

Minutes of the **Extraordinary General Meeting (“EGM”)** of Sarawak Consolidated Industries Berhad conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on **Tuesday, 17 November 2020 at 2.00 p.m.**

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Present : as per attendance list

## **ACTION**

### **1. CHAIRMAN**

Dato’ Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah (“**Dato’ Karim**”), the Non-Independent Non-Executive Chairman of the Company, introduced himself and informed that he was not able to be physically present at the broadcast venue due to COVID-19 travel restrictions. He also informed that pursuant to Section 327 of the Companies Act 2016 and Clause 82 of the Company’s Constitution, the chairperson of the meeting shall be present at that main venue of the meeting, hence the Board had elected Encik Rosland bin Othman (“**Encik Rosland**”), the Company’s Group Managing Director and Chief Executive Officer, as the Chairman of the EGM. Dato Karim then passed the chair to Encik Rosland.

Encik Rosland on behalf of the Board of Directors welcomed all the shareholders and proxies who joined the EGM remotely through live streaming from the Broadcast Venue at Tricor Boardroom in Bangsar South, Kuala Lumpur.

He mentioned that the Company was concerned about the well-being of the Company’s shareholders, stakeholders and employees and as such, as part of the safety measures against the Coronavirus (COVID-19) pandemic, the Board had decided to conduct the EGM entirely remotely.

He then introduced the members of the Board, Management Team, Company Secretary and the Main Adviser of the Corporate Proposals to the Meeting.

As a reminder, the Chairman informed that attendance at the EGM was restricted to shareholders, proxies and authorised representatives of corporate shareholders who had registered to participate in the Meeting remotely. Any recording of the Meeting was strictly prohibited unless written consent had been obtained prior to the meeting.

**ACTION**

2. **QUORUM**

As the requisite quorum was present, the Chairman called the Meeting to order at 2.10 p.m.

3. **NOTICE**

The Notice convening the EGM having been circulated and advertised in the newspaper was, with the consent of the Meeting, taken as read.

4. **POLL PROCESS**

The Chairman then informed the shareholders that pursuant to Paragraph 8.29(A)(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa**"), all resolutions as set out in the notice of the EGM would be decided by poll, which would be taken at the end of the Meeting after all the agenda items and questions from the shareholders had been dealt with.

The poll administrators, Tricor Investor & Issuing House Services Sdn Bhd briefed the Meeting on the procedures for electronic poll voting using their remote participation and voting facility. The Meeting was also informed that the Company had appointed Asia Securities Sdn Bhd as the independent Scrutineers for the poll.

Before the Meeting proceed with the agenda, the Chairman informed that shareholders and proxies were welcomed to raise questions in real time by transmitting their questions using the Query Box on the online portal. The Board would endeavour to respond to questions submitted during the Questions and Answers (Q&A) session after the conclusion of agenda of the Meeting and should there be time constraint, the responses would be emailed to the shareholders after the Meeting.

5. **ORDINARY RESOLUTION 1  
PROPOSED BONUS ISSUE OF 367,897,500 NEW ORDINARY  
SHARES IN SCIB ("SCIB SHARE(S)" OR "SHARE(S)") ("BONUS  
SHARE(S)") ON THE BASIS OF 3 BONUS SHARES FOR EVERY 1  
EXISTING SCIB SHARE HELD ON AN ENTITLEMENT DATE TO BE  
DETERMINED AND ANNOUNCED LATER BY THE BOARD  
("BONUS ENTITLEMENT DATE") ("PROPOSED BONUS ISSUE OF  
SHARES")**

The first item of the EGM agenda was the Ordinary Resolution on the proposed bonus issue of 367,897,500 ordinary shares in the share capital of SCIB on the basis of 3 bonus shares for every 1 existing SCIB share held by the shareholders whose names appear in the Record of Depositors on the Bonus Entitlement date which will be

## **ACTION**

determined and announced later.

6. **ORDINARY RESOLUTION 2  
PROPOSED ISSUANCE OF 245,265,000 FREE WARRANTS IN  
SCIB ("WARRANT(S)") ON THE BASIS OF 1 WARRANT FOR  
EVERY 2 SCIB SHARES HELD ON AN ENTITLEMENT DATE,  
WHICH IS AFTER THE BONUS ENTITLEMENT DATE, TO BE  
DETERMINED AND ANNOUNCED LATER BY THE BOARD  
("WARRANTS ENTITLEMENT DATE") ("PROPOSED ISSUE OF  
FREE WARRANTS")**

The Chairman proceeded with the second item of the agenda on the Proposed Bonus Issue of Warrants. The passing of this resolution will give authority to the Board to issue up to 245,265,000 Warrants for free to the entitled shareholders of the Company whose names appear on the Record of Depositors of the Company as at the close of business on the Entitlement Date which will be after the Bonus Entitlement date, to be determined and announced later, on the basis of 1 Warrant for every 2 shares held in the Company.

