

**SERBA DINAMIK HOLDINGS BERHAD**  
**201501042584 (1167905-P)**  
(Incorporated in Malaysia)

**MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF SERBA DINAMIK HOLDINGS BERHAD (“THE COMPANY”) HELD 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, MALAYSIA, ON WEDNESDAY, 20 JANUARY 2021 AT 10.00 A.M.**

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**Present : Directors**

Present at broadcast venue

Dato’ Mohamed Nor Bin Abu Bakar (Chairman) – also a shareholder

Dato’ Dr Ir Ts Mohd Abdul Karim Bin Abdullah – also a shareholder

Tengku Dato’ Seri Hasmuddin Tengku Othman

Joined via video-conferencing

Datuk Abdul Kadier Sahib – also a shareholder

Dato’ Awang Daud Bin Awang Putera – also a shareholder

Datuk Syed Nazim Bin Syed Faisal

En. Hasman Yusri Bin Yusoff

Pn Sharifah Irina Binti Syed Ahmad Radzi

Pn Rozilawati Binti Haji Basir – also a shareholder

**: In Attendance**

Present at broadcast venue

En. Azhan Bin Azmi (Group Chief Financial Officer)

Joined via video-conferencing

Pn Nadiah Ili Binti Adnan (Company Secretary)

En. Abdul Hisham Md Hashim (Representative of Affin Hwang Investment Bank Berhad [“Principal Adviser”])

En. Khairulmuzammil Ridzwan (Representative of Affin Hwang Investment Bank Berhad)

Ms Ashley Chew (Representative of Esente Communication (M) Sdn Bhd)

**: Shareholders**

The number of shareholders/proxies/corporate representatives who participated fully in the virtual meeting at its commencement was 11, while the total number of shareholders/proxies/corporate representatives who joined the virtual meeting at some point of the meeting was 252.

**1. OPENING REMARKS**

The Chairman, Dato’ Mohamed Nor Bin Abu Bakar (“Dato’ Chairman”) welcomed the shareholders, proxies, corporate representatives, the Board of Directors (“the Board”) and the Principal Adviser to the Extraordinary General Meeting (“EGM”) of the Company.

He thanked everyone for participating remotely from various locations through live streaming. Dato' Chairman informed that the EGM was being conducted in a virtual manner in adherence to the guidelines issued by the Securities Commission and the advice of the health authorities as preventive measures to stem the spread of the COVID-19 virus.

Dato' Chairman then introduced the Board and the Group Chief Financial Officer (who were seated with him) and those who were attending the meeting via video conferencing (including the Company Secretary and the Principal Adviser).

## 2. QUORUM

Dato' Chairman confirmed that the quorum was present, i.e. at least two (2) members, inclusive of those who had logged in at the commencement of the meeting by proxy or corporate representatives.

As the requisite quorum was present, he called the meeting to order.

## 3. NOTICE

The notice convening the meeting, having been circulated to all members, was taken as read.

Dato' Chairman advised that the Company needed to comply with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, i.e. pursuant to Paragraph 8.29(A)(1), any motion contained in the notice of any General Meeting was to be voted by poll via Remote Participation and Voting ("RPV"), the facility provided by Tricor Investor & Issuing House Services Sdn Bhd ("TIIH") and the appointed poll administrators, and would be verified by Asia Securities Sdn Bhd, who had been appointed as the independent scrutineers.

The shareholders were informed that voting on the resolutions could be done at any time throughout the meeting until the close of the voting session. TIIH was invited to explain the remote voting procedure to be done through the RPV facility.

Before Dato' Chairman proceeded with the agenda of the meeting, he invited the shareholders to raise questions and explained how questions could be raised during the meeting. He also informed that questions received would be responded to at the Q&A session after the conclusion of the agenda of the meeting and should there be time constraint, the unaddressed questions would be answered via email after the meeting.

The Group Managing Director and Group Chief Executive Office, Dato' Dr Ir Ts Mohd Abdul Karim Bin Abdullah ("Dato' Karim"), was then invited to give a brief presentation. En. Azhan Bin Azmi ("En. Azhan"), the Group Chief Financial Officer, continued to brief on the presentation as Dato' Karim was directly interested in this proposal.

