men (Executive Chairman)
Ku Chong Hong (Group Managing Director / Chief Executive Officer)
Chiew Jong Wei (Executive Director / Chief Financial Officer)
Tan Li Peng (Independent Non-Executive Director)
Leow Wey Seng (Independent Non-Executive Director)
Ling Chi Hoong (Independent Non-Executive Director)

To: Shareholders of Sarawak Consolidated Industries Berhad

Dear Sir / Madam,

(I) PROPOSED DISPOSAL OF SCM; AND
(II) PROPOSED DISPOSAL OF LANDS

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

On 2 October 2025, the Board announced that the Company had on even date received the Indicative Offer from YTL Cement Sarawak to acquire 100% equity interest in SCM at an indicative purchase price of RM113.00 million. Further to that, the Board had deliberated on the matter and had resolved to accept the Indicative Offer, which in turn is subject to, amongst others, the signing of a definitive share sale and purchase agreement between the parties.

On 18 November 2025, Berjaya Securities had, on behalf of the Board, announced that the Company and SCIB Holdings had on even date entered into the SSPA with YTL Cement Sarawak for the Proposed Disposal of SCM, subject to the terms and conditions as set out in the SSPA.

Previously, SCIB had entered into the following agreements with SCM:-

(i) Tenancy Agreement for the tenancy by SCM of Lot 1166 and Lot 1541, which are owned by SCIB and are where SCM's existing factories are erected thereon; and

(ii) Right to Build and Operate Agreement in relation to Lot 787-791 which are owned by SCIB and are where a new factory is intended to be constructed thereon by SCM for its manufacturing operations.

Under the terms of the Tenancy Agreement, SCIB had granted to SCM the Option to Purchase Lot 1166 and Lot 1541, while SCM had granted to SCIB the Option to Sell Lot 1166 and Lot 1541.

Under the terms of the Right to Build and Operate Agreement, SCIB had granted SCM the Option to Purchase Lot 787-791, while SCM had also granted to SCIB the Option to Sell Lot 787-791.

Further to the above and pursuant to the Proposed Disposal of SCM, SCIB and SCM had executed the following letters:-

(i) Supplemental Letter to the Tenancy Agreement to record, amongst others, their mutual agreement on the purchase price of RM24.00 million, which is subject to certain adjustments, for the sale and purchase of Lot 1166 and Lot 1541 upon the exercise of the Option to Purchase Lot 1166 and Lot 1541 or the Option to Sell Lot 1166 and Lot 1541, as the case may be; and

(ii) Supplemental Letter to the RBO to record, amongst others, their mutual agreement on the purchase price of RM14.19 million, which is subject to certain adjustments, for the sale and purchase of Lot 787-791 upon exercise of the Option to Purchase Lot 787-791 or the Option to Sell Lot 787-791, as the case may be.

After completion of the Proposed Disposal of SCM, SCM will cease to be a subsidiary of the Company. Thereafter, if the Options to Purchase are exercised by SCM, or if the Options to Sell are exercised by SCIB, they would entail the disposal by SCIB of the Lands to an entity that is no longer a subsidiary of the Company. As such, in conjunction with the Proposed Disposal of SCM, the Company intends to seek Shareholders' approval upfront for the Proposed Disposal of Lands which entails the disposal of the Lands pursuant to the exercise of the Options to Purchase by SCM or the Options to Sell by SCIB, as the case may be, in accordance with the terms and conditions of the Tenancy Agreement (as supplemented by the Supplemental Letter to the Tenancy Agreement) and the Right to Build and Operate Agreement (as supplemented by the Supplemental Letter to the RBO).

For the avoidance of doubt, should Shareholders' approval for the Proposed Disposal of Lands be obtained at the forthcoming EGM, the Company shall not be required to seek Shareholders' approval for the exercise and completion of the Options to Purchase or the Options to Sell, as the case may be, pursuant to the Listing Requirements. Nevertheless, the Company shall make the requisite announcement(s) in relation to the exercise and completion of the Options to Purchase or Options to Sell, as the case may be, as and when required in accordance with the Listing Requirements. In the event that there is a material variation to the terms of the exercise and completion of the Options to Purchase or the Options to Sell pursuant to the Proposed Disposal of Lands, the Company will seek Shareholders' approval for such variation at a general meeting in accordance with Paragraph 8.22 of the Listing Requirements.

Further details on the Proposals are set out in ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSALS AND TO SET OUT THE VIEWS AND RECOMMENDATION OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS WHICH WILL BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED DISPOSAL OF SCM

2.1 Background information on the Proposed Disposal of SCM

The Proposed Disposal of SCM entails the disposal by SCIB Holdings of the Sale Shares to YTL Cement Sarawak for the Disposal Consideration to be fully satisfied in cash, subject to the terms and conditions of the SSPA.

The Sale Shares to be acquired by the Purchaser shall be free from encumbrances and together with all rights and advantages attaching to them as at the date of completion of the Proposed Disposal of SCM.

As at the LPD, the Manufacturing Business of the Group is primarily operated under SCM. Accordingly, the Proposed Disposal of SCM, which would result in SCM ceasing to be a subsidiary of the Company, would result in the discontinuation of the Group's Manufacturing Business. For information, SCM contributed 68.59% and 65.92% of the Group's total revenue in the latest audited FYE 30 June 2024 and latest unaudited 18-month FPE 31 December 2025 respectively.

Moving forward, with the discontinuation of the Manufacturing Business, the Group will focus on its existing Construction & EPCC Segment.

For the avoidance of doubt, the Proposed Disposal of SCM is not a Major Disposal pursuant to Paragraph 10.02(1)(eA) of the Listing Requirements as the Proposed Disposal of SCM will not result in the Company being classified as a cash company, an affected listed issuer or a Practice Note 17 issuer pursuant to Paragraphs 8.03, 8.03A and 8.04 of the Listing Requirements respectively. In addition, the Proposed Disposal of SCM is not expected to result in a significant change in the business direction or policy of the Company pursuant to the Equity Guidelines issued by the Securities Commission Malaysia.

The salient terms of the SSPA are set out in Appendix I of this Circular.

2.2 Background information on SCM

SCM was incorporated in Malaysia on 31 July 2001 under the Companies Act 1965 and is deemed registered under the Act as a private limited company under the existing name.

SCM is principally involved in trading of construction materials, manufacturing and sale of precast concrete pipes, prestressed spun concrete piles and other related concrete products.

As at the LPD:-

(i) SCM has an issued share capital of RM37,097,047.00 comprising 18,581,702 ordinary shares;

(ii) SCM is a wholly-owned subsidiary of SCIB Holdings which in turn is a wholly-owned subsidiary of the Company;

(iii) the directors of SCM are Ku Chong Hong, Chai Tze Khang and Chiew Jong Wei; and

(iv) SCM does not have any subsidiary or associate company.

Kindly refer to Appendix II of this Circular for further details on SCM.

2.3 Background information on YTL Cement Sarawak or the Purchaser

YTL Cement Sarawak was incorporated in Malaysia on 5 August 2025 as a private limited company under the Act and is principally involved in investment holding.

As at 13 April 2026:-

(i) YTL Cement Sarawak has an issued share capital of RM100,000 comprising 100,000 ordinary shares;

(ii) YTL Cement Sarawak is a wholly-owned subsidiary of YTL Cement Berhad which in turn is a 96.11%-owned subsidiary of YTL Corporation Berhad, a company listed on the Main Market of Bursa Securities;

(iii) the directors of YTL Cement Sarawak are Tan Sri (Sir) Yeoh Sock Ping, Dato' Sri Yeoh Sock Siong, Dato' Yeoh Seok Kian, Dato' Seri Yeoh Seok Hong, Dato' Yeoh Soo Keng and Veli Matti Johannes Mikkola; and

(iv) the details of the subsidiaries of YTL Cement Sarawak are as follows:-

Name of company	Effective equity interest (%)	Principal activities
Semenanjung Concrete Manufacturing Sdn. Bhd. (formerly known as Hume Concrete Sdn. Bhd.) ("**SECM**")	100	Manufacture, marketing and sale of concrete and concrete related products and investment holding
Subsidiary of SECM		
S Concrete Manufacturing Sdn. Bhd. (formerly known as Hume Concrete (EM) Sdn. Bhd.)	100	Manufacture and sale of concrete and concrete related products

2.4 Basis and justification for the Disposal Consideration

The Disposal Consideration is equivalent to the Indicative Offer issued by YTL Cement Sarawak to the Company on 2 October 2025.

The Disposal Consideration is subject to adjustments in accordance with the terms and conditions of the SSPA as set out below:-

(i) First adjustment

Within 7 business days following the satisfaction of the condition precedent of the SSPA (i.e. shareholders' approval being obtained for the Proposed Disposal of SCM), the Seller shall deliver to the Purchaser the estimated management accounts of SCM as at the Completion Date.

Following the above, the Purchaser shall, utilising the figures in such management accounts, calculate the estimated total equity of SCM and the amount, if any, by which the estimated total equity of SCM is less or more than RM98,462,477.00 (being the total equity of SCM as at 30 June 2025).

The Disposal Consideration shall then be adjusted in the following manner:-

(a) If there is no shortfall or excess in the estimated total equity of SCM calculated in accordance with the above, no adjustments shall be made to the Disposal Consideration.

(b) If there is a shortfall in the estimated total equity of SCM calculated in accordance with the above, the Disposal Consideration shall be reduced by an amount equivalent to such shortfall.

(c) If there is an excess in the estimated total equity of SCM calculated in accordance with the above, the Disposal Consideration shall be increased by an amount equivalent to 70%(1) of such excess.

Note:-
(1) This is a commercial term that was negotiated and mutually agreed between the parties. The percentage was proposed by the Purchaser and after due consideration by the Seller of the commercial implications and risk including, amongst others, the trade-off between limiting the potential increase in consideration payable by the Purchaser and ensuring the Seller is compensated fairly in accordance to the prevailing value of SCM, the Seller agreed to adopt the said percentage.

(ii) Final adjustment

Within 45 business days following the Completion Date, the Purchaser shall deliver to the Seller the management accounts of SCM as at the Completion Date which shall be drawn up by the Purchaser in accordance with the terms and format as set out in the SSPA.

Within 7 business days following the determination of the such management accounts, the Purchaser shall, utilising the figures in such management accounts, calculate the total equity of SCM and the amount, if any, by which the final total equity of SCM is less or more than RM98,462,477.00 (being the total equity of SCM as at 30 June 2025).

The Disposal Consideration shall then be adjusted in the following manner:-

(a) If there is no shortfall or excess in the final total equity of SCM in accordance with the above, no adjustments shall be made to the Disposal Consideration.

(b) If there is a shortfall in the final total equity of SCM in accordance with the above, the Disposal Consideration shall be reduced by an amount equivalent to such shortfall.

(c) If there is an excess in the final total equity of SCM in accordance with the above, the Disposal Consideration shall be increased by an amount equivalent to 70%(1) of such excess.

Note:-
(1) This is a commercial term that was negotiated and mutually agreed between the parties. The percentage was proposed by the Purchaser and after due consideration by the Seller of the commercial implications and risk including, amongst others, the trade-off between limiting the potential increase in consideration payable by the Purchaser and ensuring the Seller is compensated fairly in accordance to the prevailing value of SCM, the Seller agreed to adopt the said percentage.

Further details on the abovementioned adjustments are set out in Sections 3.2 and 3.3 of Appendix I of this Circular.

In the event that there are adjustments to be made to the Disposal Consideration in accordance with the above, the Company will make the relevant announcement in relation thereto as and when appropriate, which shall include the computation as well as the basis and justification for the adjusted Disposal Consideration.

The Disposal Consideration represents the following:-

(i) a premium of RM12.71 million or 12.67% to the latest unaudited NA of SCM as at 30 September 2025 of RM100.29 million;

(ii) a premium of RM23.96 million or 26.91% to the latest audited NA of SCM as at 30 June 2024 of RM89.04 million; and

(iii) within the range of values of the entire equity interest in SCM of RM101.1 million to RM120.6 million as at the valuation date of 30 September 2025 as appraised by BDOCC as set out in the Valuation Letter.

In arriving at the valuation of the entire equity interest in SCM, BDOCC has adopted the DCF method of valuation using the financial projections of SCM from 1 October 2025 to 31 December 2030 together with the underlying bases and assumptions.

The DCF method entails the discounting of the future cash flows to be generated from the subject company at specified discount rates to arrive at a range of present values after taking into account, amongst others, the nature, timing and riskiness of the cash flows.

A summary of the key inputs adopted by BDOCC for the DCF method is as follows:-

Key inputs	**SCM**
Terminal growth rate	2.00%
Risk-free rate	3.92%
Adjusted cost of equity(1)	13.51% to 16.10%
Cost of debt	4.17%
Tax rate	24.00%
Weighted average cost of capital	10.3% to 11.9%

Note:-

(1) The cost of equity has been adjusted to account for inherent business risk as well as size and marketability considerations. The inherent risk adjustment is commonly adopted in valuation practice to reflect the uncertainties in the financial projections. Accordingly, BDOCC has applied an adjustment of 2.0% to 3.0%, after taking into account the projected revenue growth and the estimated completion and operational commencement of the new factory by FYE 31 December 2028.

In addition, BDOCC has also applied a size and marketability adjustment of 25.0% after taking into consideration the smaller size of SCM relative to the comparable companies as well as the lack of marketability given SCM's unlisted status. This adjustment was derived from the illiquidity discount of unlisted companies commonly adopted in practice, which typically ranges between 20.0% to 30.0%.

Based on the DCF approach, the range of values of the entire equity interest in SCM was derived as follows:-

	Low	High
	RM'million	RM'million
Range of enterprise values of SCM[(1)]	154.8	174.3
Less: Borrowings and lease liabilities	(73.3)	(73.3)
Add: Surplus assets[(2)]	2.5	2.5
	84.0	103.5
Add: Net amount due from related and holding companies[(3)]	17.1	17.1
Range of values of the entire equity interest in SCM	**101.1**	**120.6**

Notes:-

(1) In arriving at the range of enterprise values of SCM, the estimated free cash flow to firm of SCM have been discounted at discount rates ranging between 10.3% to 11.9%. In deriving the discount rates, BDOCC has applied the prevailing risk-free rate, equity risk premium and betas of comparable companies as at 30 September 2025. BDOCC has also relied on the data of the comparable companies in estimating the discount rates after taking into consideration the adjustments on country risk, the size of SCM relative to the comparable companies, the unlisted status of SCM and the inherent risks and uncertainties in the financial projections of SCM.

(2) Comprises Sublot 13 and Sublot 24 which are owned by SCM as its investment properties. The market values of Sublot 13 and Sublot 24 were appraised by Cheston, an independent valuer, based on its valuation report as at the date of valuation of 29 October 2025. The corresponding valuation certificate for Sublot 13 and Sublot 24 are attached in Appendix VI of this Circular.

(3) Based on the net amount due from related and holding companies as at 30 September 2025 as follows:-

Net amount due from related and holding companies	**RM'million**
Amount due from:	
- SCIB	24.6
- SCIB Industrialised Building System Sdn Bhd	14.8
- SCIB Properties Sdn Bhd	0.1
- SCIB LW System Sdn Bhd	0.1
	39.6
Amount due to:	
- SCIB Industrialised Building System Sdn Bhd	(16.1)[(1)]
- SCIB Building Solutions Sdn Bhd	(6.4)
	(22.5)
Net amount due from related and holding companies	**17.1**

Note:-

(1) Based on the actual amount invoiced by SCIB Industrialised Building System Sdn Bhd on 30 December 2025 for the construction works of the new factory on Lot 787-791.

Premised on the above, the Board is of the view that the Disposal Consideration is justifiable.

2.5 Original cost and date of investment

The original cost and date of investment of SCIB Holdings in SCM is as follows:-

Date of investment	No. of shares	Investment amount (RM)
23 August 2001	2	2
9 December 2003	3,942,000	11,826,000
9 December 2009	8,654,700	8,654,700
10 December 2010	5,315,000	15,945,000
31 December 2010	670,000	670,000
Total	**18,581,702**	**37,095,702**

2.6 Liabilities which will remain with SCIB

Save for the obligations and liabilities in and arising from the SSPA as set out in Section 9 of Appendix I of this Circular, there are no other liabilities, including any contingent liabilities and guarantees in relation to SCM, which will remain with SCIB upon completion of the Proposed Disposal of SCM.

In addition, there are no guarantees given by SCIB to the Purchaser in relation to the Proposed Disposal of SCM.

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3. DETAILS OF THE PROPOSED DISPOSAL OF LANDS

3.1 Background information on the Tenancy Agreement

As at the LPD, SCIB is the legal, registered and beneficial owner of Lot 1166 and Lot 1541, which are currently rented by SCIB to SCM under the Tenancy Agreement.

Under the Tenancy Agreement, SCIB had granted the tenancy of Lot 1166 and Lot 1541 to SCM for a period of 1 year from the date of the Tenancy Agreement at a rental of RM22,000 per month, which shall automatically renew for a successive term of 1 year.

While Lot 1166 and Lot 1541 are owned by SCIB, the buildings erected thereon are constructed and owned by SCM and are currently used by SCM for its manufacturing operations. As such, the continued tenancy of Lot 1166 and Lot 1541 is crucial for the continued business of SCM and therefore it is crucial for SCM to be able to secure its interests and rights over Lot 1166 and Lot 1541.

In view of the above, under the Tenancy Agreement:-

(i) SCIB had also granted to SCM the Option to Purchase Lot 1166 and Lot 1541 in consideration of a payment of RM1.00 from SCM to SCIB; and

(ii) SCM had also granted to SCIB the Option to Sell Lot 1166 and Lot 1541 in consideration of a payment of RM1.00 from SCIB to SCM.

The Option to Purchase Lot 1166 and Lot 1541 may be exercised by SCM at any time after the date of the Tenancy Agreement and shall lapse on the 30th anniversary from the date of the Tenancy Agreement(1).

The Option to Sell Lot 1166 and Lot 1541 may be exercised by SCIB at any time after the date of the Tenancy Agreement and shall lapse on the 30th anniversary from the date of the Tenancy Agreement(1).

Note:-

(1) For the avoidance of doubt, the Tenancy Agreement is intended to renew automatically until the completion of the sale and purchase agreements for Lot 1166 and Lot 1541 which would mean that the Tenancy Agreement does not terminate until the option is exercised and the sale and purchase agreements are completed.

For information, the long option period of 30 years was decided in order to provide long-term certainty and flexibility to the option holder in relation to the potential disposal / acquisition of Lot 1166 and 1541, on the basis that the tenancy continues to renew automatically throughout the period.

Further to the above, under the terms of the Tenancy Agreement, SCIB shall not grant any similar option to purchase, lease or rent, or any right of first refusal in respect of Lot 1166 and Lot 1541, to any third party without the prior written consent of SCM.

Pursuant to the Proposed Disposal of SCM, SCIB and SCM executed the Supplemental Letter to the Tenancy Agreement to record, amongst others, their mutual agreement on the purchase price for the sale and purchase of Lot 1166 and Lot 1541 (as stated below), which is subject to adjustments(1), to ensure contractual certainty upon exercise of the Option to Purchase Lot 1166 and Lot 1541 or the Option to Sell Lot 1166 and Lot 1541 (as the case may be).

Upon delivery of the exercise notice by SCM or delivery of the exercise notice by SCIB (as the case may be), which may be effected at any time after the date of the Tenancy Agreement and within 30 years therefrom, SCM and SCIB shall enter into a pre-agreed form of land sale and purchase agreement ("**Pre-Agreed SPA for Lot 1166 and Lot 1541**"), which is appended to the Supplemental Letter to the Tenancy Agreement, within 14 days from the date of the exercise notice, stipulating the terms and conditions as well as the pre-agreed purchase prices of Lot 1166 and Lot 1541 as follows:-

Subject property	**Pre-agreed purchase price[(1)] (RM'000)**
Lot 1166[(2)]	18,000
Lot 1541[(3)]	6,000
Total	**24,000**

Notes:-

(1) Under the terms of the pre-agreed form of sale and purchase agreement for Lot 1166 and Lot 1541 as appended to the Supplemental Letter to the Tenancy Agreement, the pre-agreed purchase price shall be reduced by an amount equivalent to the aggregate of all rental sums and service tax on the rental sums paid by SCM to SCIB, on and from the date of the Tenancy Agreement, i.e., 1 July 2025.

This arrangement was negotiated and mutually agreed between the parties as the rental payments are treated as having formed part of the pre-agreed purchase price. For the avoidance of doubt, as the aggregate of all rental sums received / to be received by SCIB from SCM will be offset against the pre-agreed purchase price, such arrangement is not expected to result in any loss to SCIB. If the option is not exercised, SCIB will continue to receive rental payments from SCM in accordance with the terms of the Tenancy Agreement.

For information, under the terms of the Tenancy Agreement relating to outgoings, SCM as the tenant shall bear and pay for the water, sewerage charges, electricity and gas supplied to or consumed on, as well as the use of telephone and internet at Lot 1166 and Lot 1541. Meanwhile, SCIB as the landlord shall bear, pay and discharge all land premium, quit rent, assessment, property tax or other rates of a similar nature payable in respect of Lot 1166 and Lot 1541.

(2) A summary of Lot 1166 is set out below:-

Description of the property	:	A parcel of industrial land
Lot No.	:	Lot 1166 (Survey Lot 1129), Block 8
Title No.	:	TRN 01-LCPLS-014-008-01166
Postal address	:	Premises No. Lot 1166 (Survey Lot 1129), Jalan Demak Laut Indah, Demak Laut Industrial Park Phase IIA (formerly known as Sejingkat Industrial Park), Jalan Bako, 93050 Kuching, Sarawak
District	:	Muara Tebas Land District
State	:	Sarawak
Registered owner	:	SCIB
Tenure	:	60-year leasehold interest expiring on 23 August 2064 (unexpired term of about 38 years)
Title land area	:	435,615.03 square feet
Surveyed land area	:	435,507.39 square feet
Classification of land	:	Mixed zone land
Category of land use	:	Town land

Existing land usage	:	Rented to SCM for its manufacturing operations
Rental per month	:	RM22,000 per month (for both Lot 1166 and Lot 1541)
Special conditions	:	(i) Upon the completion of a proper survey of the land the holder of this provisional lease will be given a lease in accordance with the provisions of the Land Code, and subject to the following express conditions and restrictions:-

(a) This land is to be used only for industrial purposes;

(b) The industrial activity to be carried out on this land shall not be of a type which is obnoxious in nature as prescribed under the Natural Resources Environment (Prescribed Activities) Order, 1994;

(c) The development or re-development of this land shall be in accordance with plans, sections and elevations approved by the Superintendent of Lands and Surveys, Kuching Division;

(d) The erection of a building or buildings on this land shall be in accordance with detailed drawings and specifications approved by The Commissioner of the City of Kuching North and shall be completed within 3 years from the date of registration of this lease. In the event that the lessee completed the erection of the building or buildings on the said land within the period specified above, the Director of Lands and Surveys may exempt or waive the payment of the 4th and 5th instalments of premium payable by the lessee on the said land if he is satisfied that the lessee has fulfilled the intention and the purpose for which the land was alienated;

(e) No residential accommodation other than accommodation for a watchman with a maximum floor area of 37.2 square metres may be permitted on this land;

(f) No transfer affecting this land may be effected without the consent in writing of the Director of Lands and Surveys; and

(g) No sublease affecting this land may be effected without the consent in writing of the Director of Lands and Surveys during the initial period of 5 years from the date of registration of this lease.

(ii) The term of years for which any such lease shall be granted shall be the balance then remaining of the term of 60 years from the date of this provisional lease; and

(iii) The holder of this provisional lease shall not be entitled to a lease of an area equal to the area above stated but only to such an area as the survey shows to be available.

Encumbrances	:	Charged to Affin Islamic Bank Berhad, registered on 10 March 2025
Valuer	:	Cheston International (KL) Sdn Bhd
Date of valuation	:	30 October 2025
Valuation method	:	Market / Comparison approach as sole valuation approach
Market value	:	RM13.30 million as at the material date of valuation of 30 October 2025
Audited net book value as at 30 June 2024	:	RM15.43 million as at 30 June 2024(1)

Subnote:-
(1) Comprises land cost and accumulated depreciation as at 30 June 2024.

(3) A summary of Lot 1541 is set out below:-

Description of the property	:	A parcel of industrial land
Lot No.	:	Lot 1541, Block 8
Title No.	:	TRN 01-LCPLS-014-008-01541
Postal address	:	Premises No. Lot 1541, Jalan Demak Laut Indah, Demak Laut Industrial Park Phase IIA (formerly known as Sejingkat Industrial Park), Jalan Bako, 93050 Kuching, Sarawak
District	:	Muara Tebas Land District
State	:	Sarawak
Registered owner	:	Sarawak Concrete Industries Berhad (currently known as SCIB)
Tenure	:	60-year leasehold interest expiring on 25 July 2070 (unexpired term of about 44 years)
Title land area	:	134,548.75 square feet
Classification of land	:	Mixed zone land
Category of land use	:	Town land

Existing land usage	:	Rented to SCM for its manufacturing operations
Rental per month	:	RM22,000 per month (for both Lot 1166 and Lot 1541)
Special conditions	:	(i) Upon the completion of a proper survey of the land the holder of this provisional lease will be given a lease in accordance with the provisions of the Land Code, and subject to the following express conditions and restrictions:-

(a) This land is to be used only for industrial purposes;

(b) The industrial activity to be carried out on this land shall not be of a type which is obnoxious in nature as prescribed under the Natural Resources Environment (Prescribed Activities) Order, 1994;

(c) The development or re-development of this land shall be in accordance with plans, sections and elevations approved by the Superintendent of Lands and Surveys, Kuching Division;

(d) The erection of a building or buildings on this land shall be in accordance with detailed drawings and specifications approved by The Commissioner of the City of Kuching North and shall be completed within 3 years from the date of registration of this lease. In the event that the lessee completed the erection of the building or buildings on the said land within the period specified above, the Director of Lands and Surveys may exempt or waive the payment of the 4th and 5th instalments of premium payable by the lessee on the said land if he is satisfied that the lessee has fulfilled the intention and the purpose for which the land was alienated;

(e) Without prejudice to (d) above, in the event that such building or buildings are not completed within 7 years from the date of registration of this Lease, the registered proprietor shall, if so required by the Government, surrender this land back to the Government upon refund of all premium paid for the alienation of this land together with interest at such rate as may be determined by the Minister;

(f) No residential accommodation other than accommodation for a watchman with a maximum floor area of 37.2 square metres may be permitted on this land;

(g) No transfer affecting this land may be effected without the consent in writing of the Director of Lands and Surveys; and

(h) No sublease affecting this land may be effected without the consent in writing of the Director of Lands and Surveys during the initial period of 5 years from the date of registration of this lease.

(ii) The term of years for which any such lease shall be granted shall be the balance then remaining of the term of 60 years from the date of this provisional lease; and

(iii) The holder of this provisional lease shall not be entitled to a lease of an area equal to the area above stated but only to such an area as the survey shows to be available.

Encumbrances	:	Nil
Valuer	:	Cheston International (KL) Sdn Bhd
Date of valuation	:	30 October 2025
Valuation method	:	Market / Comparison approach as sole valuation approach
Market value	:	RM4.90 million as at the material date of valuation of 30 October 2025
Audited net book value as at 30 June 2024	:	RM4.87 million as at 30 June 2024(1)

Subnote:-
(1) Comprises land cost and accumulated depreciation as at 30 June 2024.

The salient terms of the Tenancy Agreement (as supplemented by the Supplemental Letter to the Tenancy Agreement) and the Pre-Agreed SPA for Lot 1166 and Lot 1541 are set out in Appendix VII and Appendix VIII of this Circular.

After completion of the Proposed Disposal of SCM, SCM will cease to be a subsidiary of the Company. Thereafter, if the Option to Purchase Lot 1166 and Lot 1541 is exercised by SCM, or if the Option to Sell Lot 1166 and Lot 1541 is exercised by SCIB, it would entail the disposal by SCIB of Lot 1166 and Lot 1541 to an entity that is no longer a subsidiary of the Company.

As such, in conjunction with the Proposed Disposal of SCM which is subject to Shareholders' approval, the Company also wishes to seek Shareholders' approval upfront for the disposal of the Lands pursuant to the exercise of the Option to Purchase Lot 1166 and Lot 1541 by SCM or the Option to Sell Lot 1166 and Lot 1541 by SCIB, as the case may be, in accordance with the terms and conditions of the Tenancy Agreement and the Supplemental Letter to the Tenancy Agreement.

3.2 Background information on the Right to Build and Operate Agreement

On 26 January 2024, the Company accepted an offer from the Land and Survey Department of Sarawak for the alienation of Lot 787-791, measuring a total of approximately 8.8544 hectares located at Demak Laut Industrial Park subject to the payment of the land premium of RM21.62 million by the Company ("**Land Premium**").

Lot 787-791 were offered to the Company as part of the relocation of SCM's existing factory operations in Pending Industrial Estate, which is located close to the Kuching City Centre, to Demak Laut Industrial Park. The relocation is undertaken to align with the Sarawak State Government's initiatives to develop Demak Laut Industrial Park into a dedicated industrial hub.

For information, the Land Premium is payable over 5 annual instalments, which is meant to allow time for the Company to construct a new factory and relocate their existing factory operations to such new premises. As part of the terms of the offer, the construction of SCM's new factory shall be completed within 3 years(1) from the date the issue documents of title to Lot 787-791 are registered in the name of the Company i.e. on 13 March 2024. Upon fulfilment of the said condition, the Company may apply for an exemption from paying the fourth and fifth annual instalments.

Note:-

(1) Vide a letter dated 30 September 2025, the Company had submitted an application to the Land and Survey Department of Sarawak for the extension of the construction period of SCM's new factory for another 2 years.

The said application was subsequently approved by the Land and Survey Department Sarawak vide its letter dated 20 February 2026, thereby extending the construction period for an additional 2 years, i.e., until 13 March 2029.

For the avoidance of doubt, the exemption from paying the fourth and fifth annual instalments remains subject to the completion of the construction of the new factory on Lot 787-791 by SCM within 3 years from 13 March 2024.

As at the LPD, the construction of the new factory has commenced with a percentage of completion of 47.72%, and a total of RM19.16 million has been expended towards construction costs. The Company has paid the first, second and third annual instalments towards the Land Premium as per the schedule below, and the remaining balance of RM7.44 million is expected to be met via internally generated funds.

Year of instalment	Instalment to be paid for the Land (RM)
2024	5,684,524 (paid)
2025	4,250,276 (paid)
2026	4,250,276 (paid)
2027	3,718,140
2028	3,718,140
Total	**21,621,356**

Based on the above, while Lot 787-791 is owned by SCIB pursuant to the offer from the Land and Survey Department of Sarawak, the continued right to build and operate on Lot 787-791 is crucial for the continued business of SCM and therefore it is crucial for SCM to be able to secure its interests and rights over Lot 787-791.

In view of the above, SCIB had on 1 March 2025 entered into the Right to Build and Operate Agreement with SCM (which is supplemented by the Supplemental Letter to the RBO) whereby SCIB has granted to SCM, amongst others, the following rights in relation to the Lot 787-791 in consideration of the payment of RM1.00 from SCM to SCIB:-

(a) the right to enter upon and remain upon Lot 787-791;

(b) the right to construct, erect, build, install, alter, improve, maintain, repair, replace, renovate and remove any buildings, structures, roads, utilities and other improvements upon Lot 787-791;

(c) the right to occupy, use and possess Lot 787-791;

(d) the right to conduct any activity upon Lot 787-791 for any lawful purposes, including without limiting, the right to operate its business on Lot 787-791;

(e) the right to bring upon, store and remove any and all fixtures, fittings, machinery, equipment, goods, properties, merchandise, furniture, apparatus, vehicles and chattels on Lot 787-791;

(f) the right to enjoy vacant and exclusive possession (including full and free access) of Lot 787-791;

(g) the right to invite, grant access to or permit to remain on Lot 787-791, SCM's directors, officers, employees, contractors, sub-contractors, agents, consultants, suppliers, licensees, invitees, assignees, sub-tenants, visitors, customers and guests; and

(h) all other rights akin to a tenant or lessee of Lot 787-791,

exercisable from the date of the Right to Build and Operate Agreement to the earlier of:-

(a) registration of SCM as a lessee / sub-lessee of Lot 787-791;

(b) registration of SCM as a proprietor of Lot 787-791; or

(c) 11 March 2084, being the expiry of the lease period of Lot 787-791.