The Chairman informed that the two (2) Proposals were to reward shareholders for their continuous support and provide an opportunity for the shareholders to increase their participation in the equity of the Company. In addition, it would provide the Company with additional working capital and strengthen the Company's capital base when the Warrants are exercised in future, without incurring additional financing costs.

7. **QUESTIONS AND ANSWERS SESSION**

The Meeting proceeded to the Q&A session. The Chairman invited Encik Mohd. Ariff Bin Abd Samat, the Company's Finance Director, to present the questions received, the Board and the Management responded to the questions as follows:-

- (i) **Question:**  
Mr Yee Kar Wai, a shareholder of the Company, enquired on the following: -
- (a) Warrant exercise price will be determined based on 5 days Volume Weighted Average Market Price ("VWAP") of SCIB Shares with a premium of up to 30%, can the Management lower the premium to 20% or 25%?
  - (b) Current orderbook is RM1.4 billion which is lower than the budgeted RM1.5 billion, does the Management has confidence to take up new projects in this year?
  - (c) When is the exact date for the Company to announce its third quarter's results?

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**Response:**

- (a) The premium of not more than 30% was determined after taking into consideration the following factors:-
- the prevailing market conditions and the historical market price of SCIB Shares;
  - the warrants being exercisable at any time within a period of 3 years from the date of issuance of warrants; and
  - the potential future earning of SCIB Group
- (b) Since the new Management team took over the Company's business, the Management has been focusing on growing both engineering, procurement, construction and commissioning ("EPCC") segment, and the traditional manufacturing segment, which the Company has been well recognised for in the previous years.

The Company is moving towards the utilization of technology in its EPCC segment to improve the site construction progress. The Management would like to champion the Construction 3D Printing system which has been used by the large-scale developers in the industry. The Construction 3D printing system would greatly expedite the site construction progress, reduce labor costs and waste produce. Historical data shown that Construction 3D Printing system could reduce construction time by 10 to 15 times compared to the conventional construction system and the Management is in the midst of obtaining approval from the relevant authorities.

The Management also took initiative to enhance the existing Industrialised Building System ("IBS") technology to make the designed products less bulky so as to reduce logistics cost.

The Company's wholly owned subsidiary, SCIB Properties Sdn Bhd ("SCIBP") had also acquired 30% equity interest in the share capital of Edaran Kencana Sdn Bhd ("EKSB") to leverage on ESKB's possession of operational permits and licenses in oil and gas industry.

The Management would strive to increase its market capitalisation, move forward to take up bigger projects, and perform more fund-raising corporate exercises for working capital purposes. The Management is confident with the prospect of the Company in view of its strong market positioning in foreign markets such as Oman, Qatar, Indonesia, United Arab Emirates ("UAE"), coupled by the utilisation of various technologies.

- (c) The Company's third quarterly financial results for the financial period ended 30 September 2020 would tentatively be released to Bursa Malaysia Securities Berhad ("Bursa") on 26 November 2020.

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- (ii) **Question:**  
Mr Tan Yet Siong, a shareholder of the Company, enquired whether the targeted RM1 billion market capitalisation by end of 2021 is achievable.

**Response:**

The Company had committed to a 2-year plan to achieve RM1 billion market capitalisation by year 2021. The Management remained optimistic that the goal is achievable, supported by big projects awarded to the Company in local and overseas market and industry prospects driven by big infrastructure projects in Qatar towards the FIFA World Cup Qatar 2022.

- (iii) **Question:**

Tey Chin Fui, a shareholder of the Company enquired on the collection timeline of EPCC segment after the project completion date for the Company to maintain a healthy cash flow.

**Response:**

The Company adopted receivable turnover period of 120 days, and the Management is committed to maintain a healthy cash flow. The Company had received significant collection in the current quarter, the cash flow and gearing ratio remained healthy as at to date.

- (iv) **Question:**

Sim Soon Sin, a shareholder of the Company, was concerned on the current total tender amount and whether the Management is confident in winning the projects.