Dato' Chairman then presented the agenda of the EGM as follows:

## 4. ORDINARY RESOLUTION 1: **PROPOSED PRIVATE PLACEMENT OF UP TO 336,830,000 NEW ORDINARY SHARES IN SERBA DINAMIK HOLDINGS BERHAD ("SDHB" OR THE "COMPANY"), REPRESENTING APPROXIMATELY 10% OF THE EXISTING TOTAL NUMBER OF ISSUED SHARES IN SDHB ("PROPOSED PRIVATE PLACEMENT")**

Dato' Chairman informed that the passing of the proposed resolution would give the power to the Board to allot and issue up to 336,830,000 new ordinary shares in SDHB, which would include the Proposed Private Placement to Dato' Karim, representing approximately 10% of the total number of issued shares in the Company. Dato' Chairman informed that the full text and details of the proposed resolution were set out in the Circular to Shareholders dated 5 January 2021 ("Circular").

**5. ORDINARY RESOLUTION 2:  
PROPOSED PLACEMENT TO DATO' DR. IR. TS. MOHD ABDUL KARIM BIN ABDULLAH  
("DATO' KARIM") AND/OR PERSONS CONNECTED WITH HIM ("PROPOSED  
PLACEMENT TO DATO' KARIM")**

The meeting proceeded with the proposed Ordinary Resolution 2 which, if passed, would give authority to the Board to allot and issue up to 101,049,000 Placement Shares, representing approximately 3% of the total number of issued shares in the Company, to Dato' Karim and/or persons connected with Dato' Karim on the terms of the Proposed Private Placement. Dato' Chairman reiterated that the information on the proposal was contained in the Circular.

**6. QUESTIONS AND ANSWERS**

Dato' Chairman informed that the Company had received questions prior to and during the EGM. The shareholders were earlier notified that questions received would be moderated to avoid repetition and might be summarised due to time constraint. En. Azhan read out the questions received. Dato' Karim was invited to address those questions.

The questions received prior to and during the EGM and responses by the Company are annexed hereto and marked as Annexure A. Questions that were not addressed at the EGM are annexed hereto and marked as Annexure B.

**7. POLL PROCESS**

The meeting proceeded with the poll voting. Dato' Chairman informed that the duration of the voting session was 5 minutes. The voting process for using the RPV facility and the hotline number for support were shared again.

The meeting adjourned for approximately 20 minutes after the voting session for the poll administrators to count the votes and summarise the results.

**8. ANNOUNCEMENT OF POLL RESULTS**

At 11.50 a.m., Dato' Chairman reconvened the meeting for the declaration of poll results that had been verified by Asia Securities Sdn Bhd as follows:

Ordinary Resolution	Vote For		Vote Against		Total Votes	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
1	2,226,265,845	99.9351	1,446,268	0.0649	2,227,712,113	100.0000
2	934,172,750	99.8570	1,337,858	0.1430	935,510,608	100.0000

Based on the poll results, Dato' Chairman declared that Ordinary Resolutions 1 and 2 carried. The meeting resolved as follows:-

**ORDINARY RESOLUTION 1:  
PROPOSED PRIVATE PLACEMENT OF UP TO 336,830,000 NEW ORDINARY SHARES IN  
SERBA DINAMIK HOLDINGS BERHAD ("SDHB" OR THE "COMPANY"), REPRESENTING  
APPROXIMATELY 10% OF THE EXISTING TOTAL NUMBER OF ISSUED SHARES IN  
SDHB ("PROPOSED PRIVATE PLACEMENT")**

*THAT subject to the approval of all relevant authorities and/or parties being obtained (where required), approval be and is hereby given to the Board of Directors of SDHB ("Board") to allot and issue up to 336,830,000 new ordinary shares in SDHB ("SDHB Shares") ("Placement Shares"), which includes the Proposed Placement to Dato' Karim (as defined in Ordinary Resolution 2 below), representing approximately 10% of the total number of issued shares in SDHB.*

*THAT approval be and is hereby given to the Board (save for Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah, Dato' Awang Daud Bin Awang Putera and Datuk Haji Abdul Kadier Sahib ("Interested Directors")) to determine the issue price of the Placement Shares by way of book-building and at a price of not more than 10% to the 5-day volume weighted average market price of SDHB Shares immediately preceding the price-fixing date.*

*THAT the Placement Shares shall, upon allotment and issuance, rank pari passu in all respects with the existing SDHB Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid by SDHB prior to the date of allotment and issuance of the Placement Shares.*