In addition to the above, under the Right to Build and Operate Agreement:-

(i) SCIB had also granted to SCM the Option to Purchase Lot 787-791, in consideration of a payment of RM1.00 from SCM to SCIB; and

(ii) SCM had also granted to SCIB an Option to Sell Lot 787-791, in consideration of a payment of RM1.00 from SCIB to SCM.

The Option to Purchase Lot 787-791 may be exercised by SCM at any time after the date of the Right to Build and Operate Agreement and shall lapse on the 30th anniversary from the date of the Right to Build and Operate Agreement.

The Option to Sell Lot 787-791 may only be exercised by SCIB from the day immediately after the date of the issuance of the occupation permit(s) in relation to the completion of the construction of the new factory on Lot 787-791 by SCM and subject to SCIB having paid the 3rd instalment towards the Land Premium of RM4.25 million in full. The Option to Sell Lot 787-791 shall lapse on the 30th anniversary of the date of the Right to Build and Operate Agreement.

Further to the above, under the terms of the Right to Build and Operate Agreement, SCIB shall not grant any similar option to purchase, lease or rent, or any right of first refusal in respect of Lot 787-791, to any third party without the prior written consent of SCM.

Pursuant to the Proposed Disposal of SCM, SCIB and SCM executed the Supplemental Letter to the RBO to record, amongst others, their mutual agreement on the purchase price for Lot 787-791 (as stated below), which is subject to adjustments(1), to ensure contractual certainty upon exercise of the Option to Purchase Lot 787-791 or the Option to Sell Lot 787-791 (as the case may be).

Upon delivery of the exercise notice by SCM or delivery of the exercise notice by SCIB (as the case may be), SCM and SCIB shall enter into a pre-agreed form of land sale and purchase agreement ("**Pre-Agreed SPA for Lot 787-791**"), which is appended to the Supplemental Letter to the RBO, within 14 days from the date of the purchase exercise notice, stipulating the terms and conditions as well as the pre-agreed purchase prices of Lot 787-791 as follows:-

Subject property	Pre-agreed purchase price[(1)] (RM'000)
Lot 787[(2)]	2,965
Lot 788[(2)]	3,175
Lot 789[(2)]	2,565
Lot 790[(2)]	2,699
Lot 791[(2)]	2,781
Total	**14,185**

Note:-

(1) The pre-agreed purchase prices were fixed on the assumption that the 4th and 5th instalments of Lands Premium are waived or exempted.

However, in the event that the waiver or exemption in respect of the 4th and 5th instalments of the Land Premium is withdrawn or becomes inapplicable, the pre-agreed purchase prices shall be subject to adjustments based on the following scenarios:-

Scenario I : Assuming that the benefit of the waiver or exemption in respect of the 4th and 5th instalments of the Land Premium is withdrawn by the appropriate authority or becomes inapplicable **NOT** due to a change in ownership of SCM.

Scenario II : Assuming that the benefit of the waiver or exemption in respect of the 4th and 5th instalments of the Land Premium is withdrawn by the appropriate authority or becomes inapplicable due to a change in ownership of SCM.

Scenario I

4th and 5th instalments to be paid by	Pre-agreed purchase price (RM)	Adjustment (RM)	Adjusted purchase price to be received by SCIB (RM)	4th and 5th instalments to be paid by SCIB (RM)	Net amount to be received by SCIB (RM)
			A	B	A - B
SCM	14,185,076	(2,400,000)	11,785,076	-	11,785,076
SCIB	14,185,076	5,036,280	19,221,356	7,436,280	11,785,076

As shown in the table above:-

(i) if the 4th and 5th instalments are to be paid by SCM, the purchase price for Lot 787-791 shall be adjusted downwards by RM2.40 million to RM11.79 million;

(ii) if the 4th and 5th instalments are to be paid by SCIB, the purchase price for Lot 787-791 shall be adjusted upwards by RM5.04 million to RM19.22 million.

Either way, the net amount to be received by SCIB under Scenario I will be RM11.79 million (instead of RM14.19 million).

Essentially, this means that SCIB will bear RM2.40 million of the additional land cost of RM7.44 million (being the 4th and 5th instalments) while SCM will bear the remaining RM5.04 million.

Scenario II

4th and 5th instalments to be paid by	Pre-agreed purchase price (RM)	Adjustment (RM)	Adjusted purchase price (RM)	4th and 5th instalments to be paid by SCIB (RM)	Net amount to be received by SCIB (RM)
			A	B	A - B
SCM	14,185,076	(1,400,000)	12,785,076	-	12,785,076
SCIB	14,185,076	6,036,280	20,221,356	7,436,280	12,785,076

As shown in the table above:-

(i) if the 4th and 5th instalments are to be paid by SCM, the purchase price for Lot 787-791 shall be adjusted downwards by RM1.40 million to RM12.79 million;

(ii) if the 4th and 5th instalments are to be paid by SCIB, the purchase price for Lot 787-791 shall be adjusted upwards by RM6.04 million to RM20.22 million.

Either way, the net amount to be received by SCIB under Scenario II will be RM12.79 million (instead of RM14.19 million).

Essentially, this means that SCIB will bear RM1.40 million of the additional land cost of RM7.44 million (being the 4th and 5th instalments) while SCM will bear the remaining RM6.04 million.

(2) A summary of Lot 787-791 is set out below:-

Description of the property	:	5 contiguous parcels of industrial lands
Lot No.	:	Lot 787, Lot 788, Lot 789, Lot 790, Lot 791, all within Block 4
Title No.	:	(i) TRN 01-LCLS-014-004-00787 (ii) TRN 01-LCLS-014-004-00788 (iii) TRN 01-LCLS-014-004-00789 (iv) TRN 01-LCLS-014-004-00790 (v) TRN 01-LCLS-014-004-00791
Postal address	:	Lots 787 to 791 (inclusive), Block 4, Demak Laut Industrial Park, 93050 Kuching, Sarawak
District	:	Muara Tebas Land District
State	:	Sarawak
Registered owner	:	SCIB
Tenure	:	60-year leasehold interest expiring on 12 March 2084 (unexpired term of about 58 years), in respect of all the titles
Title land area	:	(i) 199,196.73 square feet (ii) 213,340.50 square feet (iii) 172,340.80 square feet (iv) 181,339.42 square feet (v) 186,861.30 square feet
Classification of land	:	Mixed zone land
Category of land use	:	Town land
Existing land usage	:	Vacant, a new factory to be constructed thereon to be used for SCM's manufacturing operations

Special conditions	:	(i)	This land is to be used only for industrial purposes;
		(ii)	The industrial activity to be carried out on this land shall not be of a type which is obnoxious in nature as prescribed under the Natural Resource Environment (Prescribed Activities) Order, 1994;
		(iii)	The development or re-development of this land shall be in accordance with plans, sections and elevations approved by the Superintendent of Lands and Surveys, Kuching Division;
		(iv)	The erection of a building or buildings on this land shall be in accordance with detailed drawings and specifications approved by The Commission of the City of Kuching North and shall be completed within 3 years from the date of registration of this lease;
		(v)	In the event that the lessee completed the erection of the building or buildings on the said land and commence operation within 3 years from the date of registration of the lease, the Director of Lands and Surveys may exempt or waive the payment of the 4th and 5th instalments of premium payable by the lessee on the said land if he is satisfied that the lessee has fulfilled the intention and the purpose for which the land was alienated;
		(vi)	Without prejudice to (iv) above, in the event that such building or buildings is not completed within 3 years from the date of registration of this Lease, the Government will take back and re-enter the land. 80% of land premium paid will be refunded without interest for land taken back by the Government;
		(vii)	No residential accommodation other than accommodation for a watchman with a maximum floor area of 37.2 square metres, may be permitted on this land;
		(viii)	No dealing and transfer affecting this land may be effected without the consent in writing of the Minister for the time being responsible for land; and
		(ix)	No sublease affecting this land may be effected without the consent in writing of the Director of Lands and Surveys during the initial period of 5 years from the date of registration of this lease.
Encumbrances	:	Nil	
Endorsement	:	A private caveat has been entered by Wong Siong Ling acting for and on behalf of Malaysian Industrial Development Finance Berhad, registered on 3 September 2025.	

Valuer	:	Cheston International (KL) Sdn Bhd
Date of valuation	:	30 October 2025
Valuation method	:	Market / Comparison approach as sole valuation approach
Market value	:	RM21.50 million as at the material date of valuation of 30 October 2025
Audited net book value as at 30 June 2024	:	(i) RM4.49 million; (ii) RM4.81 million; (iii) RM3.89 million; (iv) RM4.09 million; (v) RM4.22 million; as at 30 June 2024

The salient terms of the Right to Build and Operate Agreement (as supplemented by the Supplemental Letter to the RBO) as well as the Pre-Agreed SPA for Lot 787-791 are set out in Appendix IX and Appendix XI of this Circular.

After completion of the Proposed Disposal of SCM, SCM will cease to be a subsidiary of the Company. Thereafter, if the Option to Purchase Lot 787-791 is exercised by SCM, or if the Option to Sell Lot 787-791 is exercised by SCIB, it would entail the disposal by SCIB of Lot 787-791 to an entity that is no longer a subsidiary of the Company.

As such, in conjunction with the Proposed Disposal of SCM which is subject to Shareholders' approval, the Company also wishes to seek Shareholders' approval upfront for the disposal of the Lands pursuant to the exercise of the Option to Purchase Lot 787-791 by SCM or the Option to Sell Lot 787-791 by SCIB, as the case may be, in accordance with the terms and conditions of the Right to Build and Operate Agreement and the Supplemental Letter to the RBO.

3.3 Basis and justification for the pre-agreed purchase prices for Lot 1166 and Lot 1541 under the Pre-Agreed SPA for Lot 1166 and Lot 1541

The pre-agreed purchase prices for Lot 1166 and Lot 1541 pursuant to the Supplemental Letter to the Tenancy Agreement amounting to RM24.00 million represent the following premiums to the market values of Lot 1166 and Lot 1541:-

	Pre-agreed purchase price	**Market value**	**Premium**	
Lands	**RM'000**	**RM'000**	**RM'000**	**%**
Lot 1166	18,000	13,300	4,700	35.34
Lot 1541	6,000	4,900	1,100	22.45

The market values of Lot 1166 and Lot 1541 as stated above were appraised by Cheston, an independent valuer, based on its valuation report as at the date of valuation of 30 October 2025. The corresponding valuation certificate for Lot 1166 and Lot 1541 are attached in Appendix VI of this Circular.

Premised on the above, the Board is of the view that the pre-agreed purchase prices for Lot 1166 and Lot 1541 pursuant to the Supplemental Letter to the Tenancy Agreement are justifiable.

3.4 Basis and justification for the pre-agreed purchase prices for Lot 787-791 under the Pre-Agreed SPA for Lot 787-791

The pre-agreed purchase prices for Lot 787-791 pursuant to the Supplemental Letter to the RBO amounting to RM14.19 million represents the following premium to the total market value of Lot 787-791 of RM21.50 million less the assumed waiver or exemption of the 4th and 5th instalments of the Land Premium of RM7.44 million:-

Lands	Pre-agreed purchase price	Market value less assumed waiver or exemption of the 4th and 5th instalments of the Land Premium	Premium	
	RM'000	RM'000	RM'000	%
Lot 787-791	14,185	14,064	121	0.86

The market value of Lot 787-791 as stated above was appraised by Cheston based on its valuation report as at the date of valuation of 30 October 2025. The corresponding valuation certificate for Lot 787-791 are attached in Appendix VI of this Circular.

Premised on the above, the Board is of the view that the pre-agreed purchase prices for Lot 787-791 pursuant to the Supplemental Letter to the RBO are justifiable.

In the event that the waiver or exemption in respect of the 4th and 5th instalments of the Land Premium is withdrawn or becomes inapplicable, the pre-agreed purchase prices for Lot 787-791 shall be subject to the following adjustments as set out in Section 3.2 of this Circular:-

4th and 5th instalments to be paid by	Pre- agreed purchase price	Adjustment	Adjusted pre-agreed purchase price
	RM'000	RM'000	RM'000
Scenario I			
SCM	14,185	(2,400)	11,785
SCIB	14,185	5,036	19,221
Scenario II			
SCM	14,185	(1,400)	12,785
SCIB	14,185	6,036	20,221

In turn, the adjusted pre-agreed purchase prices for Lot 787-791 pursuant to the above together with the 4th and 5th instalments of the Land Premium payable by SCM represents the following discounts to the total market value of Lot 787-791 of RM21.50 million as illustrated below:-

4th and 5th instalments to be paid by	Adjusted pre-agreed purchase price	4th and 5th instalments to be paid by SCM at a later date	Total purchase price (including 4th and 5th instalments)	Market value	Discount	
	RM'000	RM'000	RM'000	RM'000	RM'000	%
Scenario I						
SCM	11,785	7,436	19,221	21,500	(2,279)	(10.60)
SCIB	19,221	-	19,221	21,500	(2,279)	(10.60)
Scenario II						
SCM	12,785	7,436	20,221	21,500	(1,279)	(5.95)
SCIB	20,221	-	20,221	21,500	(1,279)	(5.95)

Under Scenario I, SCIB will bear RM2.40 million or 32.28% of the additional land cost of RM7.44 million (being the 4th and 5th instalments of the Land Premium) while SCM will bear the remaining RM5.04 million or 67.72%.

Under Scenario II, SCIB will bear RM1.40 million or 18.83% of the additional land cost of RM7.44 million (being the 4th and 5th instalments of the Land Premium) while SCM will bear the remaining RM6.04 million or 81.17%.

In this regard, the Board is of the view that the adjusted pre-agreed purchase prices for Lot 787-791 are justifiable as SCIB bears a lower proportion of the additional land costs compared to SCIB ranging between 18.83% and 32.28% under both scenarios.

3.5 Utilisation of proceeds from the Proposed Disposal of Lands

Any proceeds received from the Proposed Disposal of Lands are intended to be fully utilised to fund future property development projects to be undertaken by SCIB, further details of which are set out in Section 4(ii) of this Circular. However, the exact utilisation breakdown cannot be determined at this juncture as it would depend on the actual requirements of the Group at the relevant time based on the development plans of the respective projects.

In addition, the Proposed Disposal of Lands is contingent upon the exercise of the Options to Purchase by SCM or the Options to Sell by SCIB, as the case may be, within 30 years from the date of the Tenancy Agreement (for Lot 1166 and Lot 1541) and 30 years from the date of the Right to Build and Operate Agreement (for Lot 787-791). As such, the timeline for the Proposed Disposal of Lands cannot be ascertained at this juncture, and accordingly the timeframe for utilisation of proceeds from the Proposed Disposal of Lands cannot be determined at this juncture.

Nevertheless, the Company will make an immediate announcement upon the exercise of the Options to Purchase by SCM or the Options to Sell by SCIB, as the case may be, which shall include details on the consideration to be received from the Proposed Disposal of Lands, the breakdown of the utilisation of proceeds together with detailed explanatory notes as well as the timeframe for full utilisation of proceeds.

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4. UTILISATION OF PROCEEDS FROM THE PROPOSED DISPOSAL OF SCM

The proceeds from the Proposed Disposal of SCM are intended to be utilised in the following manner:-

Utilisation of proceeds	Intended timeframe for utilisation from completion of the Proposed Disposal of SCM	RM'000
(i) Funding for ongoing and future projects for the Construction & EPCC Segment	Within 24 months	42,642
(ii) Funding for future property development projects	Within 24 months	20,386
(iii) Working capital	Within 24 months	10,000
(iv) Settlement of the Net Intercompany Receivables	Immediate	(1)26,722
(v) Acquisition of new office premises	Within 6 months	(2)10,000
(vi) Estimated expenses for the Proposals	Immediate	(3)3,250
Total		**(4)113,000**

Notes:-

(1) The Net Intercompany Receivables amount is not final and is subject to change based on the management accounts of SCM as at the close of business on the Completion Date in accordance with the terms of the SSPA. Accordingly, any surplus or deficit arising from such potential change will be adjusted accordingly to / from the proceeds allocated for funding for ongoing and future projects for the Construction & EPCC Segment as set out in Section 4(i) of this Circular.

(2) If the actual acquisition cost to be incurred is higher than this amount, the deficit will be funded via the internally generated funds. Conversely, any surplus of funds following the payment for acquisition of new office premises will be utilised for funding for future property development projects as set out in Section 4(ii) of this Circular.

(3) If the actual expenses incurred are higher than this amount, the deficit will be funded via the amount earmarked for funding for ongoing and future projects for the Construction & EPCC Segment. Conversely, any surplus of funds following payment of expenses will be utilised for funding for ongoing and future projects for the Construction & EPCC Segment as set out in Section 4(i) of this Circular.

(4) The Disposal Consideration is subject to adjustments pursuant to Sections 3.2 and 3.3 of the Appendix I of this Circular. Accordingly, any increase or decrease in the proceeds from the Proposed Disposal of SCM arising from such adjustments will be adjusted accordingly to / from the proceeds allocated for funding for ongoing and future projects for the Construction & EPCC Segment as set out in Section 4(i) of this Circular.

Pending the utilisation of the proceeds from the Proposed Disposal of SCM, the unutilised proceeds shall be placed in interest-bearing deposits and/or money market financial instruments with licensed financial institutions. Any interest income or gains earned from such placements will be utilised for working capital in the same manner as set out in Section 4(iii) of this Circular.

(i) Funding for ongoing and future projects for the Construction & EPCC Segment

As set out in Section 2.1 of this Circular, the Proposed Disposal of SCM would result in SCM ceasing to be a subsidiary of the Company, and therefore, the discontinuation of the Group's Manufacturing Business. Moving forward, with the discontinuation of the Manufacturing Business, the Group will focus on its existing Construction & EPCC Segment.

In line with the above, the Group intends to utilise the proceeds from the Proposed Disposal of SCM mainly to fund current ongoing projects undertaken by the Construction & EPCC Segment as well as to secure more projects for the Construction & EPCC Segment in the future. As at the LPD, the Construction & EPCC Segment is involved in projects with total remaining contract value of RM121.21 million, details of which are set out below:-

Project scope	Contract value (RM'000)	Remaining contract value as at the LPD (RM'000)	Contract period	Status
Construction of 632 affordable housing units under Perumahan Rakyat 1 Malaysia ("**PR1MA**") phase 1 in Kota Bharu, Kelantan	172,377	107,704	May 2024 – May 2027	Ongoing. Targeted to be completed in second quarter of 2027.
Maintenance of state roads in Terengganu from year 2021 to year 2026 – package 2 (Southern zone)	138,500	12,944	August 2021 – July 2026	Ongoing. Targeted to be completed in third quarter of 2026.
Redevelopment of SK Kujang Mawang, Tebedu, Serian, Sarawak under the Sarawak Government's RM1 billion allocation for the Proposed Redevelopment of Dilapidated Schools in Sarawak (Phase 3)	20,768	9	March 2023 – September 2025	Ongoing defect liability period which is expiring in September 2026.
Supply and delivery of precast components for apron and taxiway	14,657	332	November 2023 – August 2025	Pending delivery of the remaining precast components, which is subject to the collection of past overdue billings.
Supply, installation and commissioning of fibre optic network infrastructure	429	223	January 2024 – December 2024	Pending completion of ongoing rectification works, which is targeted to be completed in second quarter of 2026.
Total	**346,731**	**121,212**		

Nevertheless, the actual allocation of funding between ongoing and future projects cannot be determined at this juncture as it is dependent on the progress and funding requirements of the respective projects at the relevant point in time as well as the availability and suitability of future projects to be undertaken.

If the Group is unable to fully utilise the proceeds allocated for funding for ongoing and future projects for the Construction & EPCC Segment within 24 months from the completion of the Proposed Disposal of SCM, the timeframe for utilisation of such allocated proceeds will be extended and announced as well as disclosed in the Group's quarterly financial results announcements and annual reports until the Group has fully utilised the proceeds.

Alternatively, the Group may also consider to revise the utilisation of such allocated proceeds, whether partly or wholly, to another purpose depending on the Group's requirements at that point in time. In such event, details of the proposed revision shall be announced and, if required under the Listing Requirements, Shareholders' approval will be obtained accordingly.

(ii) Funding for future property development projects

The Group intends to utilise RM20.39 million of the proceeds from the Proposed Disposal of SCM to fund new property development projects to be undertaken by the Group.

Previously, SCIB Properties Sdn Bhd, an indirect wholly-owned subsidiary of the Company, had on 18 September 2024, 6 November 2024 and 14 November 2025 entered into a total of 6 sale and purchase agreements to acquire 6 parcels of land located at Kemena Land District, Bintulu, Sarawak, measuring approximately 11.10 hectares in total, for a total purchase consideration of approximately RM32.48 million ("**Bintulu Lands**"). The acquisition of the Bintulu Lands was undertaken with the intention of collaborating with developers to jointly develop and construct residential housing projects. The acquisition of the 6 parcels of the Bintulu Lands has since been completed between 15 January 2025 and 14 February 2026.

In addition, SCIB Development Sdn Bhd, a wholly-owned subsidiary of the Company, had on 6 January 2026 entered into a development agreement with the 24 registered proprietors of a parcel of vacant land measuring approximately 11.07 hectares located at Sungai Sibiau, Bintulu, Sarawak known as Lot 88, Kemena Land District ("**Lot 88**") ("**Lot 88 Landowners**") to jointly develop Lot 88 into a residential-cum-commercial estate ("**Lot 88 Project**") ("**Development Agreement 1**"). Pursuant to the Development Agreement 1, SCIB Development Sdn Bhd shall, at its own costs and expenses, undertake to complete all works on the Lot 88 Project while the Lot 88 Landowners shall be entitled to 23% of the GDV of the Lot 88 Project.

On 19 March 2026, SCIB Engineering & Construction Sdn Bhd, a wholly-owned subsidiary of the Company, had entered into a development agreement with 5 registered proprietors ("**Kemena Landowners**") to undertake a mixed development project on Lot 17399, Lot 17400, Lot 17401, Lot 17402 and Lot 17403, Block 32 Kemena Land District (collectively, "**Kemena Lands**") ("**Kemena Lands Project**") ("**Development Agreement 2**").

The Kemena Lands Project shall be carried out in the following 2 phases:-

(i) Phase 1: 22 units of landed double-storey semi-detached light industrial buildings; and

(ii) Phase 2: 96 units of landed double-storey residential terrace houses.

Pursuant to the Development Agreement 2, SCIB Engineering & Construction Sdn Bhd shall, at its own costs and expenses, be responsible for, amongst others, obtaining the necessary approvals for the engineering and buildings plans as well as undertaking the development and completion of the Kemena Lands Project.

In consideration, the Kemena Landowners shall be entitled to 23% of the GDV of the Kemena Lands Project which shall be satisfied by way of distribution in kind through the allocation and delivery of completed commercial and/or residential units.

Thus, the Group intends to allocate part of the proceeds from the Proposed Disposal of SCM for the future development of the Bintulu Lands, the Lot 88 Project and the Kemena Lands Project. As at the LPD, the Group is still in the midst of assessing the suitability and feasibility of the development plans to be undertaken on the Bintulu Lands. Meanwhile, the Lot 88 Project and the Kemena Lands Project are currently at an early stage of planning and therefore their development plans have yet to be finalised. Accordingly, the estimated GDV and GDC as well as the exact proceeds to be allocated for the development of the Bintulu Lands, the Lot 88 Project and the Kemena Lands Project cannot be determined at this juncture. The intended utilisation is expected to reduce the Group's reliance on external borrowings, which in turn would avoid additional interest expenses moving forward. Nevertheless, the Group may obtain external borrowings to cover any shortfall in funding requirements, if required.

The Company will make the necessary announcements in accordance with the Listing Requirements (if required) as and when it enters into any agreement for the development of the Bintulu Lands. In the event that Shareholders' approval and/or regulatory approvals are required, the necessary approvals will be sought.

The development of the Bintulu Lands, the Lot 88 Project and the Kemena Lands Project represents part of the Group's initiative to venture into property development ("**Property Development Segment**") with the aim of diversifying its revenue and earnings stream. This is especially pertinent in light of the discontinuation of the Manufacturing Business upon completion of the Proposed Disposal of SCM. At the same time, the Group aims to capitalise on its existing Construction & EPCC Segment to assist the Group's venture into the Property Development Segment.

Apart from the Lot 88 Project, the Kemena Lands Project and the development of the Bintulu Lands, the Group may also utilise the allocated proceeds to undertake other property development projects moving forward, depending on the suitability and feasibility of such projects as well as the availability of funding options at the relevant time. Any shortfall in funding requirements for such projects will be met via internally generated funds, external borrowings and/or other future fund-raising exercises to be undertaken, if required.

If the Group is unable to fully utilise the proceeds allocated for funding for future property development projects within 24 months from the completion of the Proposed Disposal of SCM, the timeframe for utilisation of such allocated proceeds will be extended and announced as well as disclosed in the Group's quarterly financial results announcements and annual reports until the Group has fully utilised the proceeds.

Alternatively, the Group may also consider to revise the utilisation of such allocated proceeds, whether partly or wholly, to another purpose depending on the Group's requirements at that point in time. In such event, details of the proposed revision shall be announced and, if required under the Listing Requirements, Shareholders' approval will be obtained accordingly.

For the avoidance of doubt, in the event that the Company enters into any transaction or business arrangement which might reasonably be expected to result in the diversion of 25% or more of the Group's NA to the Property Development Segment and/or the Property Development Segment contributing 25% or more of the Group's net profit, the Company will make the necessary announcements and seek Shareholders' approval for the diversification of the Group's business to include the Property Development Segment in accordance with Paragraph 10.13(1) of the Listing Requirements.

(iii) Working capital

The Group intends to utilise RM10.00 million of the proceeds from the Proposed Disposal of SCM for working capital purposes in the following manner:-

Working capital	**RM'000**
Staff costs[(1)]	6,000
Other operating and administrative expenses[(2)]	
- upkeep of office premises	500
- rental	1,500
- legal and professional expenses	1,000
- general administrative payments	1,000
Total	**10,000**

Notes:-

(1) As at the LPD, the Group has a total of 67 employees after excluding the employees from SCM. In tandem with the anticipated growth of the Group's Construction & EPCC Segment as well as the Group's venture into the Property Development Segment as set out in Section 4(ii) of this Circular moving forward, the Group plans to expand its headcount to cater for such growth. The exact number of new employees to be hired cannot be determined at this juncture as it will depend on the projects to be undertaken by the Group moving forward as well as the Group's operational requirements at the relevant time.

(2) The actual utilisation of these expenses is subject to change as it will depend on the actual operating and administrative requirements of the Group at the relevant time.

(iv) Settlement of Net Intercompany Receivables

As at 31 December 2025, the Net Intercompany Receivables amount to RM26.72 million as summarised below:-

Intercompany receivables		**Amount RM'000**
Amount owing by the Group (excluding SCM) to SCM	[A]	33,133
Amount owing by SCM to the Group (excluding SCM)	[B]	6,411
Net Intercompany Receivables	**[A] – [B]**	**26,722**

In light of such Net Intercompany Receivables, pursuant to the terms of the SSPA (as outlined in Section 4.2(i) and Section 4.3(i)(a) of Appendix I of this Circular), the actual amount to be paid by the Purchaser and received by the Company shall be the Disposal Consideration less the Net Intercompany Receivables. In other words, part of the proceeds from the Proposed Disposal of SCM will be utilised to fully settle the Net Intercompany Receivables.

For the avoidance of doubt, the abovementioned Net Intercompany Receivables amount is not final and is subject to change based on the management accounts of SCM as at the close of business on the Completion Date in accordance with the terms of the SSPA. Accordingly, any surplus or deficit arising from such potential change will be adjusted accordingly to / from the proceeds allocated for funding for ongoing and future projects for the Construction & EPCC Segment as set out in Section 4(i) of this Circular.

(v) Acquisition of new office premises

The Group's existing head office is located at Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak, which spans approximately 17,327.7 square feet and is currently owned by SCM. Following the completion of the Proposed Disposal of SCM, such office premises will no longer be owned by the Group and accordingly, the Group will be required to relocate its head office.

In view of the above, the Group intends to utilise part of the proceeds from the Proposed Disposal of SCM to fund the acquisition of new office premises for the purpose of relocating its head office. The acquisition of new office premises is intended to ensure the continuity of the Group's administrative and operational functions as well as to minimise any potential disruption to the Group's business operations following the completion of the Proposal Disposal of SCM.

As at the LPD, the Company is still in the midst of searching and identifying a suitable shoplot or premises with the size of approximately 15,000 square feet, located within a radius of between 5km to 10km from its existing head office for the relocation of its head office. Accordingly, the exact proceeds to be allocated for the acquisition of new office premises cannot be determined at this juncture. Any shortfall in funding requirements for the acquisition of new office premises will be met via internally generated funds. Conversely, any surplus of funds following the payment for the acquisition of new office premises will be utilised for funding for future property development projects as set out in Section 4(ii) of this Circular.

The Company will make the necessary announcements in accordance with the Listing Requirements (if required) as and when it enters into any agreement for the acquisition of new office premises. In the event that Shareholders' approval and/or regulatory approvals are required, the necessary approvals will be sought.

In the event that the Company is unable to acquire suitable office premises for the relocation of its head office in time before the completion of the Proposed Disposal of SCM, the Company may, as an interim measure, rent suitable office premises to ensure continuity of its operations. The rental and related costs, if any, will be funded through internally generated funds.

(vi) Estimated expenses for the Proposals

The breakdown of the estimated expenses for the Proposals is set out below:-

Estimated expenses	**Amount RM'000**
Professional fees[(1)]	900
Estimated capital gains tax[(2)]	2,260
Fees to relevant authorities	26
Miscellaneous expenses (printing, advertising and contingencies)	64
Total	**3,250**

Notes:-

(1) These include, amongst others, professional fees of the Principal Adviser, reporting accountants, solicitors, business and property valuers, independent market researcher and company secretaries.

(2) Being the estimated capital gains tax at the rate of 2% on the Disposal Consideration of RM113.00 million.

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5. RATIONALE FOR THE PROPOSALS

In the last few financial years, SCM had contributed steadily to the revenue and earnings of the Group as it had posted the following results:-

	Audited			Unaudited
	FYE 30 June 2022	FYE 30 June 2023	FYE 30 June 2024	18-month FPE 31 December 2025
	RM'000	RM'000	RM'000	RM'000
Revenue	85,012	89,663	115,322	193,429
Gross profit	13,241	18,110	30,410	50,757
(Loss after tax) / PAT	(91)	3,501	10,329	10,909

For information, SCM had contributed 68.59% and 65.92% of the Group's total revenue in the latest audited FYE 30 June 2024 and the latest unaudited 18-month FPE 31 December 2025.

As set out in Section 2.1 of this Circular, the Proposed Disposal of SCM would result in SCM ceasing to be a subsidiary of the Company, and therefore, the discontinuation of the Group's Manufacturing Business.

In turn, the Group would no longer be able to derive a major source of revenue and earnings from SCM moving forward. Further details and commentaries on the historical financial information of SCM are set out in Section 6 of Appendix II of this Circular.

In addition, the Group will also no longer be able to capitalise on any potential future growth of the Manufacturing Business as well as ride on the future prospects of the precast concrete industry in Malaysia. Further details on the overview, outlook and prospects of the precast concrete industry in Malaysia are set out in Sections 6.3 and 6.4 of this Circular.

Despite the above, the Proposed Disposal of SCM represents an opportunity for the Group to divest and unlock the value of its Manufacturing Business potentially at or close to the peak of its recent financial performance. In particular, the last 4 years have shown an increasing trend in revenue for SCM, with revenue growing from RM85.01 million in FYE 30 June 2022 to RM128.95 million in 18-month FPE 31 December 2025 (on an annualised basis). Likewise, SCM had also recorded an increasing trend in earnings, from a net loss of RM0.09 million in FYE 30 June 2022 to a net profit of RM10.33 million in FYE 30 June 2024 before moderating to a net profit of RM7.27 million in 18-month FPE 31 December 2025 (on an annualised basis).