**Response:**

The Company's tender amount was RM3.5 billion and order book stood at RM1.4 billion as at October 2020. With the active engagement of local partners in various countries and the market penetration in Qatar and UAE, the Company has good prospect in winning some projects in local and overseas market. The projects awarded to the Company were sizeable and could add value to the total order book amount. There would be upcoming projects to be awarded to the Company in which the details will be released to Bursa in the appropriate time. With the recent equity acquisition in EKSB, the Company could leverage on the possession of operational permits and licenses in oil and gas industry. The Management would continue to work towards the targeted financial results despite the challenging economic situation affected by the COVID 19-pandemic.

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(v) **Question:**

Yeap Boon Tat, a shareholder of the Company, posted the following questions:-

- (a) The Company's current outstanding orderbook as at 1 November 2020.
- (b) Were the Company and Kumpulan Powernet Berhad adversely affected by the Movement Control Order ("MCO")?
- (c) How is the progress of the EPCC works in Abu Dhabi and Indonesia?

**Response:**

The financial position for both companies have been healthy and have not been adversely affected by the MCO, the statement will be supported by the third quarterly results, which would be released to Bursa in due course. The EPCC work in Abu Dhabi is expected to commence by early 2<sup>nd</sup> Quarter 2021.

**Question:**

Lau Chee Leong, a shareholder of the Company, asked the following questions:-

- (a) Can Dato' Karim stop selling the Company's shares?
- (b) Most of the Company's projects were awarded by Serba Dinamik Holdings Berhad, when can the Company receive projects independently?

**Response:**

- (a) Dato Karim thanked the shareholder for the question and took note of his suggestion. He further explained that sale of shares could create liquidity in the stock market.
- (b) The Company has been independent in the tender process in which the projects were awarded by the consortium based on the Company's proven strength and capability in both local and overseas market.

(vi) **Question:**

Goh Hua Kooi, a shareholder of the Company, enquired on the execution risks of various projects across various countries as well as the outlook of the fourth quarter of 2020 until the first quarter of 2021.

**Response:**

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The Company had been able to execute some projects locally including projects in Pengerang, Johor Bahru, which was on track. The execution of projects in foreign countries would require adherence to the respective country's standard operating procedures. The projects in Qatar and UAE were executed as planned due to the significance of oil and gas industry in the two countries. The Management has been working hard to minimise the impact following the enforcement of the MCO. The Company has recorded a substantial financial improvement as compared to the fourth quarter in 2019. The Company has also been awarded some projects, in which the details would be released to Bursa in due course.

(vii) **Question:**

Chan Ah Moi, a shareholder of the Company, requested that the Company distribute e-vouchers to shareholders who participated in the virtual meeting.

**Response:**

Dato Karim thanked the shareholder for raising the above concern and the management would take her request into consideration and act accordingly.

(viii) **Question:**

Choong Chee Yip, a shareholder of the Company, would like to know the Company's market share capital target for the next five (5) years and the orderbook target for 2021.

**Response:**

Based on the estimation and the Company's current financial results, the Management is confident to achieve total orderbook of RM2.5 billion by end of 2021, including burn rate.

Meanwhile on the market capitalisation, the Company is hopeful to achieve RM500 million increment in the market capitalisation on an annual basis, which would result in RM3.5 billion to RM4.5 billion within the next 5 years.

In the interest of time and there being no further question raised pertaining to the Proposed Bonus Issues of Shares and Proposed Issue of Free Warrants, the Chairman closed the Question and Answer session and proceeded with the polling process.

## 8. **POLL VOTING**

The Meeting proceeded to vote and was adjourned at 3 p.m. for the

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counting of votes.

**9. ANNOUNCEMENT OF POLL RESULTS**

The Chairman reconvened the Meeting at 3.15 p.m. for the declaration of poll results as follows:-

Resolutions No.	Vote For		Vote Against	
	No of Units	%	No of Units	%
Ordinary Resolution 1	50,006,674	100	0	0
Ordinary Resolution 2	50,006,674	100	0	0

Based on the poll results, the Chairman declared that all the proposed resolutions tabled at the EGM were carried.