*THAT the Board be and is hereby authorised to utilise the proceeds from the Proposed Private Placement for the purposes set out in the circular to the shareholders dated 5 January 2021 ("Circular"), and the Board be authorised with full powers to vary the manner and/or purpose of the utilisation of such proceeds in such manner as the Board shall in its absolute discretion deem fit, necessary, expedient and/or appropriate and in the best interest of SDHB, subject to the approvals of relevant authorities (where required) being obtained.*

*AND THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things and execute, sign, deliver and cause to be delivered on behalf of SDHB all such documents and/or arrangement (including, without limitations, the affixing of SDHB's share seal) as may be necessary to give effect and complete the Proposed Private Placement and to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Board may deem necessary in the best interest of SDHB and to take such steps as they may deem necessary or expedient in order to implement, finalise, and give full effect and to complete the Proposed Private Placement.*

**ORDINARY RESOLUTION 2:  
PROPOSED PLACEMENT TO DATO' DR. IR. TS. MOHD ABDUL KARIM BIN ABDULLAH  
("DATO' KARIM") AND/OR PERSONS CONNECTED WITH HIM ("PROPOSED  
PLACEMENT TO DATO' KARIM")**

*THAT subject to the passing of **Ordinary Resolution 1** and approval of all relevant authorities and/or parties being obtained (where required), and to the terms of **Ordinary Resolution 1**:*

- (a) approval be and is hereby given for SDHB to place, and pursuant thereto for the Board to allot and issue up to 101,049,000 Placement Shares, representing approximately 3% of the total number of issued shares in SDHB, to Dato' Karim and/or persons connected with Dato' Karim on the terms of the Proposed Private Placement and at an issue price to be determined by way of book-building and at a price of not more than 10% discount to the 5-day volume weighted average market price of SDHB Shares immediately preceding the price-fixing date; and*
- (b) the Board be and is hereby empowered and authorised to do all acts, deeds and things and execute, sign, deliver and cause to be delivered on behalf of SDHB all such documents and/or arrangement (including, without limitations, the affixing of SDHB's share seal) as may be necessary to give effect and complete the Proposed Placement to Dato' Karim and to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Board may deem necessary in the best interest of SDHB and to take such steps as they may deem necessary or expedient in order to implement, finalise, and give full effect and to complete the Proposed Placement to Dato' Karim.*

**9. CLOSURE OF MEETING**

There being no other business, the meeting duly concluded at 12.00 p.m. with a vote of thanks to the Chair.

Signed as a correct record

-SIGNED-

**CHAIRMAN**

Date: 26 February 2021

**KEY MATTERS DISCUSSED AT THE EGM**

Q1. What is the impact of COVID-19 on the business?

A1. Dato' Karim commented that previously, Management was confident that the trajectory, focus and performance expected in year 2020 were achievable if there was no second wave of the COVID-19 pandemic. He emphasized that Management was of the opinion that the targeted growth of 15% to 20% could be achieved. Even with several challenges and constraints faced by the Company, Management was optimistic about achieving the targeted growth of 10% to 15% as the Company had performed well in the last three (3) quarters.

Dato' Karim then highlighted that the Company was able to operate in 25 countries in six (6) regions and the key people handling the projects had been sent to the respective countries to manage the projects. The Company was still getting Operation and Maintenance ("O&M") contracts. Meanwhile a few Engineering, Procurement, Construction and Commissioning ("EPCC") contracts needed to be put on hold in adherence to certain Standard Operating Procedures ("SOP"). The Company had also secured several contracts, which were being carried out virtually, under the Information, Communication and Technology ("ICT") segment. Therefore, the impact of the pandemic on the Group was manageable and Management believed that the revenue and sales of the Group could be achieved.

Q2. It was reported that major shareholders of HSBC Bank Malaysia Berhad are pressuring them to reduce or even write off loans to companies related to the fossil fuel industries. Other banks may be doing the same. Do you anticipate any impact this will have on our Company? And if so, how will the Company overcome it?

A2. Dato' Karim commented that there was concern in the social media on the shares price and performance of the Company. However, Management is not in the position to control or influence the share price as it is determined by market demand. Management will focus on the business to ensure that the fundamentals of the Company are delivered, in compliance with the necessary regulations issued by the regulators of the respective countries. By having such fundamentals, the ability to sustain and be relevant can be achieved in the long run.

Dato' Karim emphasised that the Group was not purely depending on the oil & gas industry ("O&G") as the source of revenue and sales of the Group. He informed that 40% of the order book currently from the O&G industry and the remaining from the non-O&G industry. He concurred that approximately 80% of the revenue and sales as stated in the audited financial statements for the financial year ended 2019 was derived from the O&G industry. He said, however, the order book would change as the figures from the non-O&G would be drawn down and converted into revenue and sales in 2021 due to the progress of the contracts.