In light of the above, it is pertinent to note that the Disposal Consideration offered by the Purchaser represents a price that is attractive if compared to the book value of SCM as it represents:-

(i) a premium of RM12.71 million or 12.67% to the latest unaudited NA of SCM as at 30 September 2025 of RM100.29 million; and

(ii) a premium of RM23.96 million or 26.91% to the latest audited NA of SCM as at 30 June 2024 of RM89.04 million.

Further to that, the Disposal Consideration falls within the range of values of the entire equity interest in SCM of RM101.1 million to RM120.6 million as appraised by BDOCC as set out in the Valuation Letter.

Moreover, the Group is estimated to record a gain on disposal of RM8.69 million from the Proposed Disposal of SCM, which in turn is expected to increase the NA and contribute to higher earnings for the Group in the immediate term.

The estimated gain on disposal arising from the Proposed Disposal of SCM is derived as follow:-

	RM'000
Disposal Consideration	113,000
Less: Unaudited NA of SCM as at 31 December 2025	(101,056)
Less: Estimated expenses for the Proposals (including estimated capital gains tax of RM2.26 million[(1)])	(3,250)
Estimated net pro forma gain from the Proposed Disposal of SCM	**8,694**

Note:-
(1) Being the estimated capital gains tax at the rate of 2% on the Disposal Consideration of RM113.00 million.

Moving forward, with the discontinuation of the Manufacturing Business, the Group will focus on its existing Construction & EPCC Segment. In line with this, the Group intends to utilise the proceeds from the Proposed Disposal of SCM mainly to fund current ongoing projects undertaken by the Group as well as to secure more projects for the Construction & EPCC Segment in the future. Further details on the utilisation of proceeds from the Proposed Disposal of SCM are set out in Section 4 of this Circular.

In turn, the prospects of the Group's Construction & EPCC Segment appear to be positive moving forward, premised on the overview and prospects of the building and construction industry in Malaysia as set out in Section 6.2 of this Circular. The Group's Construction & EPCC Segment may also stand to benefit from spillover effects arising from the development plans of the Sarawak State Government over the coming years, including the construction of public infrastructure projects throughout Sarawak.

For information, the breakdown of the Group's revenue and profit contribution by segment over the last few financial years are as follows:-

	Audited			Unaudited
	FYE 30 June 2022	FYE 30 June 2023	FYE 30 June 2024	18-month FPE 31 December 2025
Segment	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue contributed by:				
- Manufacturing Segment	85,862	90,582	115,427	[(1)]182,064
- Construction & EPCC Segment	41,860	41,097	51,197	93,337
- Others	707	365	-	784
Total revenue	**128,429**	**132,044**	**166,624**	**276,185**
(Loss before taxation) / PBT contributed by:				
- Manufacturing Segment	2,996	7,609	15,290	[(1)]14,555
- Construction & EPCC Segment	(47,499)	(5,901)	(150)	(28,752)
- Corporate[(2)]	(8,910)	(23,703)	(7,405)	(13,605)
- Others	(26)	(87)	(50)	(63)
Total (loss before taxation) / PBT	**(53,439)**	**(22,082)**	**7,685**	**(27,865)**

Notes:-
(1) In accordance with MFRS 5: Non-Current Assets Held For Sale and Discontinued Operations, SCM is classified as disposal group held for sale/discontinued operation. Accordingly, the financial results of SCM were classified as 'discontinued operation'.

(2) Comprises the provision of management services and investment holding. The losses incurred by the Corporate segment throughout the years were mainly due to share options expenses arising from the share options vested under the Share Option Plan, directors' fees, staff costs, office administrative expenses as well as the professional fees and other expenses incurred in relation to the corporate exercises undertaken by the Group.

The remaining business i.e., Construction & EPCC Segment has demonstrated steady growth over the period, with revenue increasing from RM41.10 million in FYE 30 June 2023 to RM62.22 million (on an annualised basis) in the 18-month FPE 31 December 2025. The increase in revenue was mainly attributable to the increase in the recognition of construction work done, primarily driven by the recognition from road maintenance project and the PR1MA projects.

However, the Construction & EPCC Segment recorded a loss before taxation of RM47.50 million, RM5.91 million and RM0.15 million for the FYE 30 June 2022, FYE 30 June 2023 and FYE 30 June 2024 respectively, reflecting the reduction in losses over the years which were mainly due to reduction in project related expenses and lower impairment losses on other receivables. For the 18-month FPE 31 December 2025, the Group recorded a loss before taxation of RM18.58 million on an annualised basis, which was mainly contributed by the one-off impairment loss on the outstanding amount owing from Awana JV Suria Saga Sdn Bhd amounting to RM19.77 million in relation to the material litigation set out in Section 5(g) of Appendix XII of this Circular.

The losses recorded by the Construction & EPCC Segment over the years were mainly due to costs incurred in relation to projects related activities, including expenses associated with secured or tendered projects or potential investments, as well as feasibility studies and consultant fees for project related advisory services. In addition, the losses recorded over the years were also contributed by the impairment of trade and other receivables due to long overdue outstanding balance.

Notwithstanding the above, moving forward, the Group intends to adopt a more prudent and selective approach in evaluating, bidding and undertaking projects under the Construction & EPCC Segment, with greater emphasis on projects with lower capital commitment requirements and stronger counterparties in order to mitigate the risk of cost overruns and delays in receivables collection.

The Proposed Disposal of Lands allows SCIB to restructure its existing connections with SCM with regards to:-

(i) Lot 1166 and Lot 1541, which are owned by SCIB but the buildings erected thereon are owned by SCM and are crucial for SCM's continued business; and

(ii) Lot 787-791, which was acquired by SCIB for the purpose of relocation of SCM's factory operations to align with the Sarawak State Government's initiatives as described in Section 3.2 of this Circular and are therefore crucial for SCM's continued business.

Upon completion of the Proposed Disposal of SCM whereupon SCM will cease to be a subsidiary of SCIB, the Lands will no longer be of significant importance or value to SCIB, and therefore it is in the best interest of SCIB that the Lands be eventually sold to SCM for the continued use of SCM's business in the long term.

In addition, the Proposed Disposal of Lands allows the Group to monetise and unlock the value of the Lands and convert them into cash to support the Group's future funding requirements in relation to its property development projects as further described in Section 4(ii) of this Circular.

6. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS

6.1 Overview and prospects of the Malaysian economy

The Malaysian economy advanced by 6.3% in the fourth quarter of 2025 (the third quarter of 2025 ("**3Q 2025**"): 5.4%), driven mainly by domestic demand. Growth in household spending was higher, driven by positive labour market conditions and income-related policy support. The strong investment growth was underpinned by stronger machinery and equipment spending, particularly for data centres, and ongoing implementation of multi-year projects by both the private and public sectors. In the external sector, exports continued to strengthen, led mainly by stronger exports of electrical and electronics ("**E&E**") goods. Inbound tourism and information and communication technology ("**ICT**")-related services also contributed to services exports growth and surplus in the current account balance. Meanwhile, imports remained strong driven by the rebound in intermediate goods to support economic activity and productive capital-related goods reflecting the realisation of ongoing investment projects.

On the supply side, growth was mainly accounted for by the expansion in the services and manufacturing sectors. Higher growth in the services sector was mainly driven by consumer-related subsectors, government services as well as ICT subsector following the operationalisation of data centres. In the manufacturing sector, performance was driven by stronger production in the E&E sub-sector induced by higher demand from the global technology expansion, alongside the increased output of consumer-related goods. Meanwhile, the agriculture sector strengthened, reflecting higher growth for palm oil amid less severe floods compared to last year. On a quarter-on-quarter, seasonally-adjusted basis, growth expanded by 0.8% (3Q 2025: 2.7%).

In the fourth quarter of 2025, the ringgit's nominal effective exchange rate appreciated by 3.8% against currencies of Malaysia's major trading partners. The ringgit appreciated by 3.9% against the US dollar. These movements were driven by both external and domestic factors. On the external front, the narrowing of interest rate differentials following the US Federal Reserve's policy rate cuts in October and December has supported the ringgit during the quarter. In addition, the ringgit's appreciation was driven by lower tariff-related uncertainties as the US concluded trade agreements with several of its trading partners in the region, including Malaysia. Domestically, Malaysia's positive economic prospects, underpinned by reform efforts, have continued to reinforce investor confidence and improved overall sentiment in domestic financial markets.

On the domestic front, household spending will benefit from the continued support from employment and wage growth, as well as Government policy measures. Investment activity will be driven by the further progress of multi-year projects in both the private and public sectors, with continued realisation of approved investments and implementation of catalytic initiatives under national master plans and the Thirteenth Malaysia Plan. On the external front, export growth will be underpinned by steady global demand, particularly for E&E goods. Growth will also be supported by increased tourism activities following the launch of Visit Malaysia Year 2026.

(Source: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2025, Bank Negara Malaysia)

6.2 Overview and prospects of the building and construction industry in Malaysia

The construction activity in the East Malaysia Region experienced mixed movements compared to 2024. Completed units in the East Malaysia Region more than doubled compared to 2024 (1,106 units). By state, Sabah recorded an increase of more than five-fold compared to 2024. Sarawak also registered an increase of 62.3% in 2025 (641 units) compared to 2024 (395 units). Meanwhile, Wilayah Persekutuan Labuan ("**WP Labuan**") recorded 20 units in 2025.

In 2025, starts recorded 361 units in Sarawak, followed by 329 units in Sabah. The new planned supply in Sabah declined to 74 units compared to 2024 (398 units). Sarawak also recorded a decrease to 414 units compared to 2024 (416 units). WP Labuan remained nil at both the starts and new planned supply stages.

(Source: East Malaysia Region Property Market Report 2025, Valuation and Property Services Department Malaysia, Ministry of Finance Malaysia)

Malaysia's construction sector expanded by 12.5% in 2025 to reach RM178.6 billion in work done value, while maintaining positive momentum in the fourth quarter with a 10.3% increase. The expansion was largely driven by the strong performance of the special trade activities and non-residential buildings sub-sectors, which surged by 21.1% and 18.6%, respectively. In contrast, the residential buildings sub-sector experienced a more moderate growth of 5.9% (3Q 2025: 11.6%), while the civil engineering sub-sector continued to expand at a slower pace of 3.6% (3Q 2025: 8.9%).

Of the RM46.4 billion in work done value recorded in the fourth quarter of 2025, RM16.2 billion or 34.9% was attributed to the civil engineering sub-sector, primarily in the construction of utility projects (RM8.8 billion) and roads and railways (RM5.8 billion). Meanwhile, the value of work done for non-residential buildings and residential buildings sub-sectors was RM14.0 billion (30.1%) and RM10.5 billion (22.6%), respectively. The special trade activities sub-sector contributed RM5.7 billion (12.4%), largely in sites preparation (RM1.5 billion); plumbing, heat and air-conditioning installation (RM1.2 billion); and electrical installation (RM1.1 billion) activities.

The private sector remained the main driver of growth in this quarter, contributing RM29.3 billion or 63.2% of the total value of work done. The private sector recorded positive momentum of 8.6%, supported mainly by the special trade activities sub-sector, which rose 23.8%, and the non-residential buildings sub-sector, which rose 10.5%. Meanwhile, the value of work done by the public sector, contributing RM17.1 billion or 36.8% of the total, recorded a double-digit growth of 13.4% (3Q 2025: 6.1%). The growth was driven mainly by the non-residential buildings sub-sector, which increased 56.7%, rebounding from a contraction in the previous quarter (3Q 2025: -6.5%).

Nearly 62.9% of the work done value was concentrated in Selangor, Johor, Sarawak and Wilayah Persekutuan (Kuala Lumpur, Putrajaya and Labuan). Selangor remained the largest contributor with a value of RM11.0 billion or 23.8%, driven mainly by the non-residential buildings sub-sector, amounting to RM4.6 billion, followed by residential buildings at RM3.0 billion. Meanwhile, Johor ranked second with a value of RM8.3 billion or 17.9%, primarily supported by the non-residential buildings sub-sector valued at RM2.8 billion. In the meantime, Sarawak recorded RM5.0 billion or 10.8%, while Wilayah Persekutuan amounted to RM4.8 billion (10.4%).

Summarising the performance of the construction work done in 2025, the sector recorded a value of RM178.6 billion, registering a growth of 12.5% as compared to 20.2% in the preceding year. The growth was driven by increases in special trade activities (22.8%), non-residential buildings (16.3%) and residential buildings (13.9%) sub-sectors. Meanwhile, the civil engineering sub-sector posted a more moderate growth of 5.9% (2024: 17.3%). Overall, Malaysia's construction sector in 2025 continued to expand, supported by positive performance across all sub-sectors, albeit at a more measured pace compared to 2024.

(Source: Quarterly Construction Statistics Fourth Quarter 2025 published on 11 February 2026, Department of Statistics Malaysia)

6.3 Overview of precast concrete industry in Malaysia

Precast concrete products are derived from a mixture of cement, aggregates (gravel and sand) and water. Concrete and cement are fundamental building materials that have revolutionised the construction industry. The manufacturing of cement is a complex process that begins with the quarrying of raw materials such as limestones and clay, and then grinding them to a powder. After being heated at a high temperature (through a process called sintering), the chemical bonds of the raw materials are broken down and are recombined into a new compound called clinker. Cement is manufactured from the clinker mixed with gypsum.

Cement, which is a fine powder, acts as a binding agent when mixed with aggregates (gravel and sand) and water to form concrete. As a building material, concrete is primarily used to provide structural stability in buildings and structures. In addition, it possesses excellent compressive strength, which means it can bear heavy loads without collapsing. Furthermore, it can also be moulded into various shapes and sizes, allowing for flexibility in construction design.

Precast concrete products encompass mainly pre-stressed beams, box culverts, columns, concrete manholes, concrete pipes, highway barriers, roof tiles, paving slabs, spun piles and wall panels. They provide an advanced solution that offers speed, cost efficiency and exceptional quality, unlike the traditional poured concrete in the construction sites. Precast concrete products formed the most common group of Industrialised Building System ("**IBS**") products, which are proven to be able to reduce the construction period compared to the conventional construction method. In contrast, the conventional construction method involves building materials such as beams, walls and slabs fabricated on site (cast-in-situ), usually with moulds made from timber formwork. Also, the conventional construction method requires many wet trades at the construction sites and is often more labour-intensive and less productive.

The construction industry generally refers to the construction of physical infrastructure and buildings. Both infrastructure construction and building construction are the largest sources of construction jobs for the construction industry. The construction industry is also immersed in the full cycle of infrastructure and buildings, ranging from initial construction to post-construction building services and maintenance such as refurbishments, renovations, retrofitting, repairs and maintenances, as well as their eventual demolition, dismantling or decommissioning. Although it may be viewed as a single activity, construction is a feat of multitasking taking place across many quite varied functions and disciplines.

The construction industry also acts as a catalyst to spur the economy, as construction activities will also generate the manufacturing of various building materials and provision of services locally, such as in civil engineering, quantity surveying, architecture, banking, legal, insurance, property management and property valuation. These linkages have the potential to create high multiplier effects to the economy, with the Construction Industry Development Board reporting that the construction industry has backward and forward linkages with another 120 different industries in the country.

The ex-factory sales (refer to sales registered by the manufacturers, and not the wholesalers or retailers) of precast concrete products in Malaysia was reported at RM19.79 billion in 2025, an increase of 5.6% over the previous year's sales of RM18.74 billion. It is anticipated to increase to RM21.62 billion and RM22.97 billion in 2026 and 2027, representing increases of 9.3% and 6.2%, respectively.

Meanwhile, the value of work done on building and infrastructure construction in Malaysia was registered at RM157.15 billion in 2025, which represented an expansion of 11.2% over the preceding year of RM141.32 billion. It is expected to expand to RM170.12 billion and RM184.60 billion in 2026 and 2027, depicting expansions of 8.3% and 8.5%, respectively.

(Source: IMR Report)

6.4 Outlook and prospects of the precast concrete industry in Malaysia

The performance of the precast concrete industry is inherently linked to the construction industry, as its products are one of the main building materials used. Under the Thirteenth Malaysia Plan 2026-2030, there is an emphasis on the adoption of IBS on larger scale for accelerated construction timelines, particularly in the building of affordable houses, which are targeted at one million units over the next 10 years. In turn, this will generate opportunities for precast concrete products.

A total of RM430 billion will be allocated during the Thirteenth Malaysia Plan 2026-2030 to finance the implementation of the Federal Government development programmes and projects such as infrastructure, public transportation, construction of schools, hospitals, affordable housing projects and flood mitigation projects. This includes the construction of the Penang Mutiara Light Rail Transit, Sabah Pan Borneo Highway, East Coast Rail Link, Central Spine Road and the Sarawak-Sabah Link Road project. Private investments are also projected to be driven by sustained demand for industrial facilities, logistics hubs and data centres, in line with the expansion of high technologies and digitalisation. This is in addition to the continued demand for affordable housing and government initiatives to promote home ownership to be undertaken by the private sector, such as the full exemption of stamp duty on the instrument of transfer and loan agreements for the purchase of a home priced up to RM500,000 for first time homebuyers, until 31 December 2027.

The Housing and Local Government Ministry has proposed the Urban Renewal Act, which is designed to facilitate the renewal of old and dilapidated urban areas. It seeks to provide a framework to control and supervise urban renewal in a manner that is physically, economically, socially and environmentally sustainable. This covers urban redevelopment, urban regeneration and urban revitalisation, including better housing and improved infrastructure and public amenities. Many older flats and apartments suffer from structural issues, bad wiring or general neglect. The Ministry of Housing and Local Government has identified 534 potential urban redevelopment areas in Peninsular Malaysia, with an estimated gross development value of RM355.3 billion. They are anticipated to generate opportunities for increased demand for precast concrete products and the overall expansion of the construction industry as well.

Specifically for Sarawak, a sum of RM1.05 billion will be set aside for construction of roads and bridges throughout the state under the 2026 state budget. This will be supplemented by another funding of RM3.22 billion to fund ongoing major road infrastructure projects such as the Sarawak Coastal Road, Sarawak Second Trunk Road and Northern Coastal Highway in 2026. The Post COVID-19 Development Strategy 2030 which was launched by the Sarawak state government in 2021, envisaged that the share of the construction industry in the state's economy will gradually expand from 3.2% in 2020 to 3.4% in 2025, and subsequently to 3.7% in 2030. The Thirteenth Malaysia Plan 2026-2030 anticipates that the construction industry in Sarawak will be expanding at an average annual growth rate of 4.7% between 2026 and 2030. This includes the upgrading of road networks linking Sarawak and Kalimantan in Indonesia, as well as the acceleration of the flood mitigation plan project in Kuching, Sarawak.

(Source: IMR Report)

6.5 Outlook and prospects of the property development industry in Malaysia

The performance of the East Malaysia Region property market recorded 36,518 transactions worth RM15.41 billion, representing an increase of 0.2% in volume and 1.0% in value as compared to 2024 (36,443 transactions worth RM15.26 billion). The combined total of the three states in this region accounted for 8.8% and 6.4% of the national transaction volume and value, respectively.

By state, Sarawak dominated the region's overall property transaction volume and value, with 25,240 transactions (69.1%) worth RM9.54 billion (61.9%), followed by Sabah and WP Labuan.

By sub-sector, the residential sub-sector continued to dominate the region's market activity, contributing 47.6% in volume (17,376 transactions) and 42.2% in value (RM6.51 billion) of the total transactions. The performance of the residential sub-sector in the East Malaysia Region improved in 2025, recording 17,376 transactions, representing an increase of 1.3% in volume compared to 2024. WP Labuan recorded more than a twofold increase, while Sabah registered an increase of 4.6%. Sarawak recorded a slight decline of 3.2% in transaction volume.

The primary market in the East Malaysia Region experienced mixed movements in new launches. Sabah saw an increase of 17.3% to 3,217 units (2024: 2,743 units), while Sarawak recorded a significant decline of 56.5% to 1,111 units (2024: 2,554 units). In contrast, WP Labuan continued to record no new launch unit.

(Source: East Malaysia Region Property Market Report 2025, Valuation and Property Services Department Malaysia, Ministry of Finance Malaysia)

The real estate and business services subsector is projected to grow by 6.7% in 2026, driven by sustained demand for professional services. The growth is expected to be spurred by engineering-related services, benefiting from increased demand for logistic hubs, warehouses and ongoing development of industrial parks. This expansion is also anticipated to be fuelled by new demand from key projects, including the Johor-Singapore Special Economic Zone (JS-SEZ) and continuous construction activities for new data centres.

(Source: Economic Outlook 2026, Ministry of Finance Malaysia)

6.6 Prospects and future plans of the Group after the Proposals

As set out in Section 2.1 of this Circular, the Proposed Disposal of SCM would result in SCM ceasing to be a subsidiary of the Company, and therefore, the discontinuation of the Group's Manufacturing Business. Moving forward, with the discontinuation of the Manufacturing Business, the Group will focus on its existing Construction & EPCC Segment.

In line with the above, the Group intends to utilise the proceeds from the Proposed Disposal of SCM mainly to fund current ongoing projects undertaken by the Construction & EPCC Segment as well as to secure more projects for the Construction & EPCC Segment in the future. As at the LPD, the Construction & EPCC Segment is involved projects with total remaining contract value of RM121.21 million.

In addition, the Group's Construction & EPCC Segment may also stand to benefit from spillover effects arising from the development plans of the Sarawak State Government over the coming years, including the construction of public infrastructure projects throughout Sarawak. These are expected to include, amongst others, the construction of the Sarawak-Sabah Link Road as well as the upcoming completion of the Sarawak Pan Borneo Highway which is expected to enhance the road network within Sarawak and establish better connectivity to Sabah and Brunei.

The Group's Construction & EPCC Segment will also aim to bid for and secure EPCC contracts for such large public infrastructure projects as well as building schools and social amenities projects in Sarawak.

Further to that, with the discontinuation of the Group's Manufacturing Business, the Group also intends to focus on the Property Development Segment with the aim of diversifying its revenue and earnings stream. For this initiative, the Group will first focus on the development of the Bintulu Lands, the Lot 88 Project and the Kemena Lands Project as described in Section 4(ii) of this Circular, followed by any future property development projects to be undertaken as and when feasible opportunities arise.

Moving forward, the prospects of the Group appear to be positive, premised on the overview and prospects of the building and construction industry in Malaysia as set out in Section 6.2 of this Circular.

(Source: Management of SCIB)

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7. RISK FACTORS

7.1 Risks relating to the Proposals

7.1.1 Non-completion risk

The completion of the Proposed Disposal of SCM is subject to the fulfillment of the Condition Precedent. There is no assurance that the Condition Precedent will be fulfilled or that the parties to the SSPA will be able to fulfill their respective obligations under the SSPA within the timeframe stipulated therein.

In the event that the Proposed Disposal of SCM does not proceed to completion, the Company would not be able to realise the benefits that may accrue to it as set out in Section 5 of this Circular, including an estimated gain on disposal of RM8.69 million to be recognised upon completion of the Proposed Disposal of SCM. In addition, the Company would not be able to utilise the proceeds from the Proposed Disposal of SCM in the manner as set out in Section 4 of this Circular.

Notwithstanding the above, the Group will undertake the necessary steps to ensure that the Condition Precedent as set out in the SSPA are fulfilled in a timely manner to facilitate the completion of the Proposed Disposal of SCM.

7.2 Risks relating to the Group's business and operations

7.2.1 Loss of future revenue and earnings that may be generated by SCM

In the last few financial years, SCM had contributed steadily to the revenue and earnings of the Group as it had posted the following results:-

	Audited			**Unaudited**
	FYE 30 June 2022	**FYE 30 June 2023**	**FYE 30 June 2024**	**18-month FPE 31 December 2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	85,012	89,663	115,322	193,429
Gross profit	13,241	18,110	30,410	50,757
(Loss after tax) / PAT	(91)	3,501	10,329	10,909

For information, SCM had contributed 68.59% and 65.92% of the Group's total revenue in the latest audited FYE 30 June 2024 and latest unaudited 18-month financial period ended 31 December 2025.

Upon completion of the Proposed Disposal of SCM, SCM will no longer be a subsidiary of the Company and as such, the Group would lose a major source of revenue and earnings from SCM moving forward.

Further details and commentaries on the historical financial information of SCM are set out in Section 6 of Appendix II of this Circular.

Nonetheless, the Proposed Disposal of SCM is expected to result in gain on disposal of RM8.69 million as set out in Section 5 of this Circular, which in turn is expected to strengthen the financial performance of the Group.

In addition, as set out in Section 5 of this Circular, the remaining business other than SCM, i.e., Construction & EPCC Segment has demonstrated steady growth over the period, with revenue increasing from RM41.10 million in FYE 30 June 2023 to RM62.22 million (on an annualised basis) in the 18-month FPE 31 December 2025. The increase in revenue was mainly attributable to the higher project revenue recognised under the Construction & EPCC Segment, reflecting continued business growth in this segment.

7.2.2 Loss of participation in the Manufacturing Business and the precast concrete industry in Malaysia

As at the LPD, the Group's Manufacturing Business is primarily operated under SCM. Upon completion of the Proposed Disposal of SCM, SCM will no longer be a subsidiary of the Company and as such, the Group would no longer participate in the Manufacturing Business.

Consequently, the Group will no longer be able to capitalise on any potential future growth of the Manufacturing Business, which in turn is expected to benefit from the development plans of the Sarawak State Government over the coming years including the construction of public infrastructure projects throughout Sarawak. These public infrastructure projects are expected to lead to increased demand for concrete-related products, including those produced by the Manufacturing Business via SCM.

In addition, the Group will no longer be able to ride on the future prospects of the precast concrete industry in Malaysia. Further details on the overview, outlook and prospects of the precast concrete industry in Malaysia are set out in Sections 6.3 and 6.4 of this Circular.

Notwithstanding the above, the Group can still rely on the existing Construction & EPCC Segment. As set out in Section 5 of this Circular, the Construction & EPCC Segment has demonstrated steady growth over the period, with revenue increasing from RM41.10 million in FYE 30 June 2023 to RM62.22 million (on an annualised basis) in the 18-month FPE 31 December 2025. Moving forward, the Group will aim to bid for and secure EPCC contracts for large public infrastructure projects as well as building schools and social amenities projects in Sarawak. Further details on the prospects and future plans of the Group after the Proposals are set out in Section 6.6 of this Circular.

Further to that, with the discontinuation of the Group's Manufacturing Business, the Group also intends to focus on the Property Development Segment with the development of the Bintulu Lands, the Lot 88 Project and the Kemena Lands Project as described in Section 4(ii) of this Circular, followed by any future property development projects to be undertaken as and when feasible opportunities arise. Further details on the outlook and prospects of the property development industry in Malaysia are set out in Section 6.5 of this Circular.

7.2.3 Concentration risk on existing remaining construction / EPCC / project management businesses

As set out in Section 7.3 of this Circular, the Group would no longer participate in the Manufacturing Business upon completion of the Proposed Disposal of SCM.

Thus, moving forward, the Group's revenue and earnings will be entirely derived from the Construction & EPCC Segment. Accordingly, the Group will be subject to business concentration risk arising from its dependence on this sole segment.

Any adverse developments affecting the business of the Construction & EPCC Segment or the industry in which the Construction & EPCC Segment operates in, including changes in local government regulations, labour laws as well as fluctuation in costs of labour and building materials, may negatively affect the financial performance of the Construction & EPCC Segment and consequently result in material adverse effect on the Group's overall financial performance. Under such circumstances, the Group will no longer be able to rely on an alternative source of revenue and earnings to offset any adverse effects from the Construction & EPCC Segment.

Notwithstanding the above, the Group intends to diversify its revenue and earnings stream by venturing into the Property Development Segment. As set out in Section 4(ii) of this Circular, the Group intends to allocate part of the proceeds from the Proposed Disposal of SCM for the future development of the Bintulu Lands, the Lot 88 Project and the Kemena Lands Project which are expected to provide the Group with an alternative source of revenue and earnings. In turn, this would mitigate the concentration risk in relation to the Group's reliance on the existing Construction & EPCC Segment.

7.2.4 Loss of potential capital appreciation in market value of the Lands

As set out in Section 3 of this Circular, SCIB will grant the Options to Purchase to SCM in relation to the Lands at certain pre-agreed purchase prices.

As such, the Group will not be able to benefit from any potential capital appreciation in the market values of the Lands in the future.

Nevertheless, the Proposed Disposal of Lands allows the Group to monetise and unlock the value of the Lands and convert them into cash to support the Group's future funding requirements in relation to its property development projects as set out in Section 4(ii) of this Circular.

7.3 Risks relating to the industry the Group operates in

7.3.1 There may be delays in the completion of the Group's Construction & EPCC projects

The timeframe required to complete the Group's Construction & EPCC projects may be adversely affected by various external factors which are beyond the Group's control including, amongst others, the following:-

(i) delays or inability to obtain approvals from relevant regulatory authorities as scheduled;

(ii) shortage of labour as well as quality construction materials in adequate amounts; and

(iii) environmental factors such as natural disasters (e.g. landslides and floods).

There can be no assurance that any or all of the Group's existing or future Construction & EPCC projects will be completed within the anticipated time frame, whether as a result of the abovementioned factors or for any other reason. Any such delays may have an adverse impact on the business, financial performance and prospects of the Group.

In order to mitigate the risk, the Group will closely monitor the progress of the projects and exercise prudent planning prior to undertaking any Construction & EPCC projects.

7.3.2 Competition risk

As set out in Section 4(ii) of this Circular, the Group intends to allocate part of the proceeds from the Proposed Disposal of SCM for the future development of the Bintulu Lands, the Lot 88 Project and the Kemena Lands Project. It represents part of the Group's initiative to venture into the Property Development Segment following the discontinuation of the Manufacturing Business upon completion of the Proposed Disposal of SCM.

In connection with the Group's involvement in the Property Development Segment, the Group will be exposed to the risks inherent in the property development industry which include, amongst others, competition from both existing and established property developers as well as new market entrants to the property development industry, changes in the supply and demand of the properties, changes in the regulatory framework relating to property development, increase in building materials or labour costs, downturns in the global, regional and/or national economies, changes in law and tax regulations and changes in business and credit conditions.

Nevertheless, the Group endeavours to mitigate such risks by closely monitoring the progress of its property development projects as well as adjusting its property development plans and strategies in response to changes in the market demand as well as prevailing economic, fiscal and monetary conditions.

8. EFFECTS OF THE PROPOSALS

8.1 Share capital and substantial shareholders' shareholdings

The Proposals will not have any effect on the share capital and substantial shareholders' shareholdings of the Company as the Proposals does not involve any issuance of new SCIB Shares.

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8.2 NA and gearing

Based on the latest audited consolidated statements of financial position of the Group as at 30 June 2024, the pro forma effects of the Proposals on the NA and gearing of the Group are as follow:-

Base Scenario ; Assuming that the 4th and 5th instalments of the Land Premium are waived or exempted.

Scenario I (a) : (i) Assuming that the benefit of the waiver or exemption in respect of the 4th and 5th instalments of the Land Premium is withdrawn by the appropriate authority or becomes inapplicable **NOT** due to a change in ownership of SCM; and

(ii) Assuming that the 4th and 5th instalments is to be paid by SCM.

Scenario I (b) : (i) Assuming that the benefit of the waiver or exemption in respect of the 4th and 5th instalments of the Land Premium is withdrawn by the appropriate authority or becomes inapplicable **NOT** due to a change in ownership of SCM; and

(ii) Assuming that the 4th and 5th instalments is to be paid by SCIB.

Scenario II (a) : (i) Assuming that the benefit of the waiver or exemption in respect of the 4th and 5th instalments of the Land Premium is withdrawn by the appropriate authority or becomes inapplicable due to a change in ownership of SCM; and

(ii) Assuming that the 4th and 5th instalments is to be paid by SCM.

Scenario II (b) : (i) Assuming that the benefit of the waiver or exemption in respect of the 4th and 5th instalments of the Land Premium is withdrawn by the appropriate authority or becomes inapplicable due to a change in ownership of SCM; and

(ii) Assuming that the 4th and 5th instalments is to be paid by SCIB.