It was RESOLVED as follows:-

**ORDINARY RESOLUTION 1**

**PROPOSED BONUS ISSUE OF 367,897,500 NEW ORDINARY SHARES IN SCIB ("SCIB SHARE(S)" OR "SHARE(S)") ("BONUS SHARE(S)") ON THE BASIS OF 3 BONUS SHARES FOR EVERY 1 EXISTING SCIB SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER BY THE BOARD ("BONUS ENTITLEMENT DATE") ("PROPOSED BONUS ISSUE OF SHARES")**

**THAT** subject to the approvals of all relevant authorities and/ or parties (where applicable), authority be and is hereby given to the Board of Directors of SCIB ("**Board**") to issue and allot 367,897,500 Bonus Shares in the share capital of the Company credited to the entitled shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Bonus Entitlement Date on the basis of 3 Bonus Shares for every 1 existing SCIB Share held;

**THAT** the Board be and is hereby authorised to deal with any fractional entitlements from the Proposed Bonus Issue of Shares, if any, in such a manner at its absolute discretion as the Board may deem fit and expedient and in the best interest of the Company;

**THAT** the Bonus Shares will, upon allotment and issuance, rank equally in all respects with the existing SCIB Shares, save and except that the Bonus Shares will not be entitled to any

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dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid before the Bonus Entitlement Date;

**AND THAT** the Board be and is hereby authorised to sign and execute all documents, do all acts, deeds and things as may be required to give effect to and to complete the Proposed Bonus Issue of Shares with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things for and on behalf of the Company in any manner as they may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue of Shares.

**ORDINARY RESOLUTION 2**

**PROPOSED ISSUANCE OF 245,265,000 FREE WARRANTS IN SCIB ("WARRANT(S)") ON THE BASIS OF 1 WARRANT FOR EVERY 2 SCIB SHARES HELD ON AN ENTITLEMENT DATE, WHICH IS AFTER THE BONUS ENTITLEMENT DATE, TO BE DETERMINED AND ANNOUNCED LATER BY THE BOARD ("WARRANTS ENTITLEMENT DATE") ("PROPOSED ISSUE OF FREE WARRANTS")**

**THAT** subject to the Ordinary Resolution 1 and the approvals of all relevant authorities and/ or parties (where applicable), authority be and is hereby given to the Board to issue and allot 245,265,000 Warrants (at an exercise price to be determined at a later date) in the share capital of the Company credited to the entitled shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Warrants Entitlement Date on the basis of 1 Warrant for every 2 SCIB Shares held;

**THAT** the Board be and is hereby authorised to enter into and execute a deed poll constituting the Warrants ("**Deed Poll**") with full powers to ascent to any condition, modification, variation and/ or amendment in any manner as may be required or imposed by the relevant authorities or as the Board may deem necessary or expedient in the best interest of the Company, and with full powers for the Board to implement, finalise and give full effect to the Deed Poll;

**THAT** the Board be and is hereby authorised to issue and allot such appropriate number of Warrants in accordance with the provisions of the Deed Poll and where required, to adjust the exercise price and/ or the number of Warrants to be issued (including, without limitation, any additional Warrants as may be

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required or permitted to be issued) in consequence of the adjustments pursuant to the provisions of the Deed Poll;

**THAT** the Board be and is hereby authorised to issue and allot such appropriate number of new Shares pursuant to the exercise of the Warrants by the holders of the Warrants in accordance with the provisions of the Deed Poll;

**THAT** the Board be and is hereby authorised to deal with any fractional entitlements from the Proposed Issue of Free Warrants, if any, in such a manner at its absolute discretion as the Board may deem fit and expedient and in the best interest of the Company;

**THAT** the new SCIB Shares to be issued pursuant to the exercise of the Warrants will, upon allotment and issuance, rank equally in all respects with the existing SCIB Shares, save and except that the new SCIB Shares to be issued arising from the exercise of the Warrants will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid before the date of exercise of Warrants;

**THAT** the Board be and is hereby authorised to use the proceeds to be raised from the exercise of the Warrants for such purposes and in such manner as set out in Section 3.5 of the circular to shareholders of the Company dated 30 October 2020, and the Board be authorised with full powers to vary the manner and/ or purpose of the use of such proceeds in such manner as the Board may deem fit, necessary and/ or expedient, subject to the approval of the relevant authorities (where required) and in the best interest of the Company;

**AND THAT** the Board be and is hereby authorised to sign and execute all documents, do all acts, deeds and things as may be required to give effect to and to complete the Proposed Issue of Free Warrants with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things for and on behalf of the Company in any manner as they may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Issue of Free Warrants.

11. **CLOSURE**

There being no other business, the Meeting was closed at 3.20 p.m.

**ACTION**

with a vote of thanks to the Chair.

**SIGNED AS A CORRECT RECORD**

**CHAIRMAN**