Dato' Karim commented that fossil fuel would still be the main source of energy and would not be irrelevant for at least ten (10) years. He agreed that various energy sources, such as solar and hydrogen, had been aggressively promoted but these were facing issues, such as contamination, ways to dispose the chemical i.e lithium ion battery and ways to reduce the carbon released into the atmosphere. It will take more time for these sources of energy to penetrate the market.

As O&G will still remain as the main option for the next 10 years, the Company has more time to explore other energy sources. The Company had also implemented mitigation actions, particularly by reducing dependency on the O&G industry.

Q3. What is the strategy for the next 12 months and five (5) years, and the long-term strategy for the Company to raise the value of the Company for the shareholder?

A3. Dato' Karim said the Company had mapped out a sustainability framework for the business, focusing on four (4) pillars – O&M, EPCC, ICT and Education & Training (“E&T”). The Company had put in great effort in O&M, as evident from the acquisition of a technology company based in Europe. Dato' Karim commented that the Company was already in the mature stage in terms of the investment in O&M and therefore, its investment would be focused on the other pillars. He said that the Company had slowed down on its asset ownership business model, which was one (1) of the key components in EPCC as it attracted higher capital expenditure (“CAPEX”).

Currently, the Company was moving toward the ICT pillar, which had added some value to O&M as well as assisted and improved EPCC. As for E&T, it had added some value in intangible asset via positioning the name and brand of Serba Dinamik to the community.

Dato' Karim added that the Company would review the contents and capabilities of the Company to ensure that it stays relevant with the ever-changing technology development and environment.

Q4. Can you share with us the progress of some of the major projects in the Middle East, especially in Abu Dhabi? How will the Company focus on the United Arab Emirates (“UAE”) in future since the UAE has started to focus on the technology sector?

A4. Dato' Karim commented that the UAE was ambitious to compete with other countries in terms of regional hub, and improving financial regulations and technology. The Company had been awarded two (2) massive projects – the Innovation Hub and Data Centre. He then said that this achievement was not only for the Company but also for the nation as those two (2) projects would catch the attention of foreign investors since they will have the necessary structure and involvement of other related technology players in Abu Dhabi.

Dato' Karim further informed that these two projects will open up opportunities for multi-national companies to utilise or experience the regional hub. The Company will put in every effort to complete and excel in executing those projects.

Q5. What is the competitive advantage that has helped the Company to grow further in the ICT segment?

A5. Dato' Karim explained that the relevant technology had supported other pillars of the Company, such as O&M, EPCC and E&T. The ICT had significantly positioned the Company as the preferred service provider and enhanced the Company's branding domestically and internationally, of which the population of the targeted mass consumer market was approximately 7.7 billion.

The Company had been focusing on institutional consumers and would now broaden its focus to the mass consumer market. With the enhanced Serba Dinamik branding and good reputation, the Company can gain confidence from other customers. Management was of the view that ICT would become a very important component in every aspect.

Q6. Private Placement will cause dilution to the existing shareholders' holding. What are the reasons for SDHB to choose Private Placement instead of “Right Issue” or “Preference Share”, which is keeping existing shareholders in the equation? Will we see more Private Placements in future?

A6. Datuk Syed Nazim Bin Syed Faisal (“Datuk Nazim”) replied that the Company’s fund-raising options depended on the purpose for the funds. He said that given the current market condition, the Company had decided that Private Placement exercise was the most suitable option for fund raising, besides having more diversified stakeholders. Datuk Nazim informed that this fund-raising exercise could help to improve the gearing ratio of the Company and the purpose was to fund the Company’s potential projects in Abu Dhabi and Teluk Ramunia Yard. He added that Management did not foresee another fund-raising exercise in the near future.

En. Azhan explained that Private Placement exercise was the fastest and best option for the Company to raise funds, given the current condition. He added that the Company would not have further Private Placement as at the moment, the Company had sufficient liquidity to support the targeted order book growth.

Dato’ Karim noted the views and concerns of the shareholders. He emphasised that the Company would discuss thoroughly on other options for fund raising with the adviser whenever the need arose.

Q7. With such a fast expansion, how will the Company’s cash flow and debt level be affected? How will the Company handle the negative free cash flow and when is the estimate turnover period for the free cash flow to become positive?