	Audited as at 30 June 2024 RM'000	(I) After subsequent event[1] RM'000	(II) After (I) and the Proposed Disposal of SCM[2] RM'000	(III)(a)	(III)(b)	(III)(c)	(III)(d)	(III)(e)
				After (II) and the Proposed Disposal of Lands under				
				Base Scenario[4] RM'000	Scenario I (a)[5] RM'000	Scenario I (b)[5] RM'000	Scenario II (a)[5] RM'000	Scenario II (b)[5] RM'000
Share capital	177,560	193,368	193,368	193,368	193,368	193,368	193,368	193,368
Revaluation reserve[6]	53,418	53,418	14,729	14,729	14,729	14,729	14,729	14,729
Foreign exchange translation reserve	(1,783)	(1,783)	(1,783)	(1,783)	(1,783)	(1,783)	(1,783)	(1,783)
Share option reserve	-	508	508	508	508	508	508	508
Accumulated losses[7]	(78,214)	(80,787)	(19,812)	(17,742)	(20,142)	(20,142)	(19,142)	(19,142)
Shareholders equity / NA	**150,981**	**164,724**	**187,010**	**189,080**	**186,680**	**186,680**	**187,680**	**187,680**
Non-controlling interests	1,209	1,209	1,209	1,209	1,209	1,209	1,209	1,209
Total equity	**152,190**	**165,933**	**188,219**	**190,289**	**187,889**	**187,889**	**188,889**	**188,889**
No. of SCIB Shares in issue ('000)	658,738	737,184	737,184	737,184	737,184	737,184	737,184	737,184
NA per Share (RM)	0.23	0.22	0.25	0.26	0.25	0.25	0.25	0.25
Total borrowings (RM'000)	57,795	57,795	[3]1,297	1,297	1,297	1,297	1,297	1,297
Gearing ratio (times)	0.38	0.35	0.01	0.01	0.01	0.01	0.01	0.01

Notes:-

(1) After accounting for the following:-
   (i) creation of share option reserve following the offer of 88,068,139 options under the share option plan pursuant to the long term incentive plan established and implemented by the Company ("**LTIP Options**");
   (ii) issuance of 776,000, 210,000 and 39,524,257 new SCIB Shares arising from the allotment of the LTIP Options at an issue price of RM0.2205 each on 18 December 2024, 6 January 2025 and 25 February 2025 respectively as well as reversal of share option reserve;
   (iii) reversal of share option reserve following the cancellation of 47,557,882 LTIP Options;
   (iv) creation of share option reserve following the offer of 64,376,926 LTIP Options on 28 August 2025; and
   (v) issuance of 37,936,282 new SCIB Shares arising from the allotment of the LTIP Options at an issue price of RM0.1268 each on 26 December 2025 as well as reversal of share option reserve.

(2) After accounting for the estimated gain on disposal of SCM of RM8.69 million (arising from the Proposed Disposal of SCM and after deducting estimated expenses of RM3.25 million) as well as the deconsolidation adjustments arising from the Proposed Disposal of SCM.

(3) After accounting for the reduction in total borrowings of RM56.50 million pursuant to the Proposed Disposal of SCM.

(4) Assuming the Options to Purchase or the Options to Sell are exercised on the Lands and after accounting for the estimated gain on disposal of the Lands of RM2.07 million (assuming the waiver or exemption of the 4th and 5th instalments of the Land Premium for Lot 787-791 amounting to RM7.44 million as well as deducting the estimated RPGT at the rate of 10% on the gain arising from the Proposed Disposal of Lands) as set out below:-

	Lot 787-791		Lot 1166	Lot 1541	Total
	RM'000		RM'000	RM'000	RM'000
Pre-agreed purchase price		14,185	18,000	6,000	
Less: Audited net book value as at 30 June 2024			(15,426)	(4,873)	
Land Premium	21,621				
Less: Assumed waiver or exemption of 4th instalment of the Land Premium for Lot 787-791	(3,718)				
Less: Assumed waiver or exemption of 5th Instalment of the Land Premium for Lot 787-791	(3,718)				
Less: Accumulated depreciation	(120)				
Illustrative net book value		(14,065)			
Gain on disposal		**120**	**2,574**	**1,127**	**3,821**
Estimated RPGT @ 10%(1)		**-**	**(1,290)**	**(461)**	**(1,751)**
Net gain on disposal		**120**	**1,284**	**666**	**2,070**

Note:-
(1) Based on RPGT of 10% on the pre-agreed purchase price less costs of investment of the properties.

(5) Assuming the Options to Purchase or the Options to Sell are exercised on the Lands and after accounting for the estimated gain / loss on disposal of the Lands (assuming the waiver or exemption of the 4th and 5th instalments of the Land Premium for Lot 787-791 amounting to RM7.44 million is withdrawn by the appropriate authority or becomes inapplicable as well as deducting the estimated RPGT at the rate of 10% on the gain arising from the Proposed Disposal of Lands, if applicable) as set out below:-

	Scenario I (a)		Scenario I (b)		Scenario II (a)		Scenario II (b)		Lot 1166	Lot 1541
	Lot 787-791									
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Pre-agreed purchase price		11,785		19,221		12,785		20,221	18,000	6,000
Less: Audited net book value as at 30 June 2024									(15,426)	(4,873)
Land Premium	14,185		21,621		14,185		21,621			
Less: Accumulated depreciation	(120)		(120)		(120)		(120)			
Illustrative net book value		(14,065)		(21,501)		(14,065)		(21,501)		
Gain/(loss) on disposal		**(2,280)**		**(2,280)**		**(1,280)**		**(1,280)**	**2,574**	**1,127**
Estimated RPGT @ 10%(1)		**-**		**-**		**-**		**-**	**(1,290)**	**(461)**
Net gain/(loss) on disposal		**(2,280)**		**(2,280)**		**(1,280)**		**(1,280)**	**1,284**	**666**

Note:-
(1) Based on RPGT of 10% on the pre-agreed purchase price less costs of investment of the properties.

(6) The decrease in the revaluation reserve from RM53.42 million to RM14.73 million was mainly due to the reclassification of the gain on revaluation of land and buildings by SCM to accumulated losses following the deconsolidation of SCM.

(7) The movement of the accumulated losses is as set out below:-

	Base Scenario RM'000	Scenario I (a) RM'000	Scenario I (b) RM'000	Scenario II (a) RM'000	Scenario II (b) RM'000
Audited as at 30 June 2024	(78,214)	(78,214)	(78,214)	(78,214)	(78,214)
Subsequent events:					
- new offer of 88,068,139 LTIP Options	(2,906)	(2,906)	(2,906)	(2,906)	(2,906)
- cancellation of 47,557,882 LTIP Options	1,569	1,569	1,569	1,569	1,569
- new offer of 64,376,926 LTIP Options	(1,236)	(1,236)	(1,236)	(1,236)	(1,236)
After subsequent events	**(80,787)**	**(80,787)**	**(80,787)**	**(80,787)**	**(80,787)**
Pursuant to the Proposed Disposal of SCM:					
- Estimated net gain on Proposed Disposal of SCM	8,693	8,693	8,693	8,693	8,693
- Transfer from revaluation reserve(1)	38,689	38,689	38,689	38,689	38,689
- Adjustments(2)	13,592	13,592	13,592	13,592	13,592
After the Proposed Disposal of SCM	**(19,812)**	**(19,812)**	**(19,812)**	**(19,812)**	**(19,812)**
Pursuant to Proposed Disposal of Lands:					
- Estimated net gain / (loss) on Proposed Disposal of Lands	2,070	(330)	(330)	670	670
After the Proposed Disposal of Lands	**(17,742)**	**(20,142)**	**(20,142)**	**(19,142)**	**(19,142)**

Subnotes:-

(1) Comprises the reclassification of the gain on revaluation of land and buildings by SCM to accumulated losses following the deconsolidation of SCM.

(2) Includes the movement in SCM's net assets from 1 July 2024 to 31 December 2025 and the reversal of intercompany elimination entries.

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8.3 Earnings and EPS

The Proposals are expected to have a positive effect on the earnings and EPS of the Company, with an estimated gain on disposal of RM8.69 million and RM2.07 million respectively upon completion of the Proposed Disposal of SCM and the Proposed Disposal of Lands (assuming the base scenario whereby the 4th and 5th instalments of the Land Premium are waived or exempted).

For illustration, based on the audited consolidated financial statements of the Company for the FYE 30 June 2024 and assuming the Proposals had been completed at the beginning of that financial year, the pro forma effects of the Proposals on the consolidated earnings and EPS of the Company are as follows:-

	Audited FYE 30 June 2024 RM'000	**(I) After subsequent events(1) RM'000**	**(II) After (I) and the Proposed Disposal of SCM(2) RM'000**	**(III) After (II) and the Proposed Disposal of Lands(3) RM'000**
PAT attributable to owners of the Company (RM'000)	4,482	4,482	4,482	4,482
Less: Audited PAT of SCM for the FYE 30 June 2024	-	-	(10,329)	(10,329)
Add: Estimated net pro forma gain	-	-	8,694	10,764
Pro forma PAT attributable to the equity holders of SCIB Group	**4,482**	**4,482**	**2,847**	**4,917**
Weighted average no. of SCIB Shares ('000)	644,436	722,882	722,882	722,882
EPS (sen)	0.70	0.62	0.39	0.68

Notes:-

(1) After accounting for the issuance of 40,510,257 and 37,936,282 new SCIB Shares arising from the exercise of the LTIP Options from 1 July 2024 up to 31 December 2025.

(2) After accounting for the estimated net pro forma gain from the Proposed Disposal of SCM of RM8.69 million as further detailed in Section 5 of this Circular.

(3) After accounting for the estimated net pro forma gain from the Proposed Disposal of Lands of RM2.07 million (assuming the base scenario whereby the 4th and 5th instalments of the Land Premium are waived or exempted) as further detailed in Section 8.2 of this Circular.

8.4 Convertible securities

Save for the 26,440,644 granted / vested LTIP Options which may be exercised, the Company does not have any other outstanding convertible securities as at 31 December 2025.

The Proposals will not result in any adjustment to the exercise price and number of outstanding LTIP Options.

9. HIGHEST PERCENTAGE RATIO

Pursuant to Paragraph 10.02(g) of the Listing Requirements, the highest percentage ratio applicable to the Proposed Disposal of SCM is 230.47% which was computed based on the net profits of SCM based on its latest audited financial statements for the FYE 30 June 2024 as compared with the net profits of the Group based on its latest audited financial statements for the FYE 30 June 2024.

Pursuant to Paragraph 10.02(g) of the Listing Requirements, the highest percentage ratio applicable to the Proposed Disposal of Lands is 25.29% which was computed based on the aggregate value of the consideration as represented by the pre-agreed purchase prices of the Lands upon exercise of the Options to Purchase / Options to Sell as compared with the net assets of the Group based on its latest audited financial statements for the FYE 30 June 2024.

10. APPROVALS REQUIRED AND CONDITIONALITY

The Proposals are subject to approvals being obtained from the following:-

(i) the Shareholders for the Proposals at an EGM to be convened; and

(ii) any other relevant authorities and/or parties, if required.

For the avoidance of doubt, should Shareholders' approval for the Proposed Disposal of Lands be obtained at the EGM to be convened, the Company shall not be required to seek Shareholders' approval for the exercise and completion of the Options to Purchase or the Options to Sell, as the case may be, pursuant to the Listing Requirements. Nevertheless, the Company shall make the requisite announcement(s) in relation to the exercise and completion of the Options to Purchase or Options to Sell, as the case may be, as and when required in accordance with the Listing Requirements.

In terms of Shareholders' approval, the Proposed Disposal of SCM and Proposed Disposal of Lands are inter-conditional.

The Proposals are not conditional upon any other corporate exercise / scheme being or proposed to be undertaken by the Company.

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE OF THE COMPANY AND/OR PERSONS CONNECTED TO THEM

None of the Directors, Major Shareholders, chief executive of the Company and/or persons connected to them have any interest, direct or indirect in the Proposals.

12. TENTATIVE TIMELINE

Subject to all relevant approvals being obtained, the Proposals are expected to be completed by second quarter of 2026. The tentative timetable in relation to the implementation of the Proposals is as follows:-

Date	Events
May 2026	• EGM for the Proposals • Fulfillment of the Condition Precedent • Completion of the Proposed Disposal of SCM

13. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

The Company had on 26 June 2025 announced that it proposes to undertake the following:-

(i) renounceable rights issue of up to 763,624,813 new SCIB Shares ("**Rights Shares**") together with up to 763,624,813 free detachable warrants in the Company ("**Warrants C**") on the basis of 1 Rights Share together with 1 Warrant C for every 1 existing Share held by the Shareholders on an entitlement date to be determined and announced later ("**Proposed Rights Issue with Warrants**"); and

(ii) reduction of the issued share capital of SCIB by RM110.00 million pursuant to Section 117 of the Act ("**Proposed Share Capital Reduction**").

The Proposed Rights Issue with Warrants is expected to raise a total of RM48.95 million under the base case scenario, which in turn is intended to be utilised as follows:-

Utilisation of proceeds from the Proposed Rights Issue with Warrants	**RM'000**
(i) Construction of factory and purchase of machineries	20,000
(ii) Repayment of bank borrowings	19,000
(iii) Working capital	9,067
(iv) Estimated expenses for the Proposed Rights Issue with Warrants and the Proposed Share Capital Reduction	880
Total	**48,947**

In relation to the above, it is pertinent to note that a total of RM20.00 million has been earmarked for the construction of factory and purchase of machineries for the Manufacturing Business.

On 26 September 2025, Bursa Securities had granted its approval for the following:-

(i) admission of the Warrants C to the Official List of the Main Market of Bursa Securities;

(ii) listing of and quotation for up to 763,624,813 Rights Shares and up to 763,624,813 Warrants C to be issued pursuant to the Proposed Rights Issue with Warrants on the Main Market of Bursa Securities; and

(iii) listing of and quotation for up to 763,624,813 new SCIB Shares to be issued arising from the exercise of the Warrants C on the Main Market of Bursa Securities.

Subsequently, the Company had on 2 October 2025 received the Indicative Offer from the Purchaser, and had on 18 November 2025 entered into the SSPA with the Purchaser in connection with the Proposed Disposal of SCM.

The Proposed Rights Issue with Warrants and the Proposed Share Capital Reduction were approved by the Shareholders at an EGM convened on 15 January 2026.

The Proposed Share Capital Reduction had since been completed on 3 April 2026.

Further to the above, it is pertinent to note that the business operations, future plans and prospects of the Group are expected to change materially upon completion of the Proposals. In turn, this would have a material impact on the Group's funding requirements moving forward. Consequently, the utilisation of proceeds from the Proposed Rights Issue with Warrants as disclosed above, whereby a substantial portion is earmarked for construction of factory and purchase of machineries in relation to the Manufacturing Business, would no longer be relevant.

Given the above and depending on the progress and outcome of the Proposals, the Company will decide at the relevant point in time whether to proceed with the implementation of the Proposed Rights Issue with Warrants or to proceed with the Proposals.

If the Proposals are not approved by shareholders at the EGM, the Company will proceed to implement the Proposed Rights Issue with Warrants as planned.

However, if the Proposals are approved by Shareholders at the EGM, the Company will not proceed to implement the Proposed Rights Issue with Warrants based on the current scheme. An announcement on the same will be made immediately upon completion of the Proposed Disposal, which is expected to be within 14 business days from the date of Shareholders' approval being obtained at the EGM in accordance with the terms of the SSPA. Instead, the Company may announce a revised scheme for the Proposed Rights Issue with Warrants and submit a fresh application to Bursa Securities in relation thereto at a later date, subject to further assessment on the Group's funding requirements following the Proposals. In such an event, Shareholders' approval will also be obtained for the revised scheme for the Proposed Rights Issue with Warrants.

Save for the abovementioned, there are no other corporate exercises which have been announced by the Company but are pending completion before the date of this Circular.

14. BOARD'S RECOMMENDATION

The Board, having considered all aspects of the Proposals, including but not limited to the effects of the Proposals, basis and justification for the Disposal Consideration as well as the pre-agreed purchase prices for Lot 1166, Lot 1541 and Lot 787-791, terms and conditions of the SSPA as well as the Tenancy Agreement (as supplemented by the Supplemental Letter to the Tenancy Agreement) and the Right to Build and Operate Agreement (as supplemented by the Supplemental Letter to the RBO), rationale, utilisation of proceeds as well as the risks associated with the Proposals, is of the opinion that the Proposals are in the best interests of the Company and its shareholders.

Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

15. EGM

The EGM, the notice of which is enclosed in this Circular together with the Form of Proxy, is scheduled to be held at Hall 1, Corporate Meetings by Envivo, Ground Floor, Lobby 1, Crystal Plaza No.4, Jalan 51A/223, 46100 Petaling Jaya, Selangor on Monday, 4 May 2026 at 2.30 p.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing, with or without any modifications, the resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM, you may complete and return the enclosed Form of Proxy in accordance with the instructions contained thereon, so as to arrive at the office of the Company's share registrar at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur or alternatively to lodge the Form of Proxy electronically via Digerati Portal at https://scib-egm.digerati.com.my or email to admin@aldpro.com.my, not less than forty-eight (48) hours before the time and date fixed for holding the EGM or at any adjournment thereof.

The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM of SCIB should you subsequently wish to do so.

16. FURTHER INFORMATION

The Shareholders are advised to refer to the appendices for further information.

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

KU CHONG HONG
Group Managing Director / Chief Executive Officer

The salient terms of the SSPA include the following:-

1. Agreement to sell and purchase the Sale Shares

On and subject to the terms of the SSPA, the Seller agrees to sell, and the Purchaser agrees to purchase, all of the Sale Shares. The Sale Shares shall be sold by the Seller to the Purchaser free from encumbrances and together with all rights and advantages attaching to them as at the Completion Date.

2. Condition Precedent

2.1 The agreement to sell and purchase the Sale Shares is conditional upon satisfaction of the following condition on or prior to the date falling 7 months from the date of the SSPA ("**Initial Cut-Off Date**"), or as extended in accordance with the SSPA, or such later date as may be agreed in writing between the Seller and the Purchaser ("**Cut-Off Date**"):-

(i) the approval of the shareholders of the Company at an EGM approving the sale of the Sale Shares and the transactions contemplated under the SSPA.

2.2 Non-satisfaction

(i) The Seller shall give notice to the Purchaser of the satisfaction of the relevant condition within 3 business days of becoming aware of the same together with evidence in writing evidencing that such condition has been satisfied.

(ii) If the Condition Precedent is not satisfied on or before Initial Cut-Off Date, the parties agree that where such delay is caused solely by a delay by Bursa Securities in issuing the approval or confirmation of no objection to the draft circular to the shareholders of the Company, then provided that there has been no breach by the Company, the Initial Cut-off Date shall automatically be extended by 2 months.

(iii) If the Condition Precedent is not satisfied on or before the Cut-off Date, the Purchaser may, in its absolute discretion, terminate the SSPA (other than the surviving provisions), and no party shall have any claim against the other under it save for any claim arising from antecedent breaches of the SSPA.

3. Purchase price

3.1 Amount

The Disposal Consideration is subject to adjustments in accordance with Sections 3.2 and 3.3 of this Appendix I.

3.2 First adjustment

(i) No later than 7 business days from the date of fulfilment or waiver of the Condition Precedent as set out in Section 2.1 of this Appendix I ("**Unconditional Date**"), the Seller shall deliver to the Purchaser, the estimated management accounts of SCM as at the close of business on the Completion Date drawn up in accordance with the SSPA, and shall comprise a balance sheet made up as at Completion Date and an income statement for the financial period from 1 July 2025 to the Completion Date ("**Estimated Completion Accounts**").

(ii) Within 2 business days following the delivery of the Estimated Completion Accounts by the Seller to the Purchaser, the Purchaser shall, utilising the figures in the Estimated Completion Accounts, calculate the total equity of SCM ("**Estimated Shareholder's Equity**") and the amount, if any, by which the Estimated Shareholder's Equity is:-

(a) less than RM98,462,477.00 ("**Estimated Shareholder's Equity Shortfall**"); or

(b) more than RM98,462,477.00 ("**Estimated Shareholder's Equity Excess**").

(iii) In the event the Purchaser's calculation reveals that:-

(a) there is no Estimated Shareholder's Equity Shortfall or Estimated Shareholder's Equity Excess, no adjustments shall be made to the Disposal Consideration;

(b) there is Estimated Shareholder's Equity Shortfall, the Disposal Consideration shall be reduced by an amount equivalent to the Estimated Shareholder's Equity Shortfall; or

(c) there is Estimated Shareholder's Equity Excess, the Disposal Consideration shall be increased by an amount equivalent to 70%(1) of the Estimated Shareholder's Equity Excess.

Note:-
(1) This is a commercial term that was negotiated and mutually agreed between the parties. The percentage was proposed by the Purchaser and after due consideration by the Seller of the commercial implications and risk including, amongst others, the trade-off between limiting the potential increase in consideration payable by the Purchaser and ensuring the Seller is compensated fairly in accordance to the prevailing value of SCM, the Seller agreed to adopt the said percentage.

(iv) The "**Second Disposal Consideration**" shall mean (i) the Disposal Consideration if there has been no reduction or increase in accordance with Section 3.2(iii)(a) of this Appendix I; or (ii) the Disposal Consideration *less* (-) the reduction in accordance with Section 3.2(iii)(b) of this Appendix I; or (iii) the Disposal Consideration *plus* (+) the increase in accordance with Section 3.2(iii)(c) of this Appendix I.

3.3 Final adjustment

(i) Within 7 business days following the determination of the Completion Accounts (as defined below), as the case may be, the Purchaser shall, utilising the figures in the Completion Accounts, calculate the total equity of SCM ("**Final Shareholder's Equity**") and the amount, if any, by which the Final Shareholder's Equity is:-

(a) less than RM98,462,477.00 ("**Final Shareholder's Equity Shortfall**");

(b) more than RM98,462,477.00 ("**Final Shareholder's Equity Excess**").

"**Completion Accounts**" means the management accounts of SCM as at the Completion Date, comprising a balance sheet made up as at the Completion Date and an income statement for the financial period from 1 July 2025 to the Completion Date, drawn up by the Purchaser in accordance with the terms and format as set out in the SSPA and shall deliver to the Seller within 45 business days from the Completion Date. The Completion Accounts shall also contain the Purchaser's calculation of the Final Shareholder's Equity and the Final Disposal Consideration (as defined below).

(ii) In the event the Purchaser's calculation reveals that:-

(a) there is no Final Shareholder's Equity Shortfall or Final Shareholder's Equity Excess, no adjustments shall be made to the Disposal Consideration and the Final Disposal Consideration shall be the Disposal Consideration;

(b) there is Final Shareholder's Equity Shortfall, the Disposal Consideration shall be reduced by an amount equivalent to the Final Shareholder's Equity Shortfall, and the Final Disposal Consideration shall be the Disposal Consideration *less* (-) the amount reduced in accordance with this Section 3.3(ii)(b) of this Appendix I; or

(c) there is Final Shareholder's Equity Excess, the Disposal Consideration shall be increased by an amount equivalent to 70%(1) of the Final Shareholder's Equity Excess, and the Final Disposal Consideration shall be the Disposal Consideration *plus* (+) the amount increased in accordance with this Section 3.3(ii)(c) of this Appendix I,

Note:-
(1) This is a commercial term that was negotiated and mutually agreed between the parties. The percentage was proposed by the Purchaser and after due consideration by the Seller of the commercial implications and risk including, amongst others, the trade-off between limiting the potential increase in consideration payable by the Purchaser and ensuring the Seller is compensated fairly in accordance to the prevailing value of SCM, the Seller agreed to adopt the said percentage.

and reference to the "**Final Disposal Consideration**" shall mean the amount in (a) or (b) or (c) of Section 3.3(ii) of this Appendix I, as applicable.

4. Timing and method of payment

4.1 On the date of the SSPA, the Purchaser shall pay to the Seller, a sum of RM8,000,000.00 as a deposit ("**Deposit**").

4.2 On the completion of the Proposed Disposal of SCM, the Purchaser shall pay the Second Disposal Consideration *less* (-) the Deposit ("**Balance Second Disposal Consideration**"), as follows:-

(i) if the Estimated Completion Accounts reflect Net Intercompany Receivables, an amount equivalent to the Net Intercompany Receivables as set out in the Estimated Completion Accounts shall be paid by the Purchaser directly to SCM for and on behalf of the Group (excluding SCM), and receipt of the same by SCM shall be deemed receipt and satisfaction of the same by the Seller, the Group (excluding SCM), and the Purchaser shall be discharged from its obligations to pay such portion of the Second Disposal Consideration;

(ii) an amount equivalent to the estimated trade and other receivables *less* (-) the deposits in other receivables, deposits and prepayments ("**Retained Sum**") shall be retained by the Purchaser free of interest and dealt with in accordance with Section 5 of this Appendix I;

(iii) an amount equivalent to all amounts secured under any and all guarantees, indemnities, suretyships, letters of comfort or security given by or binding upon SCM and if applicable, its subsidiaries ("**SCM Group Company**"), in respect of any liability of any member of the Group (other than a SCM Group Company) (the "**Retained Guarantee Amount**") shall be retained by the Purchaser free of interest and dealt with in accordance with Section 6 of this Appendix I; and

(iv) the Balance Second Disposal Consideration *less* (-) the Net Intercompany Receivables deducted, *less* (-) the Retained Sum retained and *less* (-) the Retained Guarantee Amount retained ("**Completion Payment**"), shall be paid to the bank account as shall be specified by the Seller to the Purchaser in writing no later than 2 business days from the Unconditional Date.

4.3 Within 10 business days after the determination of the Final Disposal Consideration:-

(i) the Purchaser shall pay to the Seller the amount by which the Final Disposal Consideration exceeds the Second Disposal Consideration, in the following manner and in the following order of priority:-

(a) where any increase arose due to higher Net Intercompany Receivables, an amount equivalent to the difference between the Net Intercompany Receivables set out in the Completion Accounts and the Net Intercompany Receivables set out in the Estimated Completion Accounts, shall be paid by the Purchaser directly to SCM for and on behalf of the Group (excluding SCM), and receipt of the same by SCM shall be deemed receipt and satisfaction of the same by the Seller, the Group (excluding SCM), and the Purchaser shall be discharged from its obligations to pay such portion of the Final Disposal Consideration;

(b) where any increase arose due to higher trade and other receivables, an amount equivalent to the difference between the aggregate of the trade and other receivables as stated in the Completion Accounts and the estimated trade and other receivables as stated in the Estimated Completion Accounts, shall be added to the Retained Sum and dealt with in accordance with Section 5 of this Appendix I;

(c) any balance shall be paid by the Purchaser to the bank account as shall be specified by the Seller to the Purchaser in writing no later than 2 business days after the determination of the Final Disposal Consideration; or

(ii) the Seller shall pay to the Purchaser the amount by which the Final Disposal Consideration is less than the Second Disposal Consideration to the bank account as shall be specified by the Purchaser to the Seller in writing no later than 2 business days after the determination of the Final Disposal Consideration.

5. Retained Sum

The Seller and the Purchaser agree that the Retained Sum shall be released if the conditions below are satisfied:-

(a) the Completion Accounts have been determined in accordance with the terms of the SSPA; and

(b) where the aggregate trade and other receivables as stated in the Completion Accounts exceed the Retained Sum (as may be increased pursuant to Section 4.3(i)(b) of this Appendix I, the "**Adjusted Retained Sum**"), the Adjusted Retained Sum shall only be released to the extent that the Adjusted Retained Sum at any point in time within 1 year from the Completion Date, exceeds the outstanding amount of trade and other receivables forming the aggregate of the trade and other receivables as stated in the Completion Accounts at such point in time.

Subject to Section 5(b) of this Appendix I, within 30 days from the end of the calendar month in which any payment was received from the relevant trade and other receivables debtor, the Purchaser shall release to the Seller the corresponding amount of the Adjusted Retained Sum, free of interest.

Upon the first anniversary of the Completion Date, in the event any of the trade and other receivables set out in the Completion Accounts is not collected, the outstanding balance of the Adjusted Retained Sum shall not be released. Accordingly, the Final Disposal Consideration shall be reduced and the Purchaser shall be released of its obligation to pay such reduced sum ("**Reduced Sum**").

To the extent that the trade and other receivables set out in the Completion Accounts comprises of a positive amount of the trade receivables in respect of which such amount has been captured in the Reduced Sum, the Seller shall have the right to request the Purchaser for the outstanding trade receivables not collected to be assigned to the Seller.

In relation to any refund for taxation, provision of which has been made for in the in trade and other receivables set out in the Completion Accounts, to the extent that payment from the tax authority has been received by the relevant SCM Group Company on or prior to the 5th anniversary of the Completion Date, the Seller and the Purchaser shall agree on the manner of payment to the Seller of the net amount received by the relevant SCM Group Company from the tax authority, within 14 days from the receipt of such payment and subject to such claim having been finally determined a result of any award, judgement or order, and is not subject to any setting aside proceedings or any appeals therefrom.

6. Retained Guarantee Amount

The Seller and the Company shall use their best efforts and at their own cost and expense, to work towards the release of any SCM Group Company from all guarantees, indemnities, suretyships, letters of comfort or security given by or binding upon any SCM Group Company, in respect of any liability of any member of the Group (other than a SCM Group Company), as soon as reasonably practicable after the date of the SSPA and in any case, such release shall be completed within 30 days from the Completion Date.

Pending such release, the Seller and the Company shall, from the completion of the Proposed Disposal of SCM, jointly and severally indemnify the relevant SCM Group Company against all Losses arising from or in connection with the giving of such securities, guarantees or indemnities given by or binding upon the Seller or any person connected with any of them in respect of any liability of the SCM Group Companies by any SCM Group Company in respect of any liability of any member of the Group (other than a SCM Group Company).

Within 14 days of the provision of documentary evidence of the release of any SCM Group Company from all guarantees, indemnities, suretyships, letters of comfort or security given by or binding upon any SCM Group Company, in respect of any liability of any member of the Group (other than a SCM Group Company) by the Seller to the Purchaser, the Purchaser shall release to the Seller the corresponding amount of the Retained Guarantee Amount, free of interest.

7. Completion

7.1 Date and Place

(i) Completion shall take place at 10:00 a.m. at the registered office of SCM on the Completion Date or at such other location, time or date as may be agreed in writing between the Purchaser and the Seller.

(ii) The parties agree that completion of the Proposed Disposal of SCM shall only be deemed to have occurred when the completion of the sale of all (and not some only) of the Sale Shares have been completed, and the Purchaser shall not be obliged to complete the purchase of any of the Sale Shares, and the Seller shall not be obliged to complete the sale of the Sale Shares, unless the sale and purchase of all the Sale Shares are completed simultaneously.

7.2 Breach of completion obligations

Without prejudice to the rights to terminate the SSPA pursuant to Section 8 of this Appendix I, if the Seller or the Purchaser fails to comply with any obligation in the SSPA, the Purchaser, in the case of non-compliance by the Seller, or the Seller, in the case of non-compliance by the Purchaser, shall be entitled (in addition to and without prejudice to all other rights or remedies available, including the right to claim damages) by written notice to the other, to:-

(i) fix a new date for completion of the Proposed Disposal of SCM, in which case, the completion obligations of the Purchaser and the Seller shall apply to the completion of the Proposed Disposal of SCM as so deferred (but provided that such deferral may only occur once);

(ii) to effect completion of the Proposed Disposal of SCM so far as practicable having regard to the defaults which have occurred; or

(iii) terminate the SSPA (other than the surviving provisions), without liability on its part.

