MATERIAL LITIGATION

SERBA DINAMIK HOLDINGS BERHAD ("SDHB" OR THE "COMPANY") VS BURSA MALAYSIA SECURITIES BERHAD ("BURSA")

1. INTRODUCTION

The Board of Directors of SDHB wishes to inform that the Company, had on 3 November 2021, filed an Originating Summons at the High Court of Malaya at Kuala Lumpur against Bursa.

2. PARTICULARS OF THE CLAIMS UNDER THE ORIGINATING SUMMONS ("OS")

The Originating Summons is to seek the following reliefs:

i. A declaration that the instruction given by Bursa dated 28.6.2021 and 2.7.2021 to SDHB to appoint Ernst & Young Consulting Sdn Bhd as a special auditor to conduct a "Special Independent Review" made pursuant to paragraphs 2.23 and 2.24 of the Main Market Listing Requirements ("**MMLR**") is in excess of power, null and void and of no effect.

ii. A declaration that the instruction given by Bursa to SDHB dated 22.10.2021 to announce a "Factual Findings Update" made by Ernst & Young Consulting Sdn Bhd is in excess of power, null and void and of no effect.

iii. A declaration that Bursa had failed to comply with paragraph 2.24 of the MMLR.

iv. A declaration that Bursa has no power to instruct and/or direct SDHB to take any steps, action and/or engage in any conduct which may contravene or otherwise may not comply with MMLR 9.03.

v. A declaration that Bursa has no power to instruct and/or direct SDHB to take any steps, action and/or engage in any conduct which may contravene or otherwise may not comply with MMLR 9.35A.

vi. A declaration that Bursa's conduct and/or action on 22.10.2021 in suspending the trading of the securities of SDHB listed on the Main Market of Bursa under stock code 5279 and 5279WA is in excess of power, null and void and of no effect.

vii. A declaration that Bursa's conduct and/or action on 27.10.2021 in continuing the suspension of trading of the securities of SDHB listed on the Main Market of Bursa under stock code 5279 and 5279WA is in excess of power, null and void and of no effect.

viii. A declaration that Bursa had acted in contravention of s. 11(3)(a) of the Capital Markets and Services Act 2007 ("**CMSA**").

ix. A declaration that Bursa has no power to direct and/or instruct the form and contents of any matter that SDHB may be required to announce.

x. A declaration that Bursa has no power to direct and/or instruct SDHB.

xi. A declaration that Bursa has no power to suspend trading of the securities of SDHB by reason of SDHB not making an announcement of any matter, even though Bursa may consider such failure to announce a breach of the MMLR that may subject SDHB to disciplinary proceedings.

xii. A declaration that the decision of Bursa to suspend and further suspend the trading in the securities of SDHB lacked procedural fairness and violated the rules of natural justice.

xiii. An order that Bursa do forthwith remove the suspension of trading of the securities of SDHB listed on the Main Market of Bursa under stock code 5279 and 5279WA.

xiv. An order that Bursa be and is hereby restrained from taking steps, engaging in any conduct or otherwise taking any action to announce the whole or any part of the "Factual Findings Update".

xv. An order that Bursa be restrained from issuing any instructions to SDHB to appoint any person to act as a special auditor of SDHB to review or investigate the affairs of SDHB and/or any of its subsidiaries.

xvi. An order that Bursa be restrained from issuing any instruction to SDHB to undertake any special independent review or any review and/or investigation into the affairs of SDHB and/or any of its subsidiaries.

xvii. Damages to be assessed by this Honourable Court;

xviii. Costs;

xix. Any other order and/or direction that this Honourable Court shall deem fit and proper.

3. CIRCUMSTANCES LEADING TO THE OS

The circumstances leading to the filing of the OS by SDHB is based on, *inter alia,* SDHB's contention that the instruction given by Bursa dated 28.6.2021 and 2.7.2021 respectively to SDHB to appoint Ernst & Young Consulting Sdn Bhd as a special auditor to conduct a "Special Independent Review" made pursuant to paragraphs 2.23 and 2.24 of the Main Market Listing Requirements is in excess of Bursa's power. It is also SDHB's contention that Bursa's instruction to SDHB dated 22.10.2021 to announce a "Factual Findings Update" made by Ernst & Young Consulting Sdn Bhd is also in excess of its power and ought to be declared as null and void.

SDHB contends that Bursa cannot exercise its power purportedly pursuant to paragraph 2.23 and 2.24 of MMLR in directing SDHB to appoint Ernst & Young Consulting Sdn Bhd as a special auditor to conduct a "Special Independent Review":

a. There was no opinion by Bursa as to breach of any provision of the MMLR and no opinion of breach was notified to SDSB till to-date;

b. There was no opinion by Bursa that was notified to SDHB that a special independent review was necessary in any event;

c. Ernst & Young Consulting Sdn Bhd is not an auditor within the meaning of the "auditor" in the MMLR.

SDHB further contend that Bursa cannot exercise a purported power to:

a. direct SDHB to appoint a person who is not an auditor;

b. direct SDHB to announce any material prepared by a person who is not an auditor;

c. to direct an announcement on any material prepared by a person who is not obliged to follow any Auditing Standards or other Engagement Standards issued by the accounting and audit profession;

d. to direct an announcement on any material that is unlikely to satisfy paragraphs 9.03 and 9.35A of the Main Market Listing Requirement;

e. to direct an announcement of any "Factual Findings Update" which may or may not be used by the auditor of SDHB to form an audit opinion at the conclusion of the audit of SDHB's financial statements.

SDHB is also seeking interim injunctive relief against Bursa pending the full and final disposal of OS to restrain Bursa from:

a. making any announcement or otherwise publish, distribute or make available to anyone the "Factual Findings Update" prepared by Ernst & Young Consulting Sdn Bhd;

b. exercising any power to do anything, to instruct and/or otherwise issue any directive against SDHB pursuant to paragraph 2.24 of the MMLR pending the full and final disposal of the Originating Summon herein;

c. from issuing any notice to SDHB and the directors of SDHB to show cause for any purported breach of the MMLR.

In addition, SDHB is also seeking damages against Bursa.

The application for interim injunctive relief is fixed for hearing on 11th November 2021 and the case management for the OS has been fixed on 17th November 2021.

4. FINANCIAL AND OPERATIONAL IMPACT ON THE COMPANY

Apart from the potential damages to be assessed and costs which may be awarded against Bursa and the corresponding legal costs, the OS is not expected to have any other material financial impact on the Company for the financial year ending 30 June 2022.

The OS is not expected to have any business and operational impacts on the Company.

5. STEPS TAKEN AND/OR PROPOSED TO BE TAKEN IN RESPECT OF THE SUIT

The Company will make further announcement as and when there are material developments on the above matter.

This announcement is dated 8 November 2021.