A7. En. Azhan replied that the order book of the Company had grown tremendously over the years, resulting in higher working capital and debt level. The Company will work on managing the balance sheet better by observing the internal policy on debt level, gearing level and net leverage. SDHB will continuously seek advice and feedbacks from various parties and advisers to properly manage the Company’s finances.

En. Azhan explained that there were two main (2) components affecting the free cash flow, particularly financing the growth of the Company and order book, as well as utilisation of CAPEX. He said that since the IPO, the Company had invested in developing its own centres, i.e. Bintulu Integrated Energy Hub (“BIEH”) and Pengerang Eco-Industrial Park (“PeIP”). Furthermore, the recent acquisition of Teluk Ramunia Yard would enhance the capabilities of the Company. En. Azhan updated that BIEH development had been completed and will commence operation by 2021. He said those three (3) developments had contributed some impact on the negative cash flow but it would improve by 2021.

Q8. Will e-vouchers or e-wallet contributions be given to shareholders attending the meeting?

A8. Attendees would be given RM75.00 TouchNGo Reload e-vouchers.

Q9. How can the ICT initiative target the mass consumer market of 7.7 billion consumers globally?

A9. Dato’ Karim informed that currently, the Company had its own applications (“App”), i.e. QwikPay, Halal2go, EasyBuyBye and D-Virtual Park (“D-VP”). He explained that SDHB would create a super App to consolidate all the Apps into one. The Company planned to emerge and strengthen its position as one (1) of the outstanding service providers in the industry. Dato’ Karim informed that the number of users for QwikPay had increased domestically and in the neighbouring country, and Bank Negara Malaysia had recently approved the QwikPay’s e-Wallet App. Management would have ongoing discussions with the authority to expand the function of the e-Wallet. He added that SDHB was currently focusing on utilising video recognition technology and auto deduction for its QwikPay App.



Dato' Karim highlighted that another D-VP was launched in Evo Mall, Bangi, in January 2021. There was also interest shown by the UAE to set D-VP there. He informed that currently, the Company was focusing on or exploring e-Sport, cloud computing, virtual augmented capability and cybersecurity segment.

Q10. How does Serba Dinamik manage the risk of its projects as spreading too far may lead to corporate governance issues that are being experienced by other players.

A10. Dato' Karim replied that delegating roles and responsibilities, and putting competent people-in-charge ("PIC") for specific projects were very important to manage risks. He commented that during the pandemic, most of the countries prohibited cross-border movements and implemented stringent SOPs. The Company had assigned heads of project to manage the respective contracts and assigning PIC would help the Company to execute the contracts.

He highlighted the importance of having people with high levels of integrity and who had no hidden agenda to manage the respective projects. He informed that the Company was running the projects in accordance with the terms and conditions.

Dato' Karim further informed that Serba Dinamik had implemented the "Walk the Talk" culture. It was important to receive feedbacks and complaints from customers/users and project teams for immediate action to address them. He said this culture had helped the Company to obtain the right information to take the necessary action or set up the SOP in compliance with the management systems.

At this juncture, En. Azhan explained that the Company had always incorporated the risks premium in all its tender exercises, especially for the international market or higher risk countries. He added that when it comes to international projects, the Company would normally look for projects that offered between 16% and 20% gross profit margin.