8. Termination

8.1 The SSPA may be terminated (other than the surviving provisions) at any time prior to completion of the Proposed Disposal of SCM in accordance with the following:-

(i) by the Purchaser, in accordance with Section 2.2(iii) of this Appendix I;

(ii) by the Purchaser, if the Seller is in breach of any of the fundamental warranties, by notice in writing to the Seller;

(iii) by the Seller or Purchaser, in accordance with Section 7.2(iii) of this Appendix I;

(iv) by the Purchaser, if the Seller or the Company is in material breach of any of the Seller's warranties or the warranties given by the Company, the undertakings or obligations given by the Seller or the Company under the SSPA, and if such breach is capable of being remedied, the Seller or the Company fails, refuses or neglects to remedy such breach within 30 days after written notice has been given to the Seller or the Company by the Purchaser providing particulars of the breach and requiring such breach to be remedied, the Purchaser shall be entitled to terminate the SSPA by notice in writing to the Seller;

(v) by the Seller, if the Purchaser is in material breach of any of the Purchaser's warranties, the Purchaser's undertakings or obligations under the SSPA, and if such breach is capable of being remedied, the Purchaser fails, refuses or neglects to remedy such breach within 30 days after written notice has been given to the Purchaser by the Seller providing particulars of the breach and requiring such breach to be remedied, the Seller shall be entitled to terminate the SSPA by notice in writing to the Purchaser; or

(vi) by the Seller or Purchaser, in the event a force majeure event shall continue for a period of 6 months.

8.2 Effect of termination

(i) Within 7 business days from termination of the SSPA, the Seller shall refund the Deposit to the Purchaser. Thereafter, all rights and obligations of the parties shall cease to have effect immediately (other than the surviving provisions) and save that termination of the SSPA shall be without prejudice to the respective rights and liabilities of each of the parties accrued prior to such termination.

(ii) Any failure by any party to exercise its rights to terminate the SSPA shall not constitute a waiver of any other rights of such party arising out of any breach of the SSPA.

(iii) Neither the Seller nor the Purchaser shall be entitled to rescind or terminate the SSPA in any circumstances whatsoever, except for rescission or termination under the circumstances set out in Section 8.1 of this Appendix I.

9. Indemnity

9.1 The Seller undertakes to the Purchaser to pay and indemnify and hold harmless the Purchaser or at the Purchaser's option, SCM Group Company from and against any and all liability for taxation of SCM Group Company (including any notice, demand, assessment, returns, letter or other document issued or action taken by any tax authorities from which it appears that liability for taxation has been or may be imposed on or suffered, additional taxes, interests, penalties, fines, charges, surcharges and/or the loss or non-availability of, reduction in the amount of, any relief, allowance or right to repayment of taxation):-

(i) in respect of all years of assessment or periods of assessment ending on or prior to the Completion Date and the year of assessment in respect of and up to the Completion Date (whether or not accrued as of the Completion Date) in connection with or arising from any act, circumstance, event, transaction entered into and/or omission by SCM Group Company effected or deemed to have been effected on or before completion of the Proposed Disposal of SCM;

(ii) by reference to any profits earned, accrued, received and/or any amount deemed to be taxable on or before the Completion Date;

(iii) affecting SCM Group Company in respect of or arising from any act, circumstance, event, transaction and/or omission after completion of the Proposed Disposal of SCM in pursuance of a legally binding obligation or an arrangement, in either case whether or not conditional or incurred or entered into on or before completion of the Proposed Disposal of SCM; or

(iv) in respect of, arising from or in connection with the acquisition or disposal of any asset or right, or the receipt or provision of any service or facilities (including the benefit of any licences or agreements), any such transaction entered into or effected on or before completion of the Proposed Disposal of SCM which was not carried out on an arm's length basis or in compliance with the relevant transfer pricing requirements of any relevant jurisdiction,

and any and all Losses of whatever nature and however arising (including any penalties levied or claims brought by the Director General of Inland Revenue Board of Malaysia and all related costs and expenses) which the Purchaser or such Group Company (as the case may be) may at any time and from time to time sustain, incur, suffer or be liable out of, in respect of, or arising from or in connection with any of the foregoing.

9.2 For avoidance of doubt, the Seller shall not be liable for any taxation nor the indemnity obligations under Section 9.1 of this Appendix I to the extent that:-

(i) provision or reserve has been made for such taxation or liabilities thereunder in the Completion Accounts;

(ii) it arises as a result of any change in law, regulation or published practice of a tax authorities occurring after completion of the Proposed Disposal of SCM; or

(iii) it arises from any act, transaction or omission carried out by the Purchaser or SCM Group Company after completion of the Proposed Disposal of SCM (other than pursuant to a legally binding obligation entered into before completion of the Proposed Disposal of SCM), save where such act, transaction or omission was carried out by the Purchaser or SCM Group Company at the request in writing or with the approval in writing of the Seller or SCIB.

9.3 The maximum aggregate liability of the Seller in respect of all claims under Section 9.1 of this Appendix I shall not exceed an amount equal to the Final Disposal Consideration.

10. Governing laws

The SSPA shall be governed by, and construed in accordance with, the laws of Malaysia.

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1. HISTORY AND BUSINESS

SCM was incorporated in Malaysia on 31 July 2001 under the Companies Act 1965 and is deemed registered under the Act as a private limited company under the existing name.

SCM is principally involved in trading of construction materials, manufacturing and sale of precast concrete pipes, prestressed spun concrete piles and other related concrete products.

SCM's principal place of business is located at Pending Industrial Estate, Kuching, Sarawak. For information, SCM's revenue is 100% derived from Malaysia.

As at the LPD, SCM owns 6 factories which are being utilised for the Manufacturing Business at the following plots of land:-

(i) a plot of industrial land situated at Pending Industrial Estate, Kuching, measuring more or less 4.476 hectares, described as Lot 2351, Section 66, Kuching Town Land District with a 3-storey office building cum warehouse and workshop, two contiguous open-sided factory buildings(1) and several other ancillary structures erected thereon;

(ii) all that parcel of land situated at Demak Laut Industrial Park, Kuching, measuring more or less 4.047 hectares, described as Lot 1166, Block 8, Muara Tebas Land District with a 2-storey office building, a 1-storey precast panels factory(2), a 1-storey pipe plant building(3) and other buildings erected thereon;

(iii) all that parcel of land situated at Demak Laut Industrial Park, Kuching, measuring more or less 1.25 hectares, described as Lot 1541, Block 8, Muara Tebas Land District with a 1-storey i-Beam factory(4) and a 1-storey store.

(iv) all that parcel of land situated at Demak Laut Industrial Park Phase 1, Kuching, measuring more or less 2.793 hectares, described as Lot 830, Block 7, Muara Tebas Land District with a 2-storey office building cum spun piles factory(5), a 2-storey office cum concrete roofing tiles factory(6) and 2 ancillary buildings.

Notes:-
(1) The total gross floor area of two contiguous open-sided factory buildings is approximately 37,925.4 square feet (inclusive of 4 control rooms).
(2) The main floor area of the factory is approximately 108,500 square feet.
(3) The main floor area of the factory is approximately 15,597 square feet.
(4) The main floor area of the factory is approximately 19,000 square feet.
(5) The main floor area of the factory is approximately 19,375 square feet.
(6) The main floor area of the factory is approximately 31,968.8 square feet.

While the 1-storey precast panels factory, 1-storey pipe plant building and the 1-storey i-Beam factory are owned by SCM, the plots of land underneath these factories i.e. Lot 1166 and Lot 1541 are owned by SCIB and are currently rented by SCIB to SCM pursuant to the Tenancy Agreement.

For the avoidance of doubt, the plots of land described as Lot 2351 and Lot 830 above are owned by SCM.

SCM's annual production capacity, actual production output and the utilisation rate for the FYE 30 June 2022, FYE 30 June 2023 and FYE 30 June 2024 are as follows:-

FYE	Annual production capacity (tonnes) (A)	Actual production output (tonnes) (B)	Utilisation rate (%) (B) / (A)
FYE 30 June 2022	278,400	150,076	53.9
FYE 30 June 2023	278,400	169,506	60.9
FYE 30 June 2024	278,400	195,838	70.3

2. SHARE CAPITAL

As at the LPD, the issued share capital of SCM is RM37,097,047.00 comprising 18,581,702 ordinary shares.

As at the LPD, there is only one class of shares in SCM.

3. DIRECTORS AND SHAREHOLDERS

As at the LPD, the shareholder of SCM and its shareholdings are as follows:-

Name	Nationality	Direct		Indirect	
		No. of shares	%(1)	No. of shares	%(1)
SCIB Holdings(2)	Malaysia	18,581,702	100.0	-	-

Notes:-
(1) Based on the issued share capital of 18,581,702 ordinary shares in SCM.
(2) SCIB Holdings is a wholly-owned subsidiary of the Company.

As at the LPD, the directors of SCM and their shareholdings are as follows:-

Name	Nationality	Designation	Direct		Indirect	
			No. of shares	%(1)	No. of shares	%(1)
Ku Chong Hong	Malaysian	Director	-	-	-	-
Chai Tze Khang	Malaysian	Director	-	-	-	-
Chiew Jong Wei	Malaysian	Director	-	-	-	-

Note:-
(1) Based on the issued share capital of 18,581,702 ordinary shares in SCM.

4. SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

As at the LPD, SCM does not have any subsidiary or associate company.

5. TYPE OF ASSETS OWNED

Based on the audited statement of financial position of SCM as at 30 June 2024, the assets owned by SCM are as follows:-

Type of asset	Audited As at 30 June 2024 RM'000
Non-current assets	
Property, plant and equipment(1)	82,137
Investment properties(2)	2,235
Current assets	
Inventories	21,836
Trade receivables	30,891
Other receivables, deposits and prepayments	8,892
Amount due from ultimate holding company	15,063
Amount due from the subsidiaries of the ultimate holding company	8,324

Type of asset	Audited As at 30 June 2024 RM'000
Fixed deposits with a licensed bank	5,350
Cash and cash equivalents	12,516
Total	**187,244**

Notes:-

(1) The property, plant and equipment owned by SCM comprise the following:-

Property, plant and equipment	RM'000
Buildings	30,568
Furniture, fittings and equipment	248
Motor vehicles	615
Plant and machineries	8,379
Capital work-in-progress	2,530
Right-of-use assets	
- Leasehold lands	39,191
- Factory space	246
- Use of land	360
Total	**82,137**

(2) This refers to Sublot 13 and Sublot 24. A summary of the investment properties is set out below:-

(i) Sublot 13 (under Parent Title as Individual Title of Sublot 13 has not been issued as yet)

Description of the property	:	A 4-storey mid terraced shop/office/house
Lot No.	:	Parent Lot 4871, Block 18
Title No.	:	TRN 01-LCPLS-008-018-04871
Postal address	:	Sublot 13, Lot 10747, Vista Tunku, Off Jalan Tun Datuk Patinggi Abang Haji Muhammad Salahuddin, Petra Jaya, 93050 Kuching, Sarawak
District	:	Salak Land District
State	:	Sarawak
Classification of land	:	Mixed zone land
Category of land use	:	Town land
Land area	:	1,689.93 square feet
Gross floor area	:	6,071 square feet
Net lettable area	:	5,648 square feet
Registered proprietor	:	Zecon Petra Jaya Sendirian Berhad
Tenure	:	99-year leasehold interest expiring on 1 February 2098

Special conditions	:	(i) Upon the completion of a proper survey of the land the holder of this provisional lease will be given a lease in accordance with the provisions of the Land Code, and subject to the following express conditions and restrictions:- (a) This land is to be used only for the residential purpose as may be approved by the Director of Lands and Surveys in conformity with the plan of development approved under condition (ii) hereof; (b) The development or redevelopment of this land shall be in accordance with plans for development and/or subdivision to be approved by the State Planning Authority and subject to such term and conditions as may be approved by that Authority under Part X of the Land Code (Cap. 81) of Sarawak and/or the rules made thereunder; and (c) The alienation of this land is in pursuance of the terms and conditions of a Concession Agreement dated 17.7.1998 entered into between the Government of Sarawak and Zalpoint Corporation Sendirian Berhad under Section 6(1) of the State Road Ordinance, 1994 for the design, construction, management, operation and maintenance of a Bridge across Sungai Sarawak and related works. A copy of the said Agreement may be inspected in the office of the Superintendent of Lands and Surveys, Bahagian Kuching; (ii) The term of years for which any such lease shall be granted shall be the balance then remaining of the term of 99 years from the date of this provisional lease; and (iii) The holder of this provisional lease shall not be entitled to a lease of any area equal to the area above stated but only to such an area as the survey shows to be available.
Endorsement	:	Limitation, Easement, Etc & Annotation : This land is needed for public purpose vide L.27294/2024 (affecting portion of land: 4,681 Sw. Mt, registered on 25 November 2024.
Existing land usage	:	Rented to third party
Rental per month	:	RM1,700 per month

Approximate age of buildings	:	9 years
Occupancy status as at LPD	:	Second floor to third floor have been rented out, ground floor to first floor are vacant
Percentage of occupancy	:	53.03%
Valuer	:	Cheston International (KL) Sdn Bhd
Date of valuation	:	29 October 2025
Valuation method	:	Market / Comparison approach and income approach by investment method
Market value	:	RM1.40 million as at the material date of valuation of 29 October 2025
Audited net book value as at 30 June 2024	:	RM1.23 million as at 30 June 2024

(ii) Sublot 24 (under Parent Title as Individual Title of Sublot 24 has not been issued as yet)

Description of the property	:	A 4-storey mid terraced shop/office/house
Lot No.	:	Parent Lot 4871, Block 18
Title No.	:	TRN 01-LCPLS-008-018-04871
Postal address	:	Sublot 24, Lot 10758, Vista Tunku, Off Jalan Tun Datuk Patinggi Abang Haji Muhammad Salahuddin, Petra Jaya, 93050 Kuching, Sarawak
District	:	Salak Land District
State	:	Sarawak
Classification of land	:	Mixed zone land
Category of land use	:	Town land
Land area	:	1,355.18 square feet
Gross floor area	:	5,420 square feet
Net lettable area	:	4,529 square feet
Registered owner	:	Zecon Petra Jaya Sendirian Berhad
Tenure	:	99-year leasehold interest expiring on 1 February 2098
Special conditions	:	(i) Upon the completion of a proper survey of the land the holder of this provisional lease will be given a lease in accordance with the provisions of the Land Code, and subject to the following express conditions and restrictions:- (a) This land is to be used only for the residential purpose as may be approved by the Director of Lands and Surveys in conformity with the plan of development approved under condition (ii) hereof;

(b) The development or redevelopment of this land shall be in accordance with plans for development and/or subdivision to be approved by the State Planning Authority and subject to such term and conditions as may be approved by that Authority under Part X of the Land Code (Cap. 81) of Sarawak and/or the rules made thereunder; and

(c) The alienation of this land is in pursuance of the terms and conditions of a Concession Agreement dated 17.7.1998 entered into between the Government of Sarawak and Zalpoint Corporation Sendirian Berhad under Section 6(1) of the State Road Ordinance, 1994 for the design, construction, management, operation and maintenance of a Bridge across Sungai Sarawak and related works. A copy of the said Agreement may be inspected in the office of the Superintendent of Lands and Surveys, Bahagian Kuching;

(ii) The term of years for which any such lease shall be granted shall be the balance then remaining of the term of 99 years from the date of this provisional lease; and

(iii) The holder of this provisional lease shall not be entitled to a lease of any area equal to the area above stated but only to such an area as the survey shows to be available.

Endorsement	:	Limitation, Easement, Etc & Annotation : This land is needed for public purpose vide L.27294/2024 (affecting portion of land: 4,681 Sw. Mt, registered on 25 November 2024.
Existing land usage	:	Rented to third party
Rental per month	:	RM4,650 per month
Approximate age of buildings	:	9 years
Occupancy status as at LPD	:	Ground floor to third floor have been fully rented out
Percentage of occupancy	:	100.00%
Valuer	:	Cheston International (KL) Sdn Bhd

Date of valuation	:	29 October 2025
Valuation method	:	Market / Comparison approach and income approach by investment method
Market value	:	RM1.10 million as at the material date of valuation of 29 October 2025
Audited net book value as at 30 June 2024	:	RM1.00 million as at 30 June 2024

6. HISTORICAL FINANCIAL INFORMATION

The following table sets out a summary of the historical financial information of SCM:-

	Audited			Unaudited
	FYE 30 June 2022	**FYE 30 June 2023**	**FYE 30 June 2024**	**18-month FPE 31 December 2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	85,012	89,663	115,322	193,429
GP	13,241	18,110	30,410	50,757
Profit before tax / (Loss before tax)	(91)	4,105	12,314	16,653
PAT / (Loss after tax)	(91)	3,501	10,329	10,909
Share capital	37,097	37,097	37,097	37,097
NA / Total equity	35,299	38,800	89,037	101,056
Total borrowings	45,319	42,809	56,756	72,565
GP margin (%)	15.58	20.20	26.37	26.24
PAT / (Loss after tax) margin (%)	(0.11)	3.90	8.96	5.64
Current assets	70,310	75,948	102,871	123,006
Current liabilities	47,224	49,517	63,813	79,810
Number of shares in issue ('000)	18,582	18,582	18,582	18,582
NA per share (RM)	1.90	2.09	4.79	5.44
EPS				
- basic (sen)	(0.49)	18.84	55.59	58.71
- diluted (sen)	(0.49)	18.84	55.59	58.71
Current ratio (times)	1.49	1.53	1.61	1.54
Gearing ratio (times)	1.28	1.10	0.64	0.72

Accounting policies and audit qualification

Based on the audited financial statements of SCM for the FYE 30 June 2022, the FYE 30 June 2023 and the FYE 30 June 2024, for the financial years under review:-

(i) there were no exceptional or extraordinary items;

(ii) there were no accounting policies adopted by SCM which are peculiar to SCM because of the nature of the business or the industry SCM is involved in; and

(iii) there were no audit qualifications for the financial statements of SCM.

Commentaries on financial performance

(i) 18-month FPE 31 December 2025 vs FYE 30 June 2024

On an annualised basis, SCM recorded revenue of RM128.95 million for the 18-month FPE 31 December 2025 as compared to the revenue of RM115.32 million for the FYE 30 June 2024, representing an increase of RM13.63 million or 11.82%. The higher revenue was mainly due to the growing demand for its core manufacturing products.

On an annualised basis, SCM recorded a higher GP of RM33.84 million (GP margin of 26.24%) for the 18-month FPE 31 December 2025 as compared to a GP of RM30.41 million (GP margin of 26.37%) in the FYE 30 June 2024, representing an increase of RM3.43 million or 11.27% which is in line with the higher revenue.

Despite the higher GP, SCM recorded a lower PAT of RM7.27 million in the annualised 18-month FPE 31 December 2025 as compared to a PAT of RM10.33 million in the FYE 30 June 2024. This was mainly due to higher administrative expenses arising from the share option expenses as well as higher finance costs.

(ii) FYE 30 June 2024 vs FYE 30 June 2023

SCM's revenue for FYE 30 June 2024 increased by RM25.66 million or 28.62% as compared to FYE 30 June 2023. The higher revenue was mainly due to higher sales volume of the foundation piles and industrialised building system products.

In line with the higher revenue, SCM recorded a higher GP of RM30.41 million (GP margin of 26.37%) as compared to a GP of RM18.11 million (GP margin of 20.20%) in the previous financial year, representing an increase of RM12.30 million or 67.92%. The increase in GP margin was mainly due to the lower proportion of factory overhead costs relative to the increase in revenue.

In line with the higher GP, SCM recorded a higher PAT of RM10.33 million as compared to a PAT of RM3.50 million in the previous financial year.

(iii) FYE 30 June 2023 vs FYE 30 June 2022

SCM's revenue for FYE 30 June 2023 increased by RM4.65 million or 5.47% as compared to FYE 30 June 2022. The higher revenue was mainly due to higher sales volume of the foundation piles and industrialised building system products.

In line with the higher revenue, SCM recorded a higher GP of RM18.11 million (GP margin of 20.20%) as compared to a GP of RM13.24 million (GP margin of 15.58%) in the previous financial year, representing an increase of RM4.87 million or 36.77%. The increase in GP margin was mainly due to the lower fixed overhead costs due to improved productivity.

In line with the higher GP, SCM recorded a PAT of RM3.50 million as compared to loss after tax of RM0.09 million in the previous financial year.

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7. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

7.1 Material commitments

Save as disclosed below, as at the LPD, the directors of SCM are not aware of any material commitment incurred or known to be incurred by SCM which, upon becoming due and enforceable, may have a material and adverse impact on the financial results or position of SCM:-

Material commitments	RM'000
Capital expenditure:- - Contracted for but not provided for	14,748
Total	**14,748**

7.2 Contingent liabilities

Save as disclosed below, as at the LPD, the directors of SCM are not aware of any contingent liability incurred or known to be incurred by SCM which, upon becoming due and enforceable, may have a material and adverse impact on the financial results or position of SCM:-

Contingent liabilities	RM'000
Corporate guarantees given to bank for credit facilities granted as at the LPD	19,919
Total	**19,919**

8. MATERIAL CONTRACTS

As at the LPD, SCM has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past 2 years immediately preceding the date of this Circular.

9. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed under Section 5(j) and (k) of Appendix XII below, as at the LPD, SCM is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and the board of directors of SCM is not aware of any proceedings, pending or threatened, against SCM or any facts which are likely to give rise to any proceedings which may materially and adversely affect the business or financial position of SCM.

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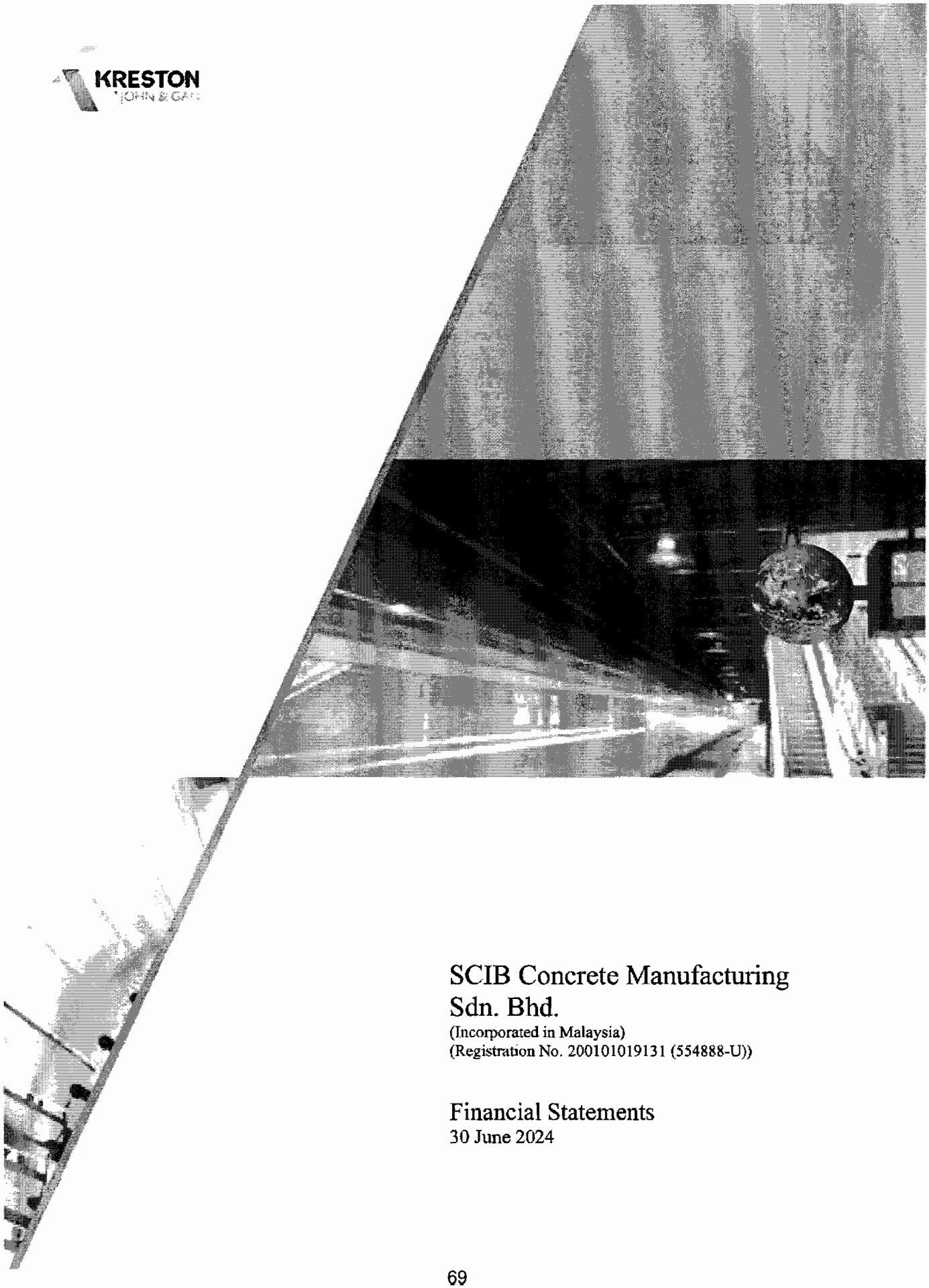

SCIB Concrete Manufacturing Sdn. Bhd.

(Incorporated in Malaysia)
(Registration No. 200101019131 (554888-U))

Financial Statements

30 June 2024

Kreston John & Gan
Chartered Accountants • AF 0113

Unit B-10-8
Megan Avenue II
Jalan Yap Kwan Seng
50450 Kuala Lumpur

Tel : +(603) 2381 2828
Email : assurance@kreston.com.my

www.kreston.com.my

SCIB Concrete Manufacturing Sdn. Bhd.

(Incorporated in Malaysia)
(Registration No. 200101019131 (554888-U))

Financial Statements

30 June 2024

SCIB Concrete Manufacturing Sdn. Bhd.
(Incorporated in Malaysia, Registration No. 200101019131 (554888-U))

Financial Statements

30 June

2024

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SCIB Concrete Manufacturing Sdn. Bhd.
(Incorporated in Malaysia, Registration No. 200101019131 (554888-U))

Directors' Report

for the financial year ended 30 June 2024

The directors hereby submit their report and the audited financial statements of the Company for the financial year ended 30 June 2024.

Principal activities

The Company is principally engaged in trading of construction materials, manufacturing and sale of precast concrete pipes, prestressed spun concrete piles and other related products and investment holding. The principal activities of the subsidiary company are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Results

	RM
Profit for the financial year	10,329,252

Dividend

No dividend has been paid, declared or proposed since the end of the previous financial year.

The directors do not recommend any dividend for the financial year ended 30 June 2024.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year other than those as disclosed in the financial statements.

Bad and doubtful debts

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, in the Company inadequate to any substantial extent.

Current assets

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Company misleading.

SCIB Concrete Manufacturing Sdn. Bhd.
(Incorporated in Malaysia, Registration No. 200101019131 (554888-U))

Directors' Report

for the financial year ended 30 June 2024

Valuation methods

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

Contingent and other liabilities

At the date of this report, there does not exist : -

i) any charge on the assets of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

Change of circumstances

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Company, that would render any amount stated in the financial statements misleading.

Items of an unusual nature

The results of the operations of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Company for the current financial year.

Shares and debentures

The Company did not issue any shares or debentures during the financial year.

Directors of the Company

The directors of the Company in office at any time during the financial year until the date of this report are : -

Chai Tze Khang
Ku Chong Hong
Chiew Jong Wei (Appointed on 18 January 2024)
Chin Choon Wei (Appointed on 7 July 2023 and resigned on 27 November 2023)

SCIB Concrete Manufacturing Sdn. Bhd.
(Incorporated in Malaysia, Registration No. 200101019131 (554888-U))

Directors' Report

for the financial year ended 30 June 2024

Directors' interests

Being a wholly-owned subsidiary of Sarawak Consolidated Industries Berhad, the interests of Ku Chong Hong (who is also a director of the ultimate holding company) in shares of related corporations are not required to be disclosed under Section 59(3) of the Companies Act, 2016.

The other directors in office at the end of the financial year do not have any interest in shares of the Company during the financial year.

Directors' remunerations

The amounts of the remuneration of the directors or past directors of the Company comprising remunerations received or receivable from the Company during the financial year are disclosed in Note 29 to the financial statements.

No payment has been paid to or payable to any third party in respect of the services provided to the Company by the directors or past directors of the Company during the financial year.

Indemnifying Directors, Officers or Auditors

No indemnities have been given to or insurance premium paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Company.

Directors' benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by director as shown below, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The details of the remuneration paid to or receivable by the directors of the Company in respect of the financial year ended 30 June 2024 are as follows : -

	2024 RM	2023 RM
Salaries, allowances and bonus	373,946	334,891
Employees provident fund	43,680	38,992
Social security cost	1,040	1,005
Employment insurance system	119	115
	418,785	375,003

There were no arrangements during and at the end of the financial year, to which the Company or its subsidiary company is a party, which had the object of enabling the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SCIB Concrete Manufacturing Sdn. Bhd.
(Incorporated in Malaysia, Registration No. 200101019131 (554888-U))

Directors' Report

for the financial year ended 30 June 2024

Holding companies

The Directors regard, Sarawak Consolidated Industries Berhad and SCIB Holdings Sdn. Bhd. as the ultimate holding company and immediate holding company respectively. Both the aforesaid holding companies were incorporated and domiciled in Malaysia. The ultimate holding company is a public limited liability company listed on the Main Market of Bursa Malaysia Securities Berhad.

Auditors

a) The auditors' remuneration of the Company for the financial year ended 30 June 2024 is RM100,000.

b) The auditors, Kreston John & Gan, Chartered Accountants, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors

Ku Chong Hong

Chiew Jong Wei

Kuala Lumpur
Date: 14 October 2024

KRESTON JOHN & GAN

Independent Auditors' Report

to the member of SCIB Concrete Manufacturing Sdn. Bhd.
(Incorporated in Malaysia, Registration No. 200101019131 (554888-U))

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SCIB Concrete Manufacturing Sdn. Bhd., which comprise the statement of financial position as at 30 June 2024 of the Company, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policy information, as set out on pages 8 to 63.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2024, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

KRESTON JOHN & GAN

Independent Auditors' Report

to the member of SCIB Concrete Manufacturing Sdn. Bhd.
(Incorporated in Malaysia, Registration No. 200101019131 (554888-U))

Responsibilities of the Directors for the Financial Statements

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also : -

- Identify and assess the risk of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditors' Report

to the member of SCIB Concrete Manufacturing Sdn. Bhd.
(Incorporated in Malaysia, Registration No. 200101019131 (554888-U))

Other Matter

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Kreston John & Gan
(AF 0113)
Chartered Accountants

Yong Chung Sin
Approval No: 02892/04/2026 J

Kuala Lumpur,
Date: 14 October 2024

SCIB Concrete Manufacturing Sdn. Bhd.
(Incorporated in Malaysia, Registration No. 200101019131 (554888-U))

Statement of Financial Position
As at 30 June 2024

	Note	2024 RM	2023 RM
ASSETS			
Non-current Assets			
Property, plant and equipment	4	82,136,383	31,283,801
Investment properties	5	2,235,417	2,380,417
Investment in a subsidiary company	6	414	414
Total Non-current Assets		84,372,214	33,664,632
Current Assets			
Inventories	7	21,835,483	21,602,500
Trade receivables	8	30,890,524	21,472,161
Other receivables, deposits and prepayments	9	8,892,226	718,349
Amount due from ultimate holding company	10	15,062,866	-
Amount due from a subsidiary company	11	-	-
Amount due from fellow subsidiaries	12	8,324,423	3,262,471
Fixed deposits with a licensed bank	13	5,349,760	5,206,469
Cash and bank balances		12,516,210	23,685,996
Total Current Assets		102,871,492	75,947,946
Total Assets		187,243,706	109,612,578
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	14	37,097,047	37,097,047
Revaluation reserve	15	38,689,155	-
Retained profits	16	13,250,538	1,703,381
Total Equity		89,036,740	38,800,428
Non-current Liabilities			
Other payables	17	115,128	112,102
Borrowings	18	21,782,611	20,554,139
Lease liabilities	19	278,463	628,964
Deferred tax liabilities	20	12,217,628	-
Total Non-current Liabilities		34,393,830	21,295,205

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

SCIB Concrete Manufacturing Sdn. Bhd.
(Incorporated in Malaysia, Registration No. 200101019131 (554888-U))

Statement of Financial Position (Cont'd.)