**SUMMARY OF ANSWERS RECEIVED FROM SHAREHOLDERS/PROXIES DURING THE EXTRAORDINARY GENERAL MEETING**

No	Nature of Questions	Responses
<b>COVID-19</b>		
1.	How much has been spent to address the COVID-19 situation in 2020 and what is the expected expense for 2021?	In 2020, the Group spent around RM3 million for our internal protective measures, including personal protection equipment (PPE), and RM2 million to support the front-liners through the distribution of PPE and other medical supplies, including more than 100,000 face masks, disinfectant latex gloves and infrared thermometers to several hospitals in Kuala Lumpur, Selangor and Sarawak. For 2021, the Group has allocated approximately RM5 million for COVID-19 related expenses.
2.	With the recent surge of the pandemic, are the plans for FY2021 still intact?	For 2021, the Group is targeting to achieve 10-15% year-on-year growth in terms of the order book, banking on the opportunities that we are currently working on across our core businesses in O&M, EPCC and Tech.
<b>Prospects</b>		
3.	The renewable energy trend is rising. How does Serba plan to grow in future in view that in the next 10-20 years, oil demand might reduce significantly? Is there any plan to venture into the renewable energy sector?	Yes, the Group has been looking into renewable energy since the last few years and some of our asset ownership projects are related to hydropower generation and water treatment plant.  Through Bion, our 20%-owned associate, the Group is actively involved in environmental engineering, green technology solutions and waste-to-energy such as biomass and biogas. This is also part of our initiatives to have more exposure in non-O&G business.
4.	TR yard – what is the current order book and utilization of the capacity? or totally not operating?	The acquisition of Teluk Ramunia Yard was completed in September 2020 and given that the yard is not equipped to commence operations immediately, the Group is currently carrying out site repairs and restoration works, which will take approximately up to 24 months to complete. Concurrently, the Group plans to lease certain areas and buildings within the yard and perform minor fabrication works under EPCC segment.
5.	One of the reasons for purchasing the TR Yard is to capture the opportunity of Qatari vessels sent to Indonesia for service maintenance. However, the recent developments in the Middle East shown the tense has resolved. Has the Company lost any business opportunities at this juncture?	Owning an asset of fabrication yard gives us a better edge in project bidding as the Group is targeting mid to long-term growth opportunities. We see vast potentials, such as:  (i) Sizeable domestic and international potentials, e.g. RAPID Phase 2; (ii) Sizeable amount of existing work orders can be executed by utilising the yard facilities;

		<p>(iii) Leasing to contractors for fabrication, transportation, offloading of storage jobs;</p> <p>(iv) To support scopes, including ship repairing, integrated hook up and commissioning, decommissioning, offshore transport, and installation works as well as top side maintenance; and</p> <p>(v) Applying licence for major fabrication while having other licences in place.</p>
6.	What is the targeted growth rate of the order book in the coming years?	The Group is targeting 10-15% growth year-on-year subject to the market condition.
7.	Any progress update regarding the involvement in the non-O&G sector?	<p>The Group is also exploring potential projects not only in O&amp;G like petrochemicals, but also in non-O&amp;G like infrastructure, industrial, healthcare, and others. The project development can be supported by Teluk Ramunia Yard with its readily available fabrication and port facilities.</p> <p>The Group is also keeping a keen eye on the Technology sector and has identified prospective areas, which include Data Centre/Cloud Computing, FinTech, AI, Cybersecurity and Frontier Technology to sharpen our ICT profile through partnerships and collaborations with industry experts (such as eNoah, Huawei, Microsoft, Stanford Artificial Intelligence Laboratory, Indian Institute of Technology Madras, Shenzhen Institute of Information Technology and RMIT University in Australia), in line with the rapid transition into Industrial Development 4.0.</p>
8.	These are unusual times. What keeps the CEO and Board awake at night?	<p>The Group has the direction set clearly – to be a global integrated one-stop engineering solutions provider for various industries, including non-O&amp;G applications, in the next 3 to 5 years. We believe in the potential of our engineering expertise and there are vast market opportunities for us to tap into.</p> <p>The key uncertainty is the COVID-19 outbreak, which has posed a challenge to us. Nonetheless, the Group is well-supported by the strong and steady fundamentals that have been established throughout the years. We will continue monitoring the business environment and project progress closely in order to take the necessary proactive actions.</p>
<b>Business Operation</b>		
9.	Serba Dinamik has mentioned 3D Printing Construction before. When can Serba Dinamik adopt this technique to enhance the EPCC sector?	The application of 3D printing in construction has proven to be more cost effective and time-efficient. However, it is subject to the authority's approval and market acceptance. 3D printing could be one of the ways to be explored while the Group is also working on other initiatives to enhance efficiency, such as in-house parts or equipment manufacturing, reverse engineering capabilities, virtual reality operation, etc. We are open to any technology advancements that can add value to our clients.