As at 30 June 2024

	Note	2024 RM	2023 RM
Current Liabilities			
Trade payables	21	23,498,306	23,420,082
Other payables and accruals	17	5,008,241	2,903,848
Contract liabilities	22	532,162	816,389
Amount due to ultimate holding company	10	-	200,867
Borrowings	18	34,344,722	21,292,214
Lease liabilities	19	350,502	333,775
Current tax liabilities		79,203	549,770
Total Current Liabilities		63,813,136	49,516,945
Total Liabilities		98,206,966	70,812,150
Total Equity and Liabilities		187,243,706	109,612,578

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

SCIB Concrete Manufacturing Sdn. Bhd.
(Incorporated in Malaysia, Registration No. 200101019131 (554888-U))

Statement of Profit or Loss and Other Comprehensive Income

for the financial year ended 30 June 2024

	Note	2024 RM	2023 RM
Revenue	23	115,322,119	89,662,951
Cost of sales		(84,911,749)	(71,553,446)
Gross profit		30,410,370	18,109,505
Other operating income	24	1,359,261	768,427
Administrative expenses		(8,574,038)	(6,381,443)
Selling and distribution expenses		(8,008,625)	(6,986,284)
Other expenses		(835,539)	(165,288)
Net impairment gains on financial assets	25	406,437	730,471
Profit from operations		14,757,866	6,075,388
Finance costs	26	(2,443,845)	(1,970,638)
Profit before taxation	27	12,314,021	4,104,750
Income tax expense	30	(1,984,769)	(603,674)
Profit for the financial year		10,329,252	3,501,076
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss			
Revaluation of land and buildings, net of deferred tax		39,907,060	-
Total comprehensive income for the financial year		50,236,312	3,501,076
Profit after taxation attributable to owners of the Company		10,329,252	3,501,076
Total comprehensive income attributable to owners of the Company		50,236,312	3,501,076

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

SCIB Concrete Manufacturing Sdn. Bhd.
(Incorporated in Malaysia, Registration No. 200101019131 (554888-U))

Statement of Changes in Equity
for the financial year ended 30 June 2024

	< Non-Distributable >		< Distributable >	
	Share capital RM	Revaluation reserve RM	(Accumulated losses)/ Retained profits RM	Total equity RM
At 30 June 2022/1 July 2022	37,097,047	-	(1,797,695)	35,299,352
Total comprehensive income for the financial year	-	-	3,501,076	3,501,076
At 30 June 2023	37,097,047	-	1,703,381	38,800,428
Profit for the financial year	-	-	10,329,252	10,329,252
Other comprehensive income for the financial year : -				
- Revaluation of land and buildings	-	39,907,060	-	39,907,060
Total comprehensive income for the financial year	-	39,907,060	10,329,252	50,236,312
Realisation of revaluation reserve	-	(1,217,905)	1,217,905	-
At 30 June 2024	37,097,047	38,689,155	13,250,538	89,036,740

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

SCIB Concrete Manufacturing Sdn. Bhd.
(Incorporated in Malaysia, Registration No. 200101019131 (554888-U))

Statement of Cash Flows

for the financial year ended 30 June 2024

	2024 RM	2023 RM
Cash flows from operating activities		
Profit before taxation	12,314,021	4,104,750
Adjustments for : -		
Bad debt written off	645	-
Depreciation of property, plant and equipment	5,085,082	3,592,629
Depreciation of investment properties	145,000	12,083
Gain on disposal of property, plant and equipment	(10,920)	-
Impairment losses on : -		
- trade receivables	43,750	80,665
- amount due from a subsidiary company	-	36,434
- amount due from a fellow subsidiary	53,719	28,707
Interest expense	2,443,845	1,970,638
Interest income	(433,860)	(281,572)
Inventories written back	(5,143)	(17,848)
Inventories written down	26,165	11,592
Property, plant and equipment written off	1,495	4,013
Reversal of impairment losses on trade receivables	(436,093)	(876,277)
Reversal of impairment losses on other receivables	(3,055)	-
Reversal of impairment losses on amount due from a subsidiary company	(36,227)	-
Reversal of impairment losses on amount due from fellow subsidiaries	(28,531)	-
Operating profit before working capital changes	19,159,893	8,665,814
Changes in working capital : -		
Inventories	(254,005)	(945,650)
Trade and other receivables	(17,197,487)	1,068,880
Amount due from/to ultimate holding company	(15,263,733)	1,454,704
Amount due from a subsidiary company	36,227	(22,291)
Amount due from fellow subsidiaries	(5,087,140)	5,778,820
Trade and other payables	2,185,643	1,533,140
Contract liabilities	(284,227)	307,469
Net cash (used in)/generated from operations	(16,704,829)	17,840,686

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

SCIB Concrete Manufacturing Sdn. Bhd.
(Incorporated in Malaysia, Registration No. 200101019131 (554888-U))

Statement of Cash Flows (Cont'd.)

for the financial year ended 30 June 2024

	Note	2024 RM	2023 RM
Cash flows from operating activities (Cont'd.)			
Changes in working capital : - (Cont'd.)			
Balance brought forward		(16,704,829)	17,840,686
Income tax paid		(2,839,938)	(88,104)
Income tax refunded		-	68,400
Interest received		433,860	281,572
Interest paid		(2,443,845)	(1,970,638)
Net cash (used in)/from operating activities		(21,554,752)	16,131,916
Cash flows from investing activities			
Purchase of property, plant and equipment	31	(2,854,749)	(335,386)
Increase in fixed deposits pledged to a licensed bank		(143,291)	(5,035,303)
Proceed from disposal of property, plant and equipment		45,000	-
Net cash used in investing activities		(2,953,040)	(5,370,689)
Cash flows from financing activities			
Drawdown of bankers' acceptances	32	29,051,752	33,083,980
Drawdown of revolving credit	32	23,885,759	-
Repayment of bankers' acceptances	32	(33,594,773)	(34,495,527)
Repayment of revolving credit	32	(7,146,054)	-
Repayment of term loans	32	(638,665)	(2,561,258)
Repayment of hire purchase	32	(153,179)	(232,999)
Repayment of lease liabilities	32	(333,774)	(255,437)
Net cash from/(used in) financing activities		11,071,066	(4,461,241)
Net (decrease)/increase in cash and cash equivalents		(13,436,726)	6,299,986
Cash and cash equivalents at beginning of the financial year		22,952,936	16,652,950
Cash and cash equivalents at end of the financial year	33	9,516,210	22,952,936

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

SCIB Concrete Manufacturing Sdn. Bhd.
(Incorporated in Malaysia, Registration No. 200101019131 (554888-U))

Notes to the Financial Statements

30 June 2024

1. General information

SCIB Concrete Manufacturing Sdn. Bhd. is a private limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows: -

Principal place of business and registered office	:	Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak.

The Company is principally engaged in trading of construction materials, manufacturing and sale of precast concrete pipes, prestressed spun concrete piles and other related products and investment holding. The principal activities of the subsidiary company are set out in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 14 October 2024.

2. Basis of preparation

a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

b) Adoption of new MFRSs and amendments to MFRSs

The Company has adopted the following applicable new MFRS and amendments to MFRSs for the current financial year : -

<u>New MFRS</u>	
MFRS 17	Insurance Contracts

<u>Amendments to MFRSs</u>	
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 112	Income Taxes

The initial application of the above new MFRS and amendments to MFRSs did not have any significant effect on the financial statements of the Company and did not result in significant changes to the Company's existing accounting policies, except as discussed below:

Amendments to MFRS 101 Presentation of Financial Statements

The amendments required an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements.

Accordingly, the Company disclosed their material accounting policy in these financial statements. However, the amendments did not result in changes to the accounting policies of the Company.

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Notes to the Financial Statements

30 June 2024

2. Basis of preparation (Cont'd.)

c) New MFRS amendments to MFRSs that have been Issued, but yet to be effective

i) The Company has not adopted the following amendments to MFRSs that have been issued but yet to be effective : -

		Effective for financial periods beginning on or after
New MFRS		
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability : Disclosures	1 January 2027
Amendments to MFRSs		
MFRS 7	Financial Instruments: Disclosure	1 January 2024/ 1 January 2026
MFRS 9	Financial Instruments	1 January 2026
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 107	Statement of Cash Flows	1 January 2024
MFRS 121	The Effect of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128	Investment in Associates and Joint Ventures	Deferred

ii) The Company plans to adopt the above applicable amendments to MFRSs when they become effective. A brief discussion on the above significant amendment to MFRSs that may be applicable to the Company are summarised below.

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 replaces MFRS 101 Presentation of Financial Statements. It retains many requirements from MFRS 101 without modification.

MFRS 18 introduces two subtotals which are to be presented in the statement of profit or loss – including "operating profit", which has been specifically defined. Income and expenses shall be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

MFRS 18 requires disclosure of explanations of the entity's company-specific measures that are related to the statement of profit or loss, referred to as management-defined performance measures ("MPMs"). The entity is required to reconcile MPMs to a total or subtotal required by MFRS 18 or another MFRS Accounting Standards. MFRS 18 also requires other disclosures, including how each MPM is calculated, what the MPM communication about the entity's financial performance, and any changes made to the MPMs in the year.

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Notes to the Financial Statements

30 June 2024

2. Basis of preparation (Cont'd.)

c) Amendments to MFRSs that have been issued, but yet to be effective (Cont'd.)

ii) The Company plans to adopt the above applicable amendments to MFRSs when they become effective. A brief discussion on the above significant amendment to MFRSs that may be applicable to the Company are summarised below. (Cont'd.)

MFRS 18 Presentation and Disclosure in Financial Statements (Cont'd.)

MFRS 18 adds new principles for aggregation and disaggregation of information. It requires the entity to classify the expenses in the "operating" category in the profit or loss by nature or function, or both. The entity that classifies operating expenses by functions are required to disclose in the notes to the financial statements, the amount of depreciation, amortisation, employee benefits, impairment losses and write-downs of inventories included in each line in the operating category. Subject to materiality, MFRS 18 requires items presented or disclosed as "other" to be labelled and/or described in as faithfully representative and precise a way as possible.

Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures

These narrow scope amendments to MFRS 9 clarify the classification and measurement requirements, including : -

- clarify how the contractual cash flows on financial assets with environmental, social and corporate governance and similar features should be assessed, specifically the assessment of interest focuses on what an entity is being compensated for, rather than how much compensation it receives. Nonetheless, the amount of compensation the entity receives may indicate that it is being compensated for something other than basic lending risks and costs.

- clarify the date on which a financial asset or a financial liability settled via electronic payment systems is derecognized. The Amendments permit an entity to derecognize a financial liability before it delivers cash on the settlement date if specified criteria are met.

Amendments to MFRS 7 introduces new dislosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.

Amendments to MFRS 16 Leases

The amendments clarify how an entity should subsequently measure the leaseback liability that arise in a sale and leaseback transaction. Although MFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place, it has not specified how to measure the sale and leaseback transaction when reporting after that date.

The amendments add subsequent measurement requirements for the right-of-use assets and lease liability arising from a sale and leaseback transaction by clarifying that a seller-lessee in a sale and leaseback transaction shall apply paragraphs 29 to 35 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 to the lease liability arising from the leaseback. The amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

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Notes to the Financial Statements

30 June 2024

2. Basis of preparation (Cont'd.)

c) Amendments to MFRSs that have been issued, but yet to be effective (Cont'd.)

ii) The Company plans to adopt the above applicable amendments to MFRSs when they become effective. A brief discussion on the above significant amendment to MFRSs that may be applicable to the Company are summarised below. (Cont'd.)

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about the covenants in the notes to the financial statements.

Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 107 and MFRS 7 respond to investors' concerns that some supplier finance arrangement – also referred to as supply chain finance, trade payables finance or reverse factoring arrangements – used by entities are not sufficiently visible, hindering investors' analysis.

The disclosure requirements require entities to disclose information that would enable users of financial statements to assess how supplier finance arrangements affect an entity's operations; including the effect supplier finance arrangements have on an entity's liability, cash flows and exposures to liquidity risk. The new disclosure requirements would also inform users of financial statements on how an entity might be affected if the arrangements were no longer available to it.

iii) The Company is currently performing analysis to quantify the financial effects arising from adoption of the new MFRS and amendments/improvements to MFRSs.

d) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 3 to the financial statements.

e) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

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Notes to the Financial Statements
30 June 2024

2. Basis of preparation (Cont'd.)

f) Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Company's financial statements within the next financial year are disclosed as follows : -

i) Revaluation of property, plant and equipment

The Company carries its land and buildings at revaluation model, with changes in fair value being recognised in other comprehensive income. The Company engaged an independent valuation specialist to assess fair value as at 30 September 2023.

The land and buildings were valued by reference to market-based evidence, using comparable price adjusted for specific market factors such as nature, location and condition of the properties.

The carrying amounts of the Company's land and buildings are disclosed in Note 4 to the financial statements.

ii) Impairment of financial assets

The impairment provisions for financial assets is based on assumptions about risk of default and expected loss rate. The Company uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and forecast of economic conditions over the expected lives of the financial assets. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment gains or losses on the Company's financial assets is disclosed in Note 25 to the financial statements.

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Notes to the Financial Statements

30 June 2024

3. Material accounting policy information

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Company, unless otherwise stated.

a) Subsidiary company

Investment in a subsidiary company is carried at cost less accumulated impairment losses. On disposal of investment in subsidiary company, the difference between disposal proceeds and the carrying amounts of the investment is recognised in profit or loss.

The Company is a wholly-owned subsidiary company of Sarawak Consolidated Industries Berhad, a public limited liability company incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad, and produces consolidated financial statements which are available at Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak. Accordingly, by virtue of the exemption in paragraph 4(a) of MFRS 10, *Consolidated Financial Statements*, consolidated financial statements of the Company has not been prepared.

b) Financial instruments

Financial assets – subsequent measurements and gains and losses

Debt instruments at amortised cost

These assets are subsequently measured at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – subsequent measurements and gains and losses

Financial liabilities are classified at amortised cost. Financial liabilities are subsequently measured at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

c) Property, plant and equipment

Property, plant and equipment (other than land and buildings and right-of-use assets) are measured at cost less accumulated depreciation and any accumulated impairment losses.

Land and buildings are measured using revaluation model, based on valuations by external independent valuers, less accumulated depreciation on buildings and any accumulated impairment losses recognised after the date of revaluation. The gross carrying amount is restated and the difference compared to the revalued amount of asset is absorbed by the accumulated depreciation.

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Notes to the Financial Statements

30 June 2024

3. Material accounting policy information (Cont'd.)

c) Property, plant and equipment (Cont'd.)

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not available for use.

All other property, plant and equipment (other than right-of-use assets as disclosed in Note 4 are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Rate (%)
Buildings	5
Concrete jetty	5
Furniture, fittings and equipment	10 – 33.33
Motor vehicles	25
Plant and machineries	2.10 – 20

d) Leases

i) Lessee accounting

The Company presents lease liabilities as separate lines in the statements of financial position.

Short-term leases and leases of low value assets

The Company has elected not to recognse right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Accordingly, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right-of-use assets

The right-of-use assets (other than leasehold land that measures using revaluation model) are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

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Notes to the Financial Statements
30 June 2024

3. Material accounting policy information (Cont'd.)

d) Leases (Cont'd.)

i) Lessee accounting (Cont'd.)

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate.

The Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

ii) Lessor accounting

The Company recognises lease payments received from investment properties under operating leases as income on a straight-line basis over the lease term as part of "other operating income".

e) Investment properties

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

The investment properties are depreciated on straight-line basis by allocating their depreciable amounts over their useful lives.

	Rate (%)
Buildings	5

f) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined on the weighted average cost method except consumables which is on the first-in, first-out method, and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on the normal capacity of the production facilities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

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Notes to the Financial Statements

30 June 2024

3. Material accounting policy information (Cont'd.)

g) Revenue and other income

i) Revenue from contract with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met : -

- the customer simultaneously receives and consumes the benefits provided as the Company performs;
- the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

If control of the assets is transferred over time, revenue is recognised over the period of the contract by reference to the progress towards the satisfaction of each of those performance obligations. Otherwise, revenue is recognised at a point in time when the customer obtain control over the goods or service.

Sale of goods

Revenue from the sale of goods is recognised upon delivery of goods where the control of the goods has been passed to the customers, net of sales and services taxes and discounts.

ii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other operating income.

iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

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Notes to the Financial Statements

30 June 2024

4. Property, plant and equipment

	Buildings RM	Concrete jetty RM	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machineries RM	Capital work-in-progress RM	Right-of-use assets RM	Total RM
Costs/Valuation								
At 1 July 2022	27,827,972	356,146	3,412,640	484,476	45,897,129	1,293,538	16,320,058	95,591,959
Additions	-	-	21,407	23,144	106,000	184,835	1,218,176	1,553,562
Transfer to investment properties (Note 5)	(2,900,000)	-	-	-	-	-	-	(2,900,000)
Reclassification	-	-	-	-	889,299	-	(889,299)	-
Written off	-	-	(104,450)	-	-	-	-	(104,450)
At 30 June 2023	24,927,972	356,146	3,329,597	507,620	46,892,428	1,478,373	16,648,935	94,141,071
Revaluation	24,745,340	-	-	-	-	-	27,763,950	52,509,290
Additions	-	-	92,285	-	1,632,720	1,051,422	687,522	3,463,949
Disposal	-	-	-	-	(44,278)	-	(181,735)	(226,013)
Written off	-	-	(8,605)	-	-	-	-	(8,605)
Reclassification	-	-	-	859,531	-	-	(859,531)	-
At 30 June 2024	49,673,312	356,146	3,413,277	1,367,151	48,480,870	2,529,795	44,059,141	149,879,692

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Notes to the Financial Statements

30 June 2024

4. **Property, plant and equipment (Cont'd.)**

	Buildings RM	Concrete jetty RM	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machineries RM	Capital work-in-progress RM	Right-of-use assets RM	Total RM
Accumulated depreciation								
At 1 July 2022	16,305,717	347,249	3,058,674	484,474	36,655,498	-	3,020,966	59,872,578
Charge for the financial year	1,258,335	8,283	148,368	4,821	1,484,899	-	687,923	3,592,629
Transfer to investment properties (Note 5)	(507,500)	-	-	-	-	-	-	(507,500)
Reclassification	-	-	-	-	466,202	-	(466,202)	-
Written off	-	-	(100,437)	-	-	-	-	(100,437)
At 30 June 2023	17,056,552	355,532	3,106,605	489,295	38,606,599	-	3,242,687	62,857,270
Charge for the financial year	2,048,928	223	65,360	5,786	1,539,941	-	1,424,844	5,085,082
Disposal	-	-	-	-	(44,278)	-	(147,655)	(191,933)
Written off	-	-	(7,110)	-	-	-	-	(7,110)
Reclassification	-	-	-	257,169	-	-	(257,169)	-
At 30 June 2024	19,105,480	355,755	3,164,855	752,250	40,102,262	-	4,262,707	67,743,309
Carrying amounts								
At 30 June 2024	30,567,832	391	248,422	614,901	8,378,608	2,529,795	39,796,434	82,136,383
At 30 June 2023	7,871,420	614	222,992	18,325	8,285,829	1,478,373	13,406,248	31,283,801

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Notes to the Financial Statements

30 June 2024

4. Property, plant and equipment (Cont'd.)

	Buildings RM	Concrete jetty RM	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machineries RM	Capital work-in-progress RM	Right-of-use assets RM	Total RM
Representing								
- cost	-	391	248,422	614,901	8,378,608	2,529,795	-	11,772,117
- valuation	30,567,832	-	-	-	-	-	39,796,434	70,364,266

(a) Included in the property, plant and equipment of the Company were certain buildings with carrying amount of RM29,009,028 (2023 – RM7,027,281) which have been pledged to licensed banks as securities for banking facilities granted to the Company as disclosed in Note 18 to the financial statements.

(b) The motor vehicles with carrying amount of RM602,362 (2023 – RM125,290) were held under hire purchase arrangements. These assets have been pledged as security for the hire purchase payables of the Company as disclosed in Note 18 to the financial statements.

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Notes to the Financial Statements
30 June 2024

4. Property, plant and equipment (Cont'd.)

The details of right-of-use assets are as follows : -

Right-of-use assets

	Leasehold lands RM	Factory space RM	Use of land RM	Motor vehicles RM	Plant and machineries RM	Total RM
Costs/Valuation						
At 1 July 2022	15,077,015	-	-	353,744	889,299	16,320,058
Additions	-	738,148	480,028	-	-	1,218,176
Transfer to property, plant and equipment	-	-	-	-	(889,299)	(889,299)
At 30 June 2023	15,077,015	738,148	480,028	353,744	-	16,648,935
Revaluation	27,763,950	-	-	-	-	27,763,950
Additions	-	-	-	687,522	-	687,522
Disposal	-	-	-	(181,735)	-	(181,735)
Transfer to property, plant and equipment	-	-	-	(859,531)	-	(859,531)
At 30 June 2024	42,840,965	738,148	480,028	-	-	44,059,141

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Notes to the Financial Statements
30 June 2024

4. Property, plant and equipment (Cont'd.)

Right-of-use assets (Cont'd.)

	Leasehold lands RM	Factory space RM	Use of land RM	Motor vehicles RM	Plant and machineries RM	Total RM
Accumulated depreciation						
At 1 July 2022	2,492,397	-	-	140,020	388,549	3,020,966
Charge for the financial year	251,786	246,049	24,001	88,434	77,653	687,923
Transfer to property, plant and equipment	-	-	-	-	(466,202)	(466,202)
At 30 June 2023	2,744,183	246,049	24,001	228,454	-	3,242,687
Charge for the financial year	906,420	246,049	96,005	176,370	-	1,424,844
Disposal	-	-	-	(147,655)	-	(147,655)
Transfer to property, plant and equipment	-	-	-	(257,169)	-	(257,169)
At 30 June 2024	3,650,603	492,098	120,006	-	-	4,262,707
Carrying amounts						
At 30 June 2024	39,190,362	246,050	360,022	-	-	39,796,434
At 30 June 2023	12,332,832	492,099	456,027	125,290	-	13,406,248

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Notes to the Financial Statements

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4. Property, plant and equipment (Cont'd.)

Right-of-use assets (Cont'd.)

	Leasehold lands RM	Factory space RM	Use of land RM	Motor vehicles RM	Plant and machineries RM	Total RM
Representing						
- cost	-	246,050	360,022	-	-	606,072
- valuation	39,190,362	-	-	-	-	39,190,362

Leasehold lands of the Company have a lease period of 60 years expiring between years of 2053 and 2069. The Company entered into the operating lease agreements for the use of land for 5 years (2023 – 5 years). The Company leased factory space from its ultimate holding company use in their operation for 3 years (2023 – 3 years), with an option to renew the leases upon expiry.

Included in the right-of-use assets of the Company at the end of the reporting period were leasehold lands with aggregate carrying amount of RM39,190,362 (2023 – RM12,332,832), which have been pledged to licensed banks as securities for banking facilities granted to the Company, as disclosed in Note 18 to the financial statements.

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Notes to the Financial Statements

30 June 2024

4. Property, plant and equipment (Cont'd.)

Fair value information

	Level 3 RM
30.6.2024	
Leasehold land	39,190,362
Buildings	30,567,832
	69,758,194

There are no Level 1 property, plant and equipment or transfers between Level 1 and Level 2 during the financial year ended 30 June 2023 and 30 June 2024.

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Land 1	Comparison approach	Price per square feet RM37 (30.06.2023 – N/A)	The higher the price per square feet, the higher the fair value
Land 2	Cost approach	Price per square feet RM60 (30.06.2023 – N/A)	The higher the price per square feet, the higher the fair value
Building 1	Cost approach	Price per square feet RM101 (30.06.2023 – N/A)	The higher the price per square feet, the higher the fair value
Building 2	Cost approach	Price per square feet RM60 (30.06.2023 – N/A)	The higher the price per square feet, the higher the fair value
Building 3	Cost approach	Price per square feet RM134 (30.06.2023 – N/A)	The higher the price per square feet, the higher the fair value
Building 4	Cost approach	Price per square feet RM85 (30.06.2023 – N/A)	The higher the price per square feet, the higher the fair value

Had the revalued buildings and right-of-use assets been carried at historical cost less accumulated depreciation, the net carrying amount of the buildings and right-of-use assets that would have been included in the financial statements of the Company are as follows : -

	2024 RM
30.6.2024	
Leasehold land	11,997,863
Buildings	6,853,548
	18,851,411

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5. Investment properties

	Buildings RM
Costs	
At 1 July 2022	-
Transfer from property, plant and equipment (Note 4)	2,900,000
At 30 June 2023/At 30 June 2024	2,900,000
Accumulated depreciation	
At 1 July 2022	-
Charge for the financial year	12,083
Transfer from property, plant and equipment (Note 4)	507,500
At 30 June 2023	519,583
Charge for the financial year	145,000
At 30 June 2024	664,583
Carrying amount	
At 30 June 2024	2,235,417
At 30 June 2023	2,380,417

In the previous financial year, certain buildings of the Company with carrying amount of RM2,392,500 have been transferred from property, plant and equipment to investment properties as disclosed in Note 4 to the financial statements.

Rental income in respect of the investment properties of the Company for the financial year ended 30 June 2024 are recognised in profit or loss as follows : -

	2024 RM	2023 RM
Rental income from third parties	89,600	4,250

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6. Investment in a subsidiary company

	2024 RM	2023 RM
Unquoted shares, at cost	414	414

The details of the subsidiary company is as follows : -

Name of subsidiary company	Country of incorporation/ principal place of business	Principal activities	Effective ownership Interest 2024 %	2023 %
SCIB International (Labuan) Ltd. #	Labuan, Malaysia	Engineering, procurement, construction and commissioning project activities and investment holding	100	100

Audited by a firm other than Kreston John & Gan.

7. Inventories

	2024 RM	2023 RM
Raw materials	6,492,298	7,458,041
Finished goods	12,920,156	12,047,432
Stores and spares	2,449,194	2,107,646
	21,861,648	21,613,119
Less : Allowance for inventories obsolescence	(26,165)	(10,619)
	21,835,483	21,602,500

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7. Inventories (Cont'd.)

The movement of allowance for inventories obsolescence during the financial year are as follows : -

	2024 RM	2023 RM
At the beginning of the financial year	10,619	124,409
Additions	26,165	11,592
Inventories written off	(10,619)	(125,382)
At the end of the financial year	26,165	10,619
Recognised in profit or loss : -		
Inventories recognised as cost of sales	84,911,749	71,553,446
Inventories written down	26,165	11,592
Inventories written back	(5,143)	(17,848)

8. Trade receivables

	2024 RM	2023 RM
Third parties	30,801,976	22,805,519
Fellow subsidiaries	1,159,667	130,104
	31,961,643	22,935,623
Less : Accumulated impairment losses	(1,071,119)	(1,463,462)
	30,890,524	21,472,161

The movement of accumulated impairment losses of trade receivables of the Company during the financial year are as follows : -

	2024 RM	2023 RM
At the beginning of the financial year	1,463,462	2,259,074
Additions	43,750	80,665
Reversals	(436,093)	(876,277)
At the end of the financial year	1,071,119	1,463,462

(a) The Company's normal trade credit term range between 30 to 90 days (2023 – 30 to 90 days). Late interest is charged at 1.50% (2023 – 1.50%) per month on any overdue balances and are assessed on a case-by-case basis.

(b) Included in trade receivables of the Company are retention sums amounted to RM149,301 (2023 – RM149,301).

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9. Other receivables, deposits and prepayments

	2024 RM	2023 RM
Other receivables – third parties	58,520	46,190
Less : Accumulated impairment losses	(530)	(3,585)
	57,990	42,605
Non-trade deposits : -		
- Third parties	7,787,329	63,486
- Ultimate holding company	43,200	43,200
Prepayments	1,003,707	569,058
	8,892,226	718,349

The movement of accumulated impairment losses of other receivables of the Company during the financial year are as follows : -

	2024 RM	2023 RM
At the beginning of the financial year	3,585	3,585
Reversals	(3,055)	-
At the end of the financial year	530	3,585

10. Amount due from/(to) ultimate holding company

Amount due from/(to) ultimate holding company are non-trade in respect of advances and payments made on behalf, are unsecured, bears interest rate of 3.75% (2023 – 3.50%) per annum and repayable on demand.

11. Amount due from a subsidiary company

	2024 RM	2023 RM
Non-trade balance	207	36,434
Less : Accumulated impairment losses	(207)	(36,434)
	-	-

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11. Amount due from a subsidiary company (Cont'd.)

The movement of accumulated impairment losses of amount due from a subsidiary company during the financial year are as follows : -

	2024 RM	2023 RM
At the beginning of the financial year	36,434	-
Addition	-	36,434
Reversals	(36,227)	-
At the end of the financial year	207	36,434

Amount due from a subsidiary company is non-trade in respect of advances and payments made on behalf, are unsecured, bears interest rate of 3.75% (2023 – 3.50%) per annum and repayable on demand.

12. Amount due from fellow subsidiaries

	2024 RM	2023 RM
Non-trade balance	8,378,318	3,291,178
Less : Accumulated impairment losses	(53,895)	(28,707)
	8,324,423	3,262,471

The movement of accumulated impairment losses of amount due from fellow subsidiaries during the financial year are as follows : -

	2024 RM	2023 RM
At the beginning of the financial year	28,707	-
Addition	53,719	28,707
Reversals	(28,531)	-
At the end of the financial year	53,895	28,707

Amount due from fellow subsidiaries are non-trade in respect of advances and payments made on behalf, are unsecured, bears interest rate of 3.75% (2023 – 3.50%) per annum and repayable on demand.

13. Fixed deposits with a licensed bank

The fixed deposits with a licensed bank of the Company amounted to RM5,349,760 (2023 – RM5,206,469), have been pledged to a licensed bank as security for credit facilities granted to the Company and a fellow subsidiary as disclosed in Note 18 to the financial statements.

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13. Fixed deposits with a licensed bank (Cont'd.)

The fixed deposits with a licensed bank of the Company have maturity periods of 3 to 12 months (2023 – 12 months). The effective interest rates of deposits with a licensed bank of the Company at the end of the financial year is in the range from 2.55% – 2.80% (2023 – 2.55%) per annum.

14. Share capital

	2024 Unit	2023 Unit	2024 RM	2023 RM
Issued and fully paid : -				
Ordinary shares				
At the beginning/end of the financial year	18,581,702	18,581,702	37,097,047	37,097,047

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share of meetings of the Company. The ordinary shares have no par value.

15. Revaluation reserve

Revaluation reserve relates to surplus from the revaluation of the Company's land and buildings, net of deferred tax.

16. Retained profits

The Company may distribute dividends out of its retained profits under the single tier system which are tax exempt in the hands of shareholders.

17. Other payables and accruals

	2024 RM	2023 RM
Non-current		
Other payables	115,128	112,102
Current		
Other payables – third parties	150,973	140,535
Accruals	2,179,931	1,166,883
Advanced received	-	5,250
Deposit received	2,677,337	1,591,180
	5,008,241	2,903,848
	5,123,369	3,015,950

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18. Borrowings

	2024 RM	2023 RM
Non-Current Liabilities		
Secured		
Hire purchase	509,151	99,312
Term loans	21,273,460	20,454,827
	21,782,611	20,554,139
Current Liabilities		
Secured		
Bankers' acceptances	13,118,000	17,661,021
Bank overdraft	3,000,000	733,060
Hire purchase	109,117	62,935
Revolving credit	16,739,705	-
Term loans	1,377,900	2,835,198
	34,344,722	21,292,214
Total borrowings		
Secured		
Bankers' acceptances (Note 18(a))	13,118,000	17,661,021
Bank overdraft (Note 18(b))	3,000,000	733,060
Hire purchase (Note 18(c))	618,268	162,247
Revolving credit (Note 18(d))	16,739,705	-
Term loans (Note 18(e))	22,651,360	23,290,025
	56,127,333	41,846,353

	2024 %	2023 %
Interest rate : -		
- Bankers' acceptances	5.00	5.00 – 5.20
- Bank overdraft	8.00	7.95
- Hire purchase	4.17 – 4.62	4.16 – 4.17
- Revolving credit	6.20	-
- Term loans	3.25 – 7.00	4.50 – 5.70

a) Bankers' acceptances

Bankers' acceptance I were drawn down under conventional loan facility and is secured by a third party first legal charge over certain leasehold lands of the ultimate holding company, together with the buildings thereon of the Company as disclosed in Note 4 to the financial statements, and corporate guarantee by the ultimate holding company. Interest is charged at 1.25% (2023 – 1.25%) per annum above the licensed bank's cost of fund.