10.	<p>What is the current status of the Block 7 project in Abu Dhabi? What is the expected earnings contribution for the financial years 2021 and 2022? Can you please update us on the status of the Innovation Hub?</p>	<p>The project is on track; currently, we are at the stage of finalising the architectural design and engineering details, with civil and infrastructure works scheduled to commence by 1H21.</p> <p>The total contract is valued at approximately RM7.7 billion. It will be constructed by phases and is expected to be completed by 2Q24, with 2021 and 2022 as the peak construction period. The earnings contribution will be recognised based on progress billing.</p>
11.	<p>The Group is in serious discussion with the Indonesia government on the Innovation Hub. What is the progress or development on this?</p>	<p>The Group is putting forward a lot of IT-related solutions, including innovation hub, data centre, cloud computing, cybersecurity, AI and FinTech.</p> <p>In our recent contract announcement dated 18 January 2021, the Group secured a 4-year project for the implementation of Smart Solutions for the development of Smart City and Safe City. We are still eyeing more potential projects this year.</p>
12.	<p>In view of many ongoing projects, is there any shortage of skilled and technical professionals to handle projects all over the world. Why is the share price not reflected in the current good performance of the Company?</p>	<p>The Group has delegated the respective project managers to manage each of the projects and we have sufficient manpower to support the work orders.</p> <p>Share price is subject to market forces. The Group will focus on enhancing the fundamentals of the Group and growing the business sustainably.</p>
<b>Financial</b>		
13.	<p>What is the Company's current cash flow?</p>	<p>As of 3Q20, the Group holds approximately RM1 billion cash on-hand and we are keeping our cash flow at a healthy level for at least 6-9 months' operation. We have approximately RM1 billion undrawn facilities and sukuk to support the working capital requirement.</p>
14.	<p>The Company's free cash flow is trending negatively while the Company is growing. Is there any plan to improve this and what is the expectation timeline to turn the Company's free cash flow?</p> <p>The company has poor cash flow generated from operation for past few years. How are you going to overcome this problem?</p>	<p>The Group is still growing at a fast pace, with a sizeable order book on-hand and hence, the free cash flow might not be a good indicator of our performance.</p> <p>Nonetheless, the Group always maintains the cash flow at a healthy level for at least 6-9 months' operation and ensure our net gearing is kept at half of our gross gearing level. Liquidity is not an issue as the Group also has approximately RM1 billion undrawn facilities and sukuk to support the working capital requirement.</p> <p>To ensure smooth collection of payments, we will perform due diligence checks on clients as part of our bidding process to evaluate the good standing of the clients, and engage closely with them on the progress of their projects.</p>

15.	Will there be impairments, going forward, for the current financial year?	There have been no impairments or bad debt written-off in the past 5-6 years, even during the oil price crisis in 2014. The Group is following up closely on receivables collection with clients and we do not see a need for impairment for the time being.
16.	Why has the inventory level in Q3 increased by more than 50% YOY?	Given the uncontained COVID-19 pandemic and ongoing shipping issues, we are getting ready the stocks required to support our work orders to ensure that there is no disruption to our operations.
17.	The profit has been very good for the past years, so please explain the poor cash flow from operating activities.	The Group's order book grew strongly from 2019 to 2020. Hence, we have allocated the cash generated for new job orders and current operations. The Group's assets are light but has a heavy working capital; thus, the working capital is expected to increase whenever the order book increases.
18.	Will the Company increase the dividend payout to compensate for the loss as there will be dilution to the share value?  Is there any plan to increase dividend yield?	The Group's dividend policy is to declare around 30% of PAT. As we continue to improve the earnings, we will be able to create more value for shareholders.
19.	Is there any bonus issue or increased dividend or frequency?	The Group is not looking at any equity fund raising at this juncture. In terms of dividend, it is declared on a quarterly basis. The Group is committed to ensuring work orders are being executed in a timely manner and delivering better performance for shareholders.
<b>Private Placement</b>		
20.	Why is Private Placement only for the owner and close circle?	The exercise is open for major shareholders and/or connected persons, who are also the management team of the Company, as an indication of confidence in the Company. The placement shares may also be offered to local and foreign institutional investors and those persons falling within Schedules 6 and/or 7 of the Capital Markets and Services Act 2007 (CMSA).  The reason that Dato' Karim participated in this placement is to further align his interest and commitment as a major shareholder and CEO of the Group, to enhance the future financial performance of the Group, which will ultimately benefit all shareholders and inspire investment confidence in this exercise.
21.	When does the Group expect this cycle of expansion – placement – dilution cycle to moderate?	In view of our business nature, O&M and EPCC require upfront working capital to kick start the projects before the Group can issue the billing by completion progress to clients. As the physical construction works for innovation hub and data centre projects in Abu Dhabi will start in 1H21 and EPCC projects come in together, we are still actively growing the order book for long-term group