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18. Borrowings (Cont'd.)

a) Bankers' acceptances (Cont'd.)

Bankers' acceptance II were drawn down under conventional loan facility and is secured by a third party second legal charge over certain leasehold lands of the ultimate holding company and of the Company, together with the buildings thereon of the Company as disclosed in Note 4 to the financial statements, and corporate guarantee by the ultimate holding company. Interest is charged at 1.25% (2023 – 1.25%) per annum above the licensed bank's cost of fund.

Bankers' acceptance III were drawn down under Islamic loan facility and is secured by a first party legal charge over a leasehold land of the Company, together with the buildings thereon as disclosed in Note 4 to the financial statements, and corporate guarantee by the ultimate holding company. Interest is charged at 1.25% (2023 – 1.25%) per annum above the licensed bank's prevailing Islamic Money Market Rate.

b) Bank overdraft

Bank overdraft I is secured by a third party first legal charge over certain leasehold land of the ultimate holding company, together with the building thereon of the Company as disclosed in Note 4 to the financial statements, and corporate guarantee by the ultimate holding company. Interest is charged at 1.25% (2023 – 1.25%) per annum above the bank's Base Lending Rate daily rest.

Bank overdraft II is secured by a first party first legal charge over certain leasehold land of the Company, together with the building thereon as disclosed in Note 4 to the financial statements, and corporate guarantee by the ultimate holding company. Interest is charged at 1.00% (2023 – Nil) per annum above the bank's prevailing Base Financing Rate.

c) Hire purchase

	2024 RM	2023 RM
At the beginning of the financial year	162,247	395,246
Additions	609,200	-
Interest expense recognised in profit or loss	21,763	12,586
Repayment of principal and interest	(174,942)	(245,585)
At the end of the financial year	618,268	162,247
Minimum hire purchase payments : -		
Not later than one year	134,604	68,340
Later than one year but not later than two years	118,168	68,340
Later than two years but not later than five years	305,280	34,116
Later than five years	148,598	-
	706,650	170,796
Less : Future finance charges	(88,382)	(8,549)
Present value of hire purchase payables	618,268	162,247

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18. Borrowings (Cont'd.)

c) Hire purchase (Cont'd.)

	2024 RM	2023 RM
Represented by : -		
Non-current	509,151	99,312
Current	109,117	62,935
	618,268	162,247
	%	%
Interest rate of hire purchase	4.17 – 4.62	4.16 – 4.17

d) Revolving credit

Revolving credit arose from the settlement of Bankers' acceptance III during the financial year. Revolving credit is secured by first party first legal charge over a leasehold land of the Company, together with the building thereon as disclosed in Note 4 to the financial statements, and corporate guarantee by the ultimate holding company. Interest is charged at 1.50% (2023 – Nil) per annum above the bank's Cost of Fund daily rest.

e) Term loans

	2024 RM	2023 RM
Secured		
Term loan 1	5,286,603	5,671,801
Term loan 2	5,560,343	5,942,084
Term loan 3	-	11,676,140
Term loan 4	11,804,414	-
	22,651,360	23,290,025

Repayable as follows : -

Non-Current Liabilities		
Later than one year and not later than two years		
- Term loan 1	494,171	468,082
- Term loan 2	483,044	461,660
- Term loan 3	-	2,036,263
- Term loan 4	517,759	-
	1,494,974	2,966,005

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18. Borrowings (Cont'd)

e) Term loans (Cont'd.)

	2024 RM	2023 RM
Repayable as follows : - (Cont'd.)		
Non-Current Liabilities		
Later than two years and not later than five years		
- Term loan 1	1,621,305	1,534,472
- Term loan 2	1,546,862	1,476,645
- Term loan 3	-	6,714,331
- Term loan 4	1,788,868	-
	4,957,035	9,725,448
Later than five years		
- Term loan 1	2,723,161	3,222,139
- Term loan 2	3,083,355	3,557,354
- Term loan 3	-	983,881
- Term loan 4	9,014,935	-
	14,821,451	7,763,374
Current Liabilities		
Not later than one year		
- Term loan 1	447,966	447,108
- Term loan 2	447,083	446,425
- Term loan 3	-	1,941,665
- Term loan 4	482,851	-
	1,377,900	2,835,198
Total	22,651,360	23,290,025

The details of term loans are as follows : -

Term loan 1 is secured by a third party first legal charge over a leasehold land of the ultimate holding company, together with the building thereon of the Company as disclosed in Note 4 to the financial statements, and corporate guarantee by the ultimate holding Company. Interest is charged at 1.00% (2023 – 1.00%) per annum below the licensed bank's Base Lending Rate.

Term loan 2 is secured by a first party first legal charge over a leasehold land of the Company together with the building thereon and a first or third-party letter of set-off over fixed deposit pledged as disclosed in Notes 4 and 13 to the financial statements respectively, and corporate guarantee by the ultimate holding company. Interest is charged at 2.20% (2023 – 2.20%) per annum below the licensed bank's Base Lending Rate.

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18. Borrowings (Cont'd.)

e) Term loans (Cont'd.)

The details of term loans are as follows : - (Cont'd.)

Term loan 3 was drawn down under Tawarruq Term Financing-I and is secured by a first party legal charge over a leasehold land of the Company together with the building thereon of the Company as disclosed in Note 4 to the financial statements, and corporate guarantee by the ultimate holding company. Interest is charged at 1.25% (2023 – 1.25%) per annum above effective profit rate of Islamic Cost of Fund (iCOF) with a minimum rate of 4.00% (2023 – 4.00%) per annum or such other minimum rate as may be prescribed by the bank not exceeding ceiling profit rate of 12.00% per annum.

Term loan 4 arose from the settlement of term loan 3 during the financial year. Term loan 4 was drawn down under Commodity Murabahah Term Financing-I and is secured by a first party first legal charge over a leasehold land of the Company together with the building thereon of the Company as disclosed in Note 4 to the financial statements, and corporate guarantee by the ultimate holding company. Interest is charged at 0% per annum above effective profit rate of Base Financing Rate (BFR) with a minimum rate of 7.00% per annum or such other minimum rate as may be prescribed by the bank not exceeding ceiling profit rate of 11.00% per annum.

19. Lease liabilities

	2024 RM	2023 RM
At the beginning of the financial year	962,739	-
Additions	-	1,218,176
Interest expense recognised in profit or loss	38,225	35,563
Repayment of principal and interest	(371,999)	(291,000)
At the end of the financial year	628,965	962,739
Minimum lease payments : -		
Not later than one year	372,000	372,000
Later than one year but not later than two years	108,000	372,000
Later than two years but not later than five years	189,000	297,000
	669,000	1,041,000
Less : Future finance charges	(40,035)	(78,261)
Present value of lease liabilities	628,965	962,739
Represented by : -		
Non-current	278,463	628,964
Current	350,502	333,775
	628,965	962,739
	%	%
Interest rate of lease liabilities	4.90	4.90

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20. Deferred tax liabilities

	2024 RM	2023 RM
At the beginning of the financial year	-	-
Recognised in profit or loss	12,217,628	-
At the end of the financial year	12,217,628	-
Presented after appropriate offsetting as follows : -		
Deferred tax liabilities	12,217,628	-

The components and movements of deferred tax liabilities during the financial year are as follows : -

	Revaluation of Land and buildings RM
At 1 July 2023	-
Recognised in profit or loss	12,217,628
At 30 June 2024	12,217,628

21. Trade payables

(a) The normal trade credit term granted to the Company ranged from 30 to 90 days (2023 – 30 to 90 days).

(b) Included in the trade payables of the Company are retention sum amounted to RM2,435 (2023 – Nil).

22. Contract liabilities

	2024 RM	2023 RM
Contract liabilities relating to manufacturing activities	532,162	816,389

(a) The contract liabilities relate to advance considerations received from customers for manufacturing activities of which the revenue will be recognised over the remaining contract term of the specific contract it relates to, ranging from 1 to 3 (2023 – 1 to 3) months.

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22. Contract liabilities (Cont'd.)

(b) The movement of contract liabilities balances during the financial year are as follows : -

	2024 RM	2023 RM
At the beginning of the financial year	(816,389)	(508,920)
Revenue recognised in profit or loss during the financial year	561,329	370,589
Billing to customers during the financial year	(277,102)	(678,058)
At the end of the financial year	(532,162)	(816,389)
Represented by : -		
Contract liabilities	(532,162)	(816,389)

23. Revenue

	2024 RM	2023 RM
Revenue from contracts with customers		
Sale of goods	115,322,119	89,662,951
Timing of revenue recognition		
At a point in time	115,322,119	89,662,951

24. Other operating income

	2024 RM	2023 RM
Gain on disposal of property, plant and equipment	10,920	-
Interest income from : -		
- bank balances	2,142	42,372
- fixed deposits with a licensed bank	141,233	36,281
- trade receivables	14,253	120,291
- ultimate holding company	155,972	6,492
- a subsidiary company	563	436
- fellow subsidiaries	119,697	75,700
Inventories written back	-	4,626
Project income	424,321	168,569
Realised loss on foreign exchange	(2,898)	-
Rental income from : -		
- third parties	89,600	4,250
- a fellow subsidiary	97,200	97,200
Sundry income	306,258	212,210
	1,359,261	768,427

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25. Net impairment gains on financial assets

	2024 RM	2023 RM
Impairment losses on : -		
- trade receivables	43,750	80,665
- amount due from a subsidiary company	-	36,434
- amount due from a fellow subsidiary	53,719	28,707
Reversal of impairment losses on trade receivables	(436,093)	(876,277)
Reversal of impairment losses on other receivables	(3,055)	-
Reversal of impairment losses on amount due from a subsidiary company	(36,227)	-
Reversal of impairment losses on amount due from fellow subsidiary	(28,531)	-
	(406,437)	(730,471)

26. Finance costs

	2024 RM	2023 RM
Interest expense on financial liabilities that are not at fair value through profit or loss : -		
- Bank overdraft	70,178	744
- Bankers' acceptances	706,800	706,770
- Hire purchase	21,763	12,586
- Lease liabilities	38,225	35,563
- Revolving credit	293,422	-
- Term loans	1,313,457	1,214,975
	2,443,845	1,970,638

27. Profit before taxation

	2024 RM	2023 RM
This is arrived at after charging : -		
Auditors' remuneration : -		
(a) Statutory audit		
- Kreston John & Gan	100,000	110,000
- prior year	-	25,000
Bad debt written off	645	-
Depreciation of property, plant and equipment	5,085,082	3,592,629
Depreciation of investment properties	145,000	12,083
Director's remuneration (Note 29)	418,785	375,003
Employee benefits expense (Note 28)	10,999,785	8,880,963
Inventories written down	26,165	11,592

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27. Profit before taxation (Cont'd.)

	2024 RM	2023 RM
This is arrived at after charging : - (Cont'd.)		
Management fees	3,338,977	3,428,088
Property, plant and equipment written off	1,495	4,013
Realised loss on foreign exchange	2,898	-
Lease expense on : -		
(a) Short-term lease		
- plant and machineries	290,163	268,178
(b) Low value assets		
- office equipment	54,474	40,486

28. Employee benefits expense

	2024 RM	2023 RM
Salaries, allowances and bonus	9,591,962	7,683,794
Employees Provident Fund	959,986	799,581
Social security cost	137,688	115,171
Employment Insurance System	15,670	13,058
Other benefits	294,479	269,359
	10,999,785	8,880,963

Included in employee benefits expense of the Company is compensation of key management personnels excluding benefits-in-kind, amounting to RM19,647 (2023 – Nil) as disclosed in Note 37 to the financial statements.

29. Director's remuneration

	2024 RM	2023 RM
Salaries, allowances and bonus	373,946	334,891
Employees Provident Fund	43,680	38,992
Social security cost	1,040	1,005
Employment Insurance System	119	115
	418,785	375,003
Estimated monetary value of benefits-in-kind	8,800	8,800

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30. Income tax expense

	2024 RM	2023 RM
Income tax : -		
- current year	2,400,000	603,674
- under provision in prior year	(30,629)	-
	2,369,371	603,674
Deferred tax : -		
- current year	(384,602)	-
	1,984,769	603,674

Income tax is calculated at the Malaysian statutory tax rates of 24% (2023 – 24%) of the estimated assessable income for the financial year.

The reconciliation of income tax expense applicable to profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Company is as follows : -

	2024 RM	2023 RM
Profit before taxation	12,314,021	4,104,750
Tax at the statutory tax rate	2,955,365	985,140
Tax effect of : -		
Non-allowable expenses	1,091,509	807,117
Utilisation of deferred tax asset not recognised in previous financial year	(1,646,874)	(1,188,583)
Crystalisation of deferred tax liabilities	(384,602)	-
Over provision of taxation in previous financial year	(30,629)	-
Income tax expense	1,984,769	603,674

As at 30 June 2024, the Company has the following temporary differences which are not recognised as deferred tax assets in the financial statements as it is not probable that future taxable income will be available to allow the assets to be utilised : -

	2024 RM	2023 RM
Unabsorbed capital allowances	6,223,416	12,508,791
Other temporary differences	2,178,198	2,754,799
	8,401,614	15,263,590

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30. Income tax expense (Cont'd.)

Based on the current legislation, the unutilised tax losses up to the year of assessment 2018 can be carried forward until the year of assessment 2028 and the unutilised tax losses for 2019 onwards are allowed to be utilised for 10 consecutive years of assessment immediately following that year of assessment; whereas, the unabsorbed capital allowances are allowed to be carried forward indefinitely.

31. Purchase of property, plant and equipment

	2024 RM	2023 RM
Cost of property, plant and equipment purchased (Note 4)	3,463,949	1,553,562
Acquired through hire purchase arrangement (Note 32)	(609,200)	-
Additions of new lease liabilities	-	(1,218,176)
Cash payment on purchase of property, plant and equipment	2,854,749	335,386

32. Changes in liabilities arising from financing activities

a. The table below details changes in the liabilities of the Company arising from financing activities, including both cash and non-cash changes as follows : -

	At 1 July RM	Net change from financing cash flows RM	New hire purchase RM	At 30 June RM
2024				
Bankers' acceptances	17,661,021	(4,543,021)	-	13,118,000
Hire purchase	162,247	(153,179)	609,200	618,268
Lease liabilities	962,739	(333,774)	-	628,965
Revolving credit	-	16,739,705	-	16,739,705
Term loans	23,290,025	(638,665)	-	22,651,360
	42,076,032	11,071,066	609,200	53,756,298

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32. Changes in liabilities arising from financing activities (Cont'd.)

a. The table below details changes in the liabilities of the Company arising from financing activities, including both cash and non-cash changes as follows : - (Cont'd.)

	At 1 July RM	Net change from financing cash flows RM	Acquisition of new lease RM	At 30 June RM
2023				
Bankers' acceptances	19,072,568	(1,411,547)	-	17,661,021
Hire purchase	395,246	(232,999)	-	162,247
Lease liabilities	-	(255,437)	1,218,176	962,739
Term loans	25,851,283	(2,561,258)	-	23,290,025
	45,319,097	(4,461,241)	1,218,176	42,076,032

b. Cash outflows for leases as a lessee : -

	2024 RM	2023 RM
Included in net cash from operating activities : -		
Payment relating to short-term leases	290,163	268,178
Payment relating to low-value assets	54,474	40,486
Interest paid in relation to lease liabilities	38,225	35,563
Included in net cash from financing activities : -		
Payment of lease liabilities	333,774	255,437
	716,636	599,664

33. Cash and cash equivalents

	2024 RM	2023 RM
Cash and bank balances	12,516,210	23,685,996
Fixed deposits with licensed banks	5,349,760	5,206,469
Bank overdraft	(3,000,000)	(733,060)
	14,865,970	28,159,405
Less : Fixed deposits pledged to a licensed bank (Note 13)	(5,349,760)	(5,206,469)
	9,516,210	22,952,936

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34. Financial instruments

a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows : -

i) Financial assets measured at amortised cost ("FAAC"); and
ii) Financial liabilities measured at amortised cost ("FLAC").

	Carrying amount RM	FAAC RM	FLAC RM
2024			
Financial assets			
Trade receivables	30,890,524	30,890,524	-
Other receivables and deposits	7,888,519	7,888,519	-
Amount due from ultimate holding company	15,062,866	15,062,866	-
Amount due from fellow subsidiaries	8,324,423	8,324,423	-
Fixed deposits with a licensed bank	5,349,760	5,349,760	-
Cash and bank balances	12,516,210	12,516,210	-
	80,032,302	80,032,302	-
Financial liabilities			
Trade payables	(23,498,306)	-	(23,498,306)
Other payables and accruals	(5,123,369)	-	(5,123,369)
Borrowings	(56,127,333)	-	(56,127,333)
Lease liabilities	(628,965)	-	(628,965)
	(85,377,973)	-	(85,377,973)
2023			
Financial assets			
Trade receivables	21,472,161	21,472,161	-
Other receivables and deposits	149,291	149,291	-
Amount due from fellow subsidiaries	3,262,471	3,262,471	-
Fixed deposit with a licensed bank	5,206,469	5,206,469	-
Cash and bank balances	23,685,996	23,685,996	-
	53,776,388	53,776,388	-

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34. Financial instruments (Cont'd.)

a) Categories of financial instruments (Cont'd.)

	Carrying amount RM	FAAC RM	FLAC RM
2023 (Cont'd.)			
Financial liabilities			
Trade payables	(23,420,082)	-	(23,420,082)
Other payables and accruals	(3,015,950)	-	(3,015,950)
Amount due to ultimate holding company	(200,867)	-	(200,867)
Borrowings	(41,846,353)	-	(41,846,353)
Lease liabilities	(962,739)	-	(962,739)
	(69,445,991)	-	(69,445,991)

b) Gain or losses arising from financial instruments

	2024 RM	2023 RM
Net losses on : -		
Financial assets measured at amortised cost	839,652	1,012,043
Financial liabilities measured at amortised cost	(2,446,743)	(1,970,638)
	(1,607,091)	(958,595)

c) Financial risk management

The Company has exposure to the following risks from its use of financial instruments : -

- Credit risk
- Liquidity and cash flow risk
- Market risk
- Operational risk

i) Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from its receivables from customers and advances to subsidiary company.

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34. Financial instruments (Cont'd.)

c) Financial risk management (Cont'd.)

The Company has exposure to the following risks from its use of financial instruments : -

- Credit risk
- Liquidity and cash flow risk
- Market risk
- Operational risk

i) Credit risk (Cont'd.)

Trade receivables

Risk management objectives, policies and processes for managing the risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Company's associations to business partners with high credit worthiness. The Company also has an internal credit review which is conducted if the credit risk is material. Trade receivables are monitored on an ongoing basis via Company management reporting procedures.

At each reporting date, the Company assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous financial year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statement of financial position. Credit risk and receivables are monitored on an ongoing basis. These procedures substantially mitigate credit risk of the Company.

The trade receivables are not secured by any collateral or supported by any other credit enhancements.

Concentration of credit risk

As at the end of the reporting period, the Company has significant concentration of credit risk in the form of outstanding balance of approximately RM8,998,002 due from five trade receivables which represents 28% of the total trade receivable of the Company. However, the directors are of the opinion that these amounts outstanding is fully recoverable. Credit risk and receivables are monitored on an ongoing basis. These procedures substantially mitigate credit risk of the Company.

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34. Financial instruments (Cont'd.)

c) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Trade receivables (Cont'd.)

Concentration of credit risk (Cont'd.)

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Company. The Company uses ageing analysis to monitor the credit quality of the receivables. Any past due receivables having significant balances, which are deemed to have higher credit risk, are monitored individually.

Recognition and measurement of impairment losses

The Company uses an allowance matrix to measure the expected credit losses ("ECL") of trade receivables from individual customers, which comprise a very large number of insignificant balances outstanding.

To measure the ECLs, trade receivables have been grouped based on credit risk and day past due.

Where a trade receivable has a low credit risk, it is excluded from the allowance matrix and its ECL is assessed individually by considering historical payment trends and financial strength of the receivable.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period respectively which are grouped together as they are expected to have similar risk nature : -

	Gross RM	Loss allowance RM	Net RM
2024			
Trade receivables : -			
Not past due	10,606,452	-	10,606,452
1 – 30 days past due	6,765,294	-	6,765,294
31 – 60 days past due	6,087,537	-	6,087,537
61 – 90 days past due	2,491,424	-	2,491,424
91 – 180 days past due	2,789,866	-	2,789,866
181 – 365 days past due	1,881,430	(13,116)	1,868,314
Past due over 365 days	281,637	-	281,637
	30,903,640	(13,116)	30,890,524
Individual impairment	1,058,003	(1,058,003)	-
	31,961,643	(1,071,119)	30,890,524

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34. Financial instruments (Cont'd.)

c) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Trade receivables (Cont'd.)

Recognition and measurement of impairment losses (Cont'd.)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period respectively which are grouped together as they are expected to have similar risk nature : - (Cont'd.)

	Gross RM	Loss allowance RM	Net RM
2023			
Trade receivables : -			
Not past due	10,138,241	-	10,138,241
1 – 30 days past due	3,781,160	-	3,781,160
31 – 60 days past due	2,329,872	-	2,329,872
61 – 90 days past due	2,433,583	-	2,433,583
91 – 180 days past due	2,163,830	-	2,163,830
181 – 365 days past due	607,147	-	607,147
Past due over 365 days	228,851	(210,523)	18,328
	21,682,684	(210,523)	21,472,161
Individual impairment	1,252,939	(1,252,939)	-
	22,935,623	(1,463,462)	21,472,161

The movements in the allowance for impairment in respect of trade receivables during the financial year are shown below : -

	Lifetime ECL RM	Credit impaired RM	Total RM
2024			
Trade receivables			
At 1 July	210,523	1,252,939	1,463,462
Addition	-	43,750	43,750
Reversal of impairment loss no longer required	(197,407)	(238,686)	(436,093)
At 30 June	13,116	1,058,003	1,071,119

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34. Financial instruments (Cont'd.)

c) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Trade receivables (Cont'd.)

Recognition and measurement of impairment losses (Cont'd.)

	Lifetime ECL RM	Credit impaired RM	Total RM
2023			
Trade receivables			
At 1 July	210,523	2,048,551	2,259,074
Addition	-	80,665	80,665
Reversal of impairment loss no longer required	-	(876,277)	(876,277)
At 30 June	210,523	1,252,939	1,463,462

Other receivables

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amount in the statement of financial position.

The identified allowance for impairment losses of other receivables of the Company are disclosed in Note 9 to the financial statements.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to its subsidiary company and fellow subsidiaries. The Company monitors the ability of the subsidiary company and fellow subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

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34. Financial instruments (Cont'd.)

c) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Inter-company loans and advances (Cont'd.)

Recognition and measurement of impairment losses

Generally, the Company considers loans and advances to subsidiary company and fellow subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary company's and fellow subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiary company's and fellow subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiary company and fellow subsidiaries are not able to pay when demanded. The Company considers a subsidiary company's and a fellow subsidiary's loan or advance to be credit impaired when : -

(a) The subsidiary company and/or the fellow subsidiary are unlikely to repay its loan or advance to the Company in full;

(b) The subsidiary company's and/or the fellow subsidiary's loan or advance is overdue for more than 365 days; or

(c) The subsidiary company and/or the fellow subsidiary are continuously loss making and are having a deficit shareholders' funds.

The Company determines the probability of default for these loans and advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for intercompany loans and advances as at the end of the reporting period : -

	Gross RM	Loss allowance RM	Net RM
2024			
Low credit risk	15,062,888	-	15,062,888
Significant increase in credit risk	8,324,401	-	8,324,401
Credit impaired	54,102	(54,102)	-
	23,441,391	(54,102)	23,387,289

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34. Financial instruments (Cont'd.)

c) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Inter-company loans and advances (Cont'd.)

The following table provides information about the exposure to credit risk and ECLs for intercompany loans and advances as at the end of the reporting period : - (Cont'd.)

	Gross RM	Loss allowance RM	Net RM
2023			
Low credit risk	3,500	-	3,500
Significant increase in credit risk	3,258,971	-	3,258,971
Credit impaired	65,141	(65,141)	-
	3,327,612	(65,141)	3,262,471

The movements in the allowance for impairment in respect of amount due from a subsidiary company and a fellow subsidiary during the financial year are shown below : -

	Lifetime ECL RM	Credit impaired RM	Total RM
At 30 June 2023	-	65,141	65,141
Addition	-	53,719	53,719
Reversal of impairment loss no longer required	-	(64,758)	(64,758)
At 30 June 2024	-	54,102	54,102

ii) Liquidity and cash flow risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its various payables and borrowings.

The Company maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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34. Financial instruments (Cont'd.)

c) Financial risk management (Cont'd.)

ii) Liquidity and cash flow risk (Cont'd.)

Maturity analysis

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments : -

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2024							
Non-derivative financial liabilities							
Trade payables	23,498,306	-	23,498,306	23,498,306	-	-	-
Other payables and accruals	5,123,369	-	5,123,369	5,008,241	9,320	63,769	42,039
Bankers' acceptances	13,118,000	5.00	13,773,900	13,773,900	-	-	-
Bank overdraft	3,000,000	8.00	3,240,000	3,240,000	-	-	-
Hire purchase	618,268	4.17 – 4.62	706,650	134,604	118,168	305,280	148,598
Revolving credit	16,739,705	6.20	17,777,567	17,777,567	-	-	-
Term loans	22,651,360	3.25 – 7.00	31,884,176	2,590,158	2,635,429	7,906,286	18,752,303
Lease liabilities	628,965	4.90	669,000	372,000	108,000	189,000	-
	85,377,973		96,672,968	66,394,776	2,870,917	8,464,335	18,942,940

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34. Financial instruments (Cont'd.)

c) Financial risk management (Cont'd.)

ii) Liquidity and cash flow risk (Cont'd.)

Maturity analysis (Cont'd.)

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments : - (Cont'd.)

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2023							
Non-derivative financial liabilities							
Trade payables	23,420,082	-	23,420,082	23,420,082	-	-	-
Other payables and accruals	3,015,950	-	3,015,950	2,903,848	12,866	57,990	41,246
Amount due to ultimate holding company	200,867	3.50	207,897	207,897	-	-	-
Bankers' acceptances	17,661,021	5.00 – 5.20	18,553,204	18,553,204	-	-	-
Bank overdraft	733,060	7.95	791,338	791,338	-	-	-
Hire purchase	162,247	4.16 – 4.17	170,796	68,340	68,340	34,116	-
Term loans	23,290,025	4.50 – 5.70	27,334,370	3,771,842	3,771,842	11,315,525	8,475,161
Lease liabilities	962,739	4.90	1,041,000	372,000	372,000	297,000	-
	69,445,991		74,534,637	50,088,551	4,225,048	11,704,631	8,516,407

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34. Financial instruments (Cont'd.)

c) Financial risk management (Cont'd.)

iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Company's financial position or cash flows.

Interest rate risk

The Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term investments such as deposits with licensed banks are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Company's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

Exposure to interest rate risk

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was : -

	2024 RM	2023 RM
Fixed rate instruments		
Lease liabilities	628,965	962,739
Hire purchase	618,268	162,247
Floating rate instruments		
Bankers' acceptances	13,118,000	17,661,021
Bank overdraft	3,000,000	733,060
Revolving credit	16,739,705	-
Term loans	22,651,360	23,290,025

Interest rate risk sensitivity analysis : -

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

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34. Financial instruments (Cont'd.)

c) Financial risk management (Cont'd.)

iii) Market risk (Cont'd.)

Interest rate risk (Cont'd.)

Cash flow sensitivity analysis for variable rate instruments

At the reporting date, if interest rates had been 100 basis points lower /higher, with all other variables held constant, the Company's profit net of tax would has been RM421,868 (2023 – RM316,799) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

iv) Operational risk

The operational risk arises from the daily activities of the Company which includes legal, credit reputation and financing risk and other risks associated to daily running of its business operations.

Such risks are mitigated through proper authority levels of approval limits, clear reporting structure, segregation of duties, policies and procedures implemented and periodic management meetings.

In dealing with its stewardship, the directors recognise that effective risk management is an integral part of good business practice.

The directors will pursue an ongoing process of identifying, assessing and managing key business areas, overall operational and financial risks faced by the business units as well as regularly reviewing and enhancing risk mitigating strategies with its appointed and key management personnel.

d) Fair value information

i) The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature and repayable on demand terms of these financial instruments.

ii) The fair value of borrowings that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

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34. Financial instruments (Cont'd.)

d) Fair value information (Cont'd.)

iii) The following table set out the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period : -

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amounts RM
2024					
Financial liabilities					
Hire purchase	-	618,757	-	618,757	618,268
2023					
Financial liabilities					
Hire purchase	-	162,517	-	162,517	162,247

35. Capital management

The Company manages its capital to ensure that the Company will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Company may take adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Company manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as total borrowings from financial institutions divided by total equity.

	2024 RM	2023 RM
Total borrowings (Note 18)	56,127,333	41,846,353
Less : Fixed deposits with a licensed bank	(5,349,760)	(5,206,469)
Less : Cash and bank balances	(12,516,210)	(23,685,996)
	38,261,363	12,953,888
Total equity	89,036,740	38,800,428
Debt-to-equity ratio (times)	0.43	0.33

36. Capital commitment

	2024 RM	2023 RM
Approved and contracted for : -		
- purchase of property, plant and equipment	11,064,887	598,791

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37. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the Directors of the Company, and certain members of the senior management of the Company.

The Company has related party relationship with its ultimate holding company, immediate holding company, a subsidiary company, fellow subsidiaries and Directors.

Related party transactions have been entered into the normal course of business under normal trade terms. The significant related party transactions of the Company are shown below. The related party balances are shown in Notes 8, 9, 10, 11 and 12 to the financial statements.

Significant related party transactions

a) Related party transactions : -

	2024 RM	2023 RM
Transactions with ultimate holding company : -		
Sarawak Consolidated Industries Berhad		
- Management fees	3,338,977	3,428,088
- Interest income	(155,972)	(6,492)
- Rental expense	264,000	264,000
Transactions with a subsidiary company : -		
SCIB International (Labuan) Ltd.		
- Interest income	(563)	(436)

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37. Related parties (Cont'd.)

Significant related party transactions (Cont'd.)

a) Related party transactions : - (Cont'd.)

	2024 RM	2023 RM
Transactions with fellow subsidiaries : -		
SCIB Industrialised Building System Sdn. Bhd.		
- Interest income	(62,617)	(47,070)
- Sales of goods	(1,040,403)	(1,470,937)
- Staff services charged	-	(1,499)
SCIB Properties Sdn. Bhd.		
- Interest income	(47,580)	(21,807)
SCIB Infraworks Sdn. Bhd.		
- Interest income	(668)	(495)
SCIB LW System Sdn. Bhd.		
- Interest income	(8,752)	(6,219)
- Rental income	(97,200)	(97,200)
- Purchase of goods	-	21,780
- Sales of goods	-	(39,651)
- Staff services charged	(1,904)	(1,816)
SCIB Building Solutions Sdn. Bhd.		
- Interest income	(80)	(109)
Transactions with a related party : -		
Transnational Insurance Brokers (M) Sdn. Bhd.		
- Insurance premium	190,131	439,933
Transactions with director : -		
Chiew Jong Wei		
- Sale of motor vehicle	(35,000)	-

SCIB Concrete Manufacturing Sdn. Bhd.
(Incorporated in Malaysia, Registration No. 200101019131 (554888-U))

Notes to the Financial Statements
30 June 2024

37. Related parties (Cont'd.)

Significant related party transactions (Cont'd.)

b) Key management personnel compensation

The key management personnel compensation during the financial year are disclosed in Note 28 to the financial statements. The other key management personnel compensation of the Company are shown below : -

	2024 RM	2023 RM
Salaries, allowances and bonus	17,450	-
Employees Provident Fund	2,100	-
Social security cost	87	-
Employment Insurance System	10	-
	19,647	-
Estimated monetary value of benefits-in-kind	733	-

SCIB Concrete Manufacturing Sdn. Bhd.
(Incorporated in Malaysia, Registration No. 200101019131 (554888-U))

Statement by Directors

Pursuant to Section 251(2) of the Companies Act, 2016

We, Ku Chong Hong and Chiew Jong Wei, being two of the directors of SCIB Concrete Manufacturing Sdn. Bhd., do hereby state on behalf of the Directors, the financial statements set out on pages 8 to 63 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 30 June 2024 and of the results and the cash flows of the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors

Ku Chong Hong

Chiew Jong Wei

Kuala Lumpur,
Date: 14 October 2024

SCIB Concrete Manufacturing Sdn. Bhd.
(Incorporated in Malaysia, Registration No. 200101019131 (554888-U))

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Chiew Jong Wei, MIA No. 38656, being the director primarily responsible for the financial management of SCIB Concrete Manufacturing Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 8 to 63, to the best of my knowledge and belief, are correct.

And, I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovementioned
at Kuching in the State of Sarawak
on this 14 October 2024

Chiew Jong Wei

Before me

PHANG DAH NAN
Commissioner For Oaths
No. 55, 1st Floor,
Jalan Chan Bee Kiew
Off Jalan Padungan,
93100 Kuching, Sarawak.

COMMISSIONER FOR OATHS
NO. Q 119
PHANG DAH NAN
01 Jan 2024-31 Dec 2026
MALAYSIA

Commissioner for Oaths

KRESTON
JOHN & GAN

Date : 9 April 2026

The Directors
Sarawak Consolidated Industries Berhad
Lot 1258, Jalan Utama,
Pending Industrial Estate,
93450 Kuching, Sarawak.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD AND ITS SUBSIDIARIES
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2024

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position of Sarawak Consolidated Industries Berhad ("SCIB" or "the Company") and its subsidiaries ("the Group") prepared by the Directors of the Company. The pro forma consolidated statements of financial position as at 30 June 2024 together with the accompanying notes thereon have been stamped for the purpose of identification. The pro forma consolidated statements of financial position have been prepared for inclusion in the Circular of the Company in connection with 1.) Proposed Disposal of 100% Equity Interest in SCIB Manufacturing Sdn. Bhd. ("SCM"), a wholly owned subsidiary of SCIB for a total cash consideration of approximately RM113 million ("Proposed Disposal of SCM") and 2.) Proposed disposal of 7 parcels of land ("Proposed Disposal of Lands") owned by the Company which are known as Lot 1166, Lot 1541 and Lot 787-791 pursuant to the exercise of the options to purchase by SCM or the options to sell by SCIB, as the case may be (collectively referred to as the "Proposals").

The pro forma consolidated statements of financial position have been prepared in accordance with the requirements of *Part II Division 1, Chapter 9 of the Prospectus Guidelines* issued by the Securities Commission Malaysia and *Guidance Note for Issuers of Pro Forma Financial Information* issued by Malaysian Institute of Accountants.

The pro forma consolidated statements of financial position have been compiled by the Directors solely to illustrate the impact of events or transactions as set out in Note 5 to the pro forma consolidated statements of financial position ("Applicable Criteria"), on the Group's financial position as at 30 June 2024 as if the events or transactions have been affected as at that date.

As part of this process, information about the Group's pro forma consolidated statements of financial position has been extracted by the Directors from the audited consolidated financial statements of the Group for the financial year ended 30 June 2024, on which an audit report dated 14 October 2024 has been issued.

Directors' Responsibility for the Pro forma Consolidated Financial Information

The Directors are responsible for compiling the pro forma consolidated statements of financial position on the basis of the Applicable Criteria.

Our Independence and Quality Management

We are independent in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board of Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and accordingly, requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines about whether the pro forma consolidated statements of financial position have been compiled, in all material respects, by the Board of Directors on the basis of the Applicable Criteria.

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the Reporting Accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors have compiled, in all material respects, the pro forma consolidated statements of financial position on the basis of the Applicable Criteria and in accordance with the requirements of the Prospectus Guidelines.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of pro forma consolidated statements of financial position to be included in the Circular is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events had occurred or transactions had been undertaken at the earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Board of Directors in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether the related pro forma adjustments give appropriate effect to those criteria and the pro forma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the pro forma consolidated statements of financial position have been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma consolidated statements of financial position of the Group have been compiled, in all material respects, on the basis of the Applicable Criteria and in accordance with the requirements of the Prospectus Guidelines and the Guidance Note for Issuers of Pro Forma Financial Information.

Other Matters

This report is made exclusively and solely for the purpose of inclusion in the Circular of the Company in connection with the Proposals. As such, this report should not be used or referred to, in whole or in part, for any other purposes. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,

Kreston John & Gan
AF 0113
Chartered Accountants

Kuala Lumpur

Yong Chung Sin
02892/04/26 J
Chartered Accountant

SARAWAK CONSOLIDATED INDUSTRIES BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1 ABBREVIATIONS

The following definitions will apply throughout this report, unless or except where the context or subject matter otherwise indicates or requires: -

Base Scenario	:	Assuming that the 4th and 5th instalments of Lands Premium are waived or exempted
Board	:	Board of Directors of the Company
Bursa Securities	:	Bursa Malaysia Securities Berhad
Circular	:	The circular to Shareholders in relation to the Proposals
Disposal Consideration	:	Cash consideration of RM113.00 million for the Proposed Disposal of SCM
FYE	:	Financial year ended
Gearing	:	Total borrowings over total equity
Group	:	Collectively, Sarawak Consolidated Industries Berhad and its subsidiaries
IFRS	:	International Financial Reporting Standards
Lands	:	Collectively, Lot 1166, Lot 1541 and Lot 787-791
Land Premium	:	Land premium of RM21.62 million to be payable by the Company to the Land and Survey Department of Sarawak for the alienation of Lot 787-791, measuring a total of approximately 8.8544 hectares located at Demak Laut Industrial Park
LTIP	:	A long term incentive plan established and implemented by the Company on 24 July 2024 which comprises the share grant plan and the share option plan, and involves up to 15% of the Company's total number of issued Shares (excluding treasury shares, if any) at any point of time during the duration of the LTIP for eligible Directors and employees of SCIB and its non-dormant subsidiary(ies) who fulfil the eligibility criteria as set out in the by-laws of the LTIP
LTIP Options	:	Options granted or which may be granted under the SOP pursuant to the LTIP that are exercisable into new SCIB Shares at a prescribed option price
MFRS	:	Malaysian Financial Reporting Standards
NA	:	Net assets
Options to Purchase	:	Collectively, the Option to Purchase Lot 1166 and Lot 1541 and the Option to Purchase Lot 787-791
Option to Purchase Lot 1166 and Lot 1541	:	An irrevocable option granted by SCIB to SCM to purchase Lot 1166 and Lot 1541 exercisable within a period of 30 years from the date of the Tenancy Agreement

Ashton John & Gan
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SARAWAK CONSOLIDATED INDUSTRIES BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1 ABBREVIATIONS (Cont'd.)

The following definitions will apply throughout this report, unless or except where the context or subject matter otherwise indicates or requires: - (Cont'd.)

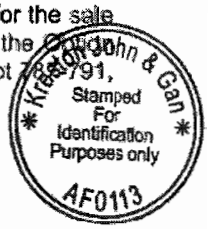
Option to Purchase Lot 787-791	:	An irrevocable option granted by SCIB to SCM to purchase Lot 787-791 exercisable within a period of 30 years from the date of the Right to Build and Operate Agreement
Options to Sell	:	Collectively, the Option to Sell Lot 1166 and Lot 1541 and the Option to Sell Lot 787-791
Option to Sell Lot 1166 and Lot 1541	:	An irrevocable option granted by SCM to SCIB to sell Lot 1166 and Lot 1541 exercisable within a period of 30 years from the date of the Tenancy Agreement
Option to Sell Lot 787-791	:	An irrevocable option granted by SCM to SCIB to sell Lot 787-791 exercisable after the date of issuance of the occupation permit(s) in relation to the structures and buildings to be constructed by SCM thereon and within a period of 30 years from the date of the Right to Build and Operate Agreement
Proposals	:	Collectively, the Proposed Disposal of SCM and the Proposed Disposal of Lands
Proposed Disposal of Lands	:	Proposed disposal of Lot 1166, Lot 1541 and Lot 787-791 at pre-agreed purchase prices of RM18.00 million, RM6.00 million and RM14.19 million respectively to be satisfied entirely in cash, pursuant to the exercise of the Options to Purchase by SCM or the Options to Sell by SCIB, as the case may be, in accordance with the terms and conditions of the Tenancy Agreement, the Supplemental Letter to the Tenancy Agreement, the Right to Build and Operate Agreement and the Supplemental Letter to the RBO
Proposed Disposal of SCM	:	Proposed disposal by SCIB Holdings of its entire equity interest in SCM to YTL Cement Sarawak for the Disposal Consideration in accordance with the terms and conditions of the conditional share sale and purchase agreement dated 18 November 2025 between the Company, SCIB Holdings and YTL Cement Sarawak for the Proposed Disposal of SCM
RBO	:	Right to Build and Operate Agreement
RM	:	Ringgit Malaysia
Right to Build and Operate Agreement	:	Right to build and operate agreement dated 1 March 2025 in relation to Lot 787-791 which are owned by SCIB and are where a new factory is intended to be constructed thereon by SCM for its manufacturing operations
RPGT	:	Real Property Gains Tax
SCIB Shares or Shares	:	Ordinary shares in SCIB
SCIB or the Company	:	Sarawak Consolidated Industries Berhad

SARAWAK CONSOLIDATED INDUSTRIES BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1 ABBREVIATIONS (Cont'd.)

The following definitions will apply throughout this report, unless or except where the context or subject matter otherwise indicates or requires: - (Cont'd.)

SCIB Holdings	:	SCIB Holdings Sdn Bhd, a wholly-owned subsidiary of the Company
SCM	:	SCIB Concrete Manufacturing Sdn Bhd
Scenario I(a)	:	Assuming that the benefit of the waiver or exemption in respect of the 4th and 5th instalments of the Land Premium is withdrawn by the appropriate authority or becomes inapplicable not due to a change in ownership of SCM. And assuming the 4th and 5th instalments are to be paid by SCM, the purchase price for Lot 787-791 shall be adjusted downwards by RM2.40 million to RM11.79 million.
Scenario I(b)	:	Assuming that the benefit of the waiver or exemption in respect of the 4th and 5th instalments of the Land Premium is withdrawn by the appropriate authority or becomes inapplicable not due to a change in ownership of SCM. And assuming the 4th and 5th instalments are to be paid by SCIB, the purchase price for Lot 787-791 shall be adjusted upwards by RM5.04 million to RM19.22 million.
Scenario II(a)	:	Assuming that the benefit of the waiver or exemption in respect of the 4th and 5th instalments of the Land Premium is withdrawn by the appropriate authority or becomes inapplicable due to a change in ownership of SCM. And assuming the 4th and 5th instalments are to be paid by SCM, the purchase price for Lot 787-791 shall be adjusted downwards by RM1.40 million to RM12.79 million.
Scenario II(b)	:	Assuming that the benefit of the waiver or exemption in respect of the 4th and 5th instalments of the Land Premium is withdrawn by the appropriate authority or becomes inapplicable due to a change in ownership of SCM. And assuming the 4th and 5th instalments are to be paid by SCIB, the purchase price for Lot 787-791 shall be adjusted upwards by RM6.04 million to RM20.22 million.
Shareholders	:	Shareholders of SCIB
Supplemental Letter to the RBO	:	Supplemental letter dated 18 November 2025 executed by SCIB and SCM in respect of the Right to Build and Operate Agreement to record, amongst others, their mutual agreement on the purchase price of RM14.19 million, which is subject to certain adjustments, for the sale and purchase of Lot 787-791 upon exercise of the Option to Purchase Lot 787-791 or the Option to Sell Lot 787-791, as the case may be



SARAWAK CONSOLIDATED INDUSTRIES BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1 ABBREVIATIONS (Cont'd.)

The following definitions will apply throughout this report, unless or except where the context or subject matter otherwise indicates or requires: - (Cont'd.)

Supplemental Letter to the Tenancy Agreement	:	Supplemental letter dated 18 November 2025 executed by SCIB and SCM in respect of the Tenancy Agreement to record, amongst others, their mutual agreement on the purchase price of RM24.00 million, which is subject to certain adjustments, for the sale and purchase of Lot 1166 and Lot 1541 upon the exercise of the Option to Purchase Lot 1166 and Lot 1541 or the Option to Sell Lot 1166 and Lot 1541, as the case may be
Tenancy Agreement	:	Tenancy agreement dated 1 July 2025 for the tenancy by SCM of Lot 1166 and Lot 1541, which are owned by SCIB and are where SCM's existing factories are erected thereon
Total borrowings	:	Included borrowings and lease liabilities
YTL Cement Sarawak	:	YTL Cement (Sarawak) Sdn Bhd, an indirect subsidiary of YTL Corporation Berhad

2. GENERAL

Sarawak Consolidated Industries Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the registered office and principal place of business of the Company are as follows: -

The registered office and principal place of business of the Company is located at Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak.

On 14 October 2024, the Company made an offer of 88,110,139 LTIP Options at an issue price of RM0.2205 to certain eligible Directors and employees of the Company and its subsidiaries to subscribe for new SCIB Shares under the LTIP.

Subsequently, five employees have withdrawn their interest, amounted to 42,000 LTIP Options according to the 3rd Board of Directors' Meeting.

On 18 December 2024, 6 January 2025 and 25 February 2025, a total of 776,000, 210,000 and 39,524,257 (collectively, 40,510,257) LTIP Options were exercised respectively, at an exercise price of RM0.2205 per option.

On 20 June 2025, the Company announced changing its financial year end from 30 June to 31 October.

On 28 August 2025, the Company cancelled the LTIP Options offered on 14 October 2024 and second LTIP Options totalling 64,376,926 were offered by the Company on the same date at an exercise price of RM0.1268.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

2. GENERAL (CONT'D.)

On 29 September 2025, the Company announced changing its financial year end from 31 October to 31 December. Accordingly, the next set of financial statements will cover 18 months from 1 July 2024 to 31 December 2025.

On 26 December 2025, 37,936,282 LTIP Options were exercised at an exercise price of RM0.1268 each.

The pro forma consolidated statements of financial position have been prepared solely for inclusion in the Circular of SCIB in connection with the Proposed Disposal of SCM and Proposed Disposal of Lands (collectively referred to as the "Proposals").

The details of the Proposals are entailed in Note 3 below.

3. PROPOSALS AND BASIS OF PREPARATION

3.1 Details of the Proposals

i) Proposed Disposal of SCM

The Company and SCIB Holdings Sdn Bhd, a wholly-owned subsidiary of the Company, had on 18 November 2025 entered into a conditional share sales agreement with YTL Cement (Sarawak) Sdn Bhd for the proposed disposal of its entire equity interest in its wholly-owned subsidiary company, SCM, for an indicative cash consideration of RM113.00 million.

ii) Proposed Disposal of Lands

The Company had previously entered into a Tenancy Agreement (as supplemented by the Supplemental Letter to the Tenancy Agreement) and the Right to Build and Operate Agreement ("RBO") (as supplemented by the Supplemental Letter to the RBO) with SCM in respect of Lot 1166, Lot 1541 and Lot 787-791 (collectively, the "Lands"). Under these agreements:

- SCIB granted SCM the Options to Purchase the Lands; and
- SCM granted SCIB the corresponding Options to Sell the Lands.

The Proposed Disposal of Lands entail the disposal of the Lands by the Company pursuant to the exercise of either the Options to Purchase by SCM or the Options to Sell by SCIB, as the case may be.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

3. PROPOSALS AND BASIS OF PREPARATION (Cont'd.)

3.1 Details of the Proposals (Cont'd.)

ii) Proposed Disposal of Lands (Cont'd.)

Supplemental Letter to the Tenancy Agreement

A Supplemental Letter to the Tenancy Agreement sets out the mutually agreed pre-agreed purchase prices for Lot 1166 and Lot 1541 as follows:

Subject property	Pre-agreed purchase price [1] RM
Lot 1166	18,000,000
Lot 1541	6,000,000
Total	**24,000,000**

Note: -

(1) Under the terms of the pre-agreed form of sale and purchase agreement for Lot 1166 and Lot 1541 as appended to the Supplemental Letter to the Tenancy Agreement, the pre-agreed purchase price shall be reduced by an amount equivalent to the aggregate of all rental sums and service tax on the rental sums paid by the Purchaser to the Vendor, on and from the date of the Tenancy Agreement, i.e., 1 July 2025.

Supplemental Letter to the RBO

In addition, a Supplemental Letter to the RBO sets out the mutually agreed pre-agreed purchase price for Lot 787-791 of RM14,185,076, subject to adjustments if the exemption for the fourth and fifth instalments of the Land Premium becomes inapplicable.

The Land Premium payable for Lot 787-791 amounts to RM21,621,356 and is payable over five annual instalments, of which the first two instalments have been paid in the FYE 2024, and the third instalment had been paid in the FYE 2025. Under the terms of the land offer, the Company may apply for an exemption of the fourth and fifth instalments upon fulfilment of the prescribed construction condition.

Year of instalment	Instalment to be paid for the Land (RM)
2024	5,684,524 (paid)
2025	4,250,276 (paid)
2026	4,250,276 (paid)
2027	3,718,140
2028	3,718,140
Total	**21,621,356**

SARAWAK CONSOLIDATED INDUSTRIES BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

3. PROPOSALS AND BASIS OF PREPARATION (Cont'd.)

3.1 Details of the Proposals (Cont'd.)

ii) Proposed Disposal of Lands (Cont'd.)

Supplemental Letter to the RBO (Cont'd.)

Note:-

(1) The pre-agreed purchase prices were fixed on the assumption that the 4th and 5th instalments of Lands Premium are waived or exempted (Base Scenario).

However, in the event that the waiver or exemption in respect of the 4th and 5th instalments of the Land Premium is withdrawn or becomes inapplicable, the pre-agreed purchase prices shall be subject to adjustments as per illustrated in Scenario I(a), Scenario I(b), Scenario II(a) and Scenario II(b).

3.2 Basis of Preparation

3.2.1 The pro forma consolidated statements of financial position, of which the Directors of the Company is solely responsible, have been prepared for illustrative purposes only and based on the audited consolidated financial statements of SCIB for FYE 30 June 2024, on which an audit report dated 14 October 2024 has been issued and also on the assumptions that the events and transactions as stated in Note 5 have been effected as at 30 June 2024, and should be read in conjunction with the notes accompanying thereto.

3.2.2 The pro forma consolidated statements of financial position have been prepared in accordance with the requirements of *Part II Division 1, Chapter 9 of the Prospectus Guidelines* issued by the Securities Commission Malaysia and *Guidance Note for Issuers of Pro Forma Financial Information* issued by Malaysian Institute of Accountants.

3.2.3 The pro forma consolidated statements of financial position have been prepared based on the consolidated financial statements of SCIB for FYE ended 30 June 2024, which have been prepared in accordance with MFRS, IFRS and in a manner consistent with both the format of the financial statements and the accounting policies normally adopted by SCIB.

3.2.4 The auditors have expressed an unmodified opinion, in respect of the Group's and the Company's audited financial statements for the financial year ended 30 June 2024 in their report dated 14 October 2024.

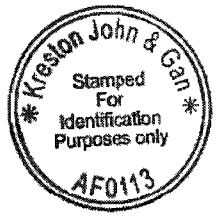
3.2.5 The pro forma consolidated statements of financial position are presented in RM.

3.2.6 The pro forma consolidated statements of financial position, because of their nature, may not be reflective of the Group's actual financial position and results. Furthermore, such information does not purport to predict the future financial position and results of the Group.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

4. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION – Base Scenario

	Notes	Group Audited as at 30 June 2024 RM	Pro Forma I After Subsequent Event RM	Pro Forma II After the Proposed Disposal of SCM RM	Pro Forma III After the Proposed Disposal of Lands RM
ASSETS					
Non-current asset					
Property, plant and equipment	5.2	135,180,235	135,180,235	55,226,686	13,426,437
Investment properties	5.3	2,235,417	2,235,417	-	-
Total Non-current assets		137,415,652	137,415,652	55,226,686	13,426,437
Current assets					
Inventories	5.4	23,030,243	23,030,243	825,179	825,179
Trade receivables	5.5	40,279,025	40,279,025	10,527,848	10,527,848
Other receivables, deposits and prepayments	5.6	33,347,998	33,347,998	24,516,704	24,516,704
Contract assets		15,751,771	15,751,771	15,751,771	15,751,771
Current tax assets		407,759	407,759	407,759	407,759
Fixed deposit with licensed banks	5.7	10,808,088	10,808,088	5,458,328	5,458,328
Cash and bank balances	5.8	24,307,586	38,050,419	135,284,209	171,718,370
Total current assets		147,932,470	161,675,303	192,771,798	229,205,959
TOTAL ASSETS		285,348,122	299,090,955	247,998,484	242,632,396



SARAWAK CONSOLIDATED INDUSTRIES BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

4. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION – Base Scenario (CONT'D.)

	Notes	Group Audited as at 30 June 2024 RM	Pro Forma I After Subsequent Event RM	Pro Forma II After the Proposed Disposal of SCM RM	Pro Forma III After the Proposed Disposal of Lands RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	5.9	177,560,159	193,368,207	193,368,207	193,368,207
Share option reserve	5.10	-	507,660	507,660	507,660
Revaluation reserve	5.11	53,417,795	53,417,795	14,728,640	14,728,640
Foreign exchange translation reserve		(1,782,350)	(1,782,350)	(1,782,350)	(1,782,350)
Accumulated losses	5.12	(78,214,222)	(80,787,097)	(19,811,871)	(17,741,679)
		150,981,382	164,724,215	187,010,286	189,080,478
Non controlling interests		1,208,685	1,208,685	1,208,685	1,208,685
Total Equity		152,190,067	165,932,900	188,218,971	190,289,163
Non-current liabilities					
Other payables	5.13	11,835,276	11,835,276	11,720,148	4,283,868
Borrowings	5.14	22,613,284	22,613,284	830,673	830,673
Lease liabilities	5.15	281,695	281,695	3,232	3,232
Deferred tax liabilities	5.16	16,622,369	16,622,369	4,404,741	4,404,741
Total Non-current liabilities		51,352,624	51,352,624	16,958,794	9,522,514

SARAWAK CONSOLIDATED INDUSTRIES BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

4. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION – Base Scenario (CONT'D.)

	Notes	Group Audited as at 30 June 2024 RM	Pro Forma I After Subsequent Event RM	Pro Forma II After the Proposed Disposal of SCM RM	Pro Forma III After the Proposed Disposal of Lands RM
Current liabilities					
Trade payables	5.17	32,198,070	32,198,070	9,839,111	9,839,111
Other payables and accruals	5.13	14,025,715	14,025,715	32,448,377	32,448,377
Contract liabilities	5.18	532,162	532,162	-	-
Borrowings	5.14	34,769,916	34,769,916	425,194	425,194
Lease liabilities	5.15	129,752	129,752	37,424	37,424
Current tax liabilities	5.19	149,816	149,816	70,613	70,613
Total current liabilities		81,805,431	81,805,431	42,820,719	42,820,719
Total liabilities		133,158,055	133,158,055	59,779,513	52,343,233
Total equity and liabilities		285,348,122	299,090,955	247,998,484	242,632,396
Issued ordinary share capital (Unit)		658,737,630	737,184,169	737,184,169	737,184,169
NA		150,981,382	164,724,215	187,010,286	189,080,478
NA per share		0.23	0.22	0.25	0.26
Borrowings		57,794,647	57,794,647	1,296,523	1,296,523
Gearing		0.38	0.35	0.01	0.01

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SARAWAK CONSOLIDATED INDUSTRIES BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

4. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION – Scenario I(a)

	Notes	Group Audited as at 30 June 2024 RM	Pro Forma I After Subsequent Event RM	Pro Forma II After the Proposed Disposal of SCM RM	Pro Forma III After the Proposed Disposal of Lands RM
ASSETS					
Non-current asset					
Property, plant and equipment	5.2	135,180,235	135,180,235	55,226,686	13,426,437
Investment properties	5.3	2,235,417	2,235,417	-	-
Total Non-current assets		137,415,652	137,415,652	55,226,686	13,426,437
Current assets					
Inventories	5.4	23,030,243	23,030,243	825,179	825,179
Trade receivables	5.5	40,279,025	40,279,025	10,527,848	10,527,848
Other receivables, deposits and prepayments	5.6	33,347,998	33,347,998	24,516,704	24,516,704
Contract assets		15,751,771	15,751,771	15,751,771	15,751,771
Current tax assets		407,759	407,759	407,759	407,759
Fixed deposit with licensed banks	5.7	10,808,088	10,808,088	5,458,328	5,458,328
Cash and bank balances	5.8	24,307,586	38,050,419	135,284,209	169,318,370
Total current assets		147,932,470	161,675,303	192,771,798	226,805,959
TOTAL ASSETS		285,348,122	299,090,955	247,998,484	240,232,396

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SARAWAK CONSOLIDATED INDUSTRIES BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

4. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION – Scenario I(a) (CONT'D.)

	Notes	Group Audited as at 30 June 2024 RM	Pro Forma I After Subsequent Event RM	Pro Forma II After the Proposed Disposal of SCM RM	Pro Forma III After the Proposed Disposal of Lands RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	5.9	177,560,159	193,368,207	193,368,207	193,368,207
Share option reserve	5.10	-	507,660	507,660	507,660
Revaluation reserve	5.11	53,417,795	53,417,795	14,728,640	14,728,640
Foreign exchange translation reserve		(1,782,350)	(1,782,350)	(1,782,350)	(1,782,350)
Accumulated losses	5.12	(78,214,222)	(80,787,097)	(19,811,871)	(20,141,679)
		150,981,382	164,724,215	187,010,286	186,680,478
Non controlling interests		1,208,685	1,208,685	1,208,685	1,208,685
Total Equity		152,190,067	165,932,900	188,218,971	187,889,163
Non-current liabilities					
Other payables	5.13	11,835,276	11,835,276	11,720,148	4,283,868
Borrowings	5.14	22,613,284	22,613,284	830,673	830,673
Lease liabilities	5.15	281,695	281,695	3,232	3,232
Deferred tax liabilities	5.16	16,622,369	16,622,369	4,404,741	4,404,741
Total Non-current liabilities		51,352,624	51,352,624	16,958,794	9,522,514

SARAWAK CONSOLIDATED INDUSTRIES BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

4. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION – Scenario I(a) (CONT'D.)

	Notes	Group Audited as at 30 June 2024 RM	Pro Forma I After Subsequent Event RM	Pro Forma II After the Proposed Disposal of SCM RM	Pro Forma III After the Proposed Disposal of Lands RM
Current liabilities					
Trade payables	5.17	32,198,070	32,198,070	9,839,111	9,839,111
Other payables and accruals	5.13	14,025,715	14,025,715	32,448,377	32,448,377
Contract liabilities	5.18	532,162	532,162	-	-
Borrowings	5.14	34,769,916	34,769,916	425,194	425,194
Lease liabilities	5.15	129,752	129,752	37,424	37,424
Current tax liabilities	5.19	149,816	149,816	70,613	70,613
Total current liabilities		81,805,431	81,805,431	42,820,719	42,820,719
Total liabilities		133,158,055	133,158,055	59,779,513	52,343,233
Total equity and liabilities		285,348,122	299,090,955	247,998,484	240,232,396
Issued ordinary share capital (Unit)		658,737,630	737,184,169	737,184,169	737,184,169
NA		150,981,382	164,724,215	187,010,286	186,680,478
NA per share		0.23	0.22	0.25	0.25
Borrowings		57,794,647	57,794,647	1,296,523	1,296,523
Gearing		0.38	0.35	0.01	0.01

SARAWAK CONSOLIDATED INDUSTRIES BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

4. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION – Scenario I(b)

	Notes	Group Audited as at 30 June 2024 RM	Pro Forma I After Subsequent Event RM	Pro Forma II After the Proposed Disposal of SCM RM	Pro Forma III After the Proposed Disposal of Lands RM
ASSETS					
Non-current asset					
Property, plant and equipment	5.2	135,180,235	135,180,235	55,226,686	13,426,437
Investment properties	5.3	2,235,417	2,235,417	-	-
Total Non-current assets		137,415,652	137,415,652	55,226,686	13,426,437
Current assets					
Inventories	5.4	23,030,243	23,030,243	825,179	825,179
Trade receivables	5.5	40,279,025	40,279,025	10,527,848	10,527,848
Other receivables, deposits and prepayments	5.6	33,347,998	33,347,998	24,516,704	24,516,704
Contract assets		15,751,771	15,751,771	15,751,771	15,751,771
Current tax assets		407,759	407,759	407,759	407,759
Fixed deposit with licensed banks	5.7	10,808,088	10,808,088	5,458,328	5,458,328
Cash and bank balances	5.8	24,307,586	38,050,419	135,284,209	169,318,370
Total current assets		147,932,470	161,675,303	192,771,798	226,805,959
TOTAL ASSETS		285,348,122	299,090,955	247,998,484	240,232,396

SARAWAK CONSOLIDATED INDUSTRIES BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

4. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION – Scenario I(b) (CONT'D.)

	Notes	Group Audited as at 30 June 2024 RM	Pro Forma I After Subsequent Event RM	Pro Forma II After the Proposed Disposal of SCM RM	Pro Forma III After the Proposed Disposal of Lands RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	5.9	177,560,159	193,368,207	193,368,207	193,368,207
Share option reserve	5.10	-	507,660	507,660	507,660
Revaluation reserve	5.11	53,417,795	53,417,795	14,728,640	14,728,640
Foreign exchange translation reserve		(1,782,350)	(1,782,350)	(1,782,350)	(1,782,350)
Accumulated losses	5.12	(78,214,222)	(80,787,097)	(19,811,871)	(20,141,679)
		150,981,382	164,724,215	187,010,286	186,680,478
Non controlling interests		1,208,685	1,208,685	1,208,685	1,208,685
Total Equity		152,190,067	165,932,900	188,218,971	187,889,163
Non-current liabilities					
Other payables	5.13	11,835,276	11,835,276	11,720,148	4,283,868
Borrowings	5.14	22,613,284	22,613,284	830,673	830,673
Lease liabilities	5.15	281,695	281,695	3,232	3,232
Deferred tax liabilities	5.16	16,622,369	16,622,369	4,404,741	4,404,741
Total Non-current liabilities		51,352,624	51,352,624	16,958,794	9,522,514

SARAWAK CONSOLIDATED INDUSTRIES BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

4. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION – Scenario I(b) (CONT'D.)

	Notes	Group Audited as at 30 June 2024 RM	Pro Forma I After Subsequent Event RM	Pro Forma II After the Proposed Disposal of SCM RM	Pro Forma III After the Proposed Disposal of Lands RM
Current liabilities					
Trade payables	5.17	32,198,070	32,198,070	9,839,111	9,839,111
Other payables and accruals	5.13	14,025,715	14,025,715	32,448,377	32,448,377
Contract liabilities	5.18	532,162	532,162	-	-
Borrowings	5.14	34,769,916	34,769,916	425,194	425,194
Lease liabilities	5.15	129,752	129,752	37,424	37,424
Current tax liabilities	5.19	149,816	149,816	70,613	70,613
Total current liabilities		81,805,431	81,805,431	42,820,719	42,820,719
Total liabilities		133,158,055	133,158,055	59,779,513	52,343,233
Total equity and liabilities		285,348,122	299,090,955	247,998,484	240,232,396
Issued ordinary share capital (Unit)		658,737,630	737,184,169	737,184,169	737,184,169
NA		150,981,382	164,724,215	187,010,286	186,680,478
NA per share		0.23	0.22	0.25	0.25
Borrowings		57,794,647	57,794,647	1,296,523	1,296,523
Gearing		0.38	0.35	0.01	0.01

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