		<p>prospects. Hence, this placement will strengthen our balance sheet to support the current operations and future growth.</p> <p>The two projects in Abu Dhabi are expected to complete by 2024 and thereafter, will allow more flexibility in terms of balance sheet for us. In addition to that, we are also looking at ICT solutions, which may have better margins and are scalable or replicable nature.</p>
22.	Will there be a moratorium placed on the new share?	There is no moratorium applied on places; nonetheless, the Group has identified the investors that share our long-term vision and are willing to grow together with us.
23.	Mr Chairman, based on the discounted issue price of RM1.60 per placement share, the share market also makes a correction to almost RM1.60 (10%) which is a disadvantage to the minority shareholders. What is the justification of having placements that only benefit a few people and not the long supporting shareholders during this challenging time?	<p>The issue price is fixed based on a 5-day volume weighted average market price of SDHB shares up to and including 21 January 2021 of RM1.6438.</p> <p>The Group proposed the placement as it allows us to raise additional funds in an expeditious way without having to incur interest expense or service principal repayment. Thereby, we will be able to preserve cash flow for reinvestment and/or operational purposes to facilitate its further growth.</p>
24.	May I know who will be allocated the 10% Private Placement Shares besides Dato IR Karim?	The placement shares may be offered to local and foreign institutional investors and those persons falling within Schedules 6 and/or 7 of the CMSA.
25.	Is the remaining 7% of the private placement fully subscribed or is Serba Dinamik still identifying potential interested parties?	The exercise attracted demand from local and foreign institutional investors, with an over-subscription rate of approximately 1.85 times.
26.	May I know the rationale for these 2 proposals?	<p>This placement will enable the Group to manage its liquidity and gearing levels to fund current operations and future growth in the following manner:</p> <ul style="list-style-type: none"> <li>(i) By providing working capital for the innovation hub project and data centre project in Abu Dhabi;</li> <li>(ii) By providing capital for the upgrading of production facilities at the Teluk Ramunia Yard to restore its operational capabilities; and</li> <li>(iii) By further reducing the Group's existing borrowings.</li> </ul> <p>The reason that Dato' Karim participated in this placement is to further align his interest and commitment as a major shareholder and CEO of the Group, to enhance the future financial performance of the Group, which will ultimately benefit all shareholders and inspire investment confidence in this exercise.</p>

		<p>This placement is deemed the most appropriate avenue of fund raising after taking into consideration the various fund-raising methods as the placement as it will:</p> <ul style="list-style-type: none"> <li>(i) Will enable the Group to raise additional funds without having to incur interest expense or service principal repayment as compared to conventional bank borrowings; hence, we can preserve cash flow for reinvestment and/or operational purposes to facilitate further growth;</li> <li>(ii) Is an expeditious way of accessing the capital markets to raise funds; and</li> <li>(iii) Will broaden our outreach of more local and international institutional investors to invest, thereby enlarging our shareholders' base and potentially enhancing the liquidity of our shares.</li> </ul>
27.	If we continue to issue shares, Serba Dinamik is going to be another Sapura Energy.	The Group understands the market concerns and we are constantly reviewing our strategy and daily operations to ensure that these are well supported by our financial position. The Group studies how other businesses work and make our judgement or decision thoroughly and prudently, with a long-sighted view to ensure the business sustainability.
28.	Serba Dinamik is a good company but you keep issuing private placing of shares and diluting the shares. This action is truly no good to shareholders in general.	Thank you for your kind advice on this matter. We will look into this matter and try our best to protect and maximise our shareholders' interest.
<b>Share Price</b>		
29.	Our share price has not caused any excitement after the bonus issue. Why? Is there any plan to boost it? The dividend schemes are also not so exciting.	The Group will focus on enhancing the fundamentals of the Group and growing the business sustainably.
30.	When will the share price reach RM2.50?	The Group's focus is on enhancing the fundamentals of the Group and growing the business sustainably.
<b>EGM</b>		
31.	Please consider giving e-voucher to participating shareholders	Kindly be informed that a TNG voucher worth RM75 will be given to each shareholder as a reward. In view of the MCO extension, the distribution is expected to be processed in one month's time.
32.	I am very disappointed. I attended last year's AGM and voted but did not receive my e-wallet. Kindly send it to me.	We have followed up with the e-voucher service provider and we understand that it should be credited to your account already.
33.	I am very disappointed that I'm unable to redeem the BInfinite vouchers from the last AGM. Their BInfinite customer service has been	Thank you for your kind patience over this matter. We will look into this and revert the soonest possible.

	unable to solve the matter until today. Even I have informed your staff about this matter. I hope the Board of Directors can help to solve this issue immediately.	
34.	Please send me the annual report.	The 2019 annual report can be obtained at <a href="#">ar2019_new.pdf (listedcompany.com)</a>