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5TH ANNUAL GENERAL MEETING

Presenter:
Dato' Dr. Ir. Ts. Mohd Abdul Karim Abdullah
Managing Director / Group Chief Executive Officer of
Serba Dinamik Holdings Berhad

SERBA DINAMIK HOLDINGS BHD IN REVIEW

1. The unprecedented pandemic COVID-19 has affected the global business operations in overall.
2. Due to challenges in the Movement Control Order (MCO), the group has announced the change of its Financial Year End from 31st December 2020 to 30th June 2021.
3. Despite the challenging and rough year, the Group are still able to achieve astonishing performance for the Financial Period Ended 30th June 2021 with RM8.61 billion of revenue.
4. The board has taken the necessary steps to announce a deviation between unaudited results and audited results with more than 10% of the Group's profit due to the following reasons:
   - *Impairment of trade receivables made by subsidiaries amounting RM395 million which was underprovided during the release of FPE 30th June 2021.*
   - *The impairment was made in view of limitation addressed by Nexia SSY PLT in its auditor's opinion in obtaining audit evidence on trade receivables due to time limitations and occurrence of additional significant events.*
   - *Inventory Write Down of RM552 million due to current circumstances in which it has resulted to disruption and/or termination of several projects undertaken by the Group or by the customers.*

SERBA DINAMIK HOLDINGS BHD IN REVIEW

In related to company's external auditors expressing a disclaimer of opinion in the Independent Auditors' Report for the FPE2021 ended 30th June 2021, the Board wishes to inform on the following:

- *The Group will formulate a comprehensive regularisation plan for submission to Bursa Securities at the appropriate time.*
- *The Group is appointing a Principal Advisor to advise the Board and management on its regularisation plan.*
- *The Group will implement a cost saving and optimisation plans in order to remain competitive in the current business environment.*
- *The Group will closely engage the secured lenders and will discuss on possible options to find an amicable solution for the debt rearrangement.*

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This presentation may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events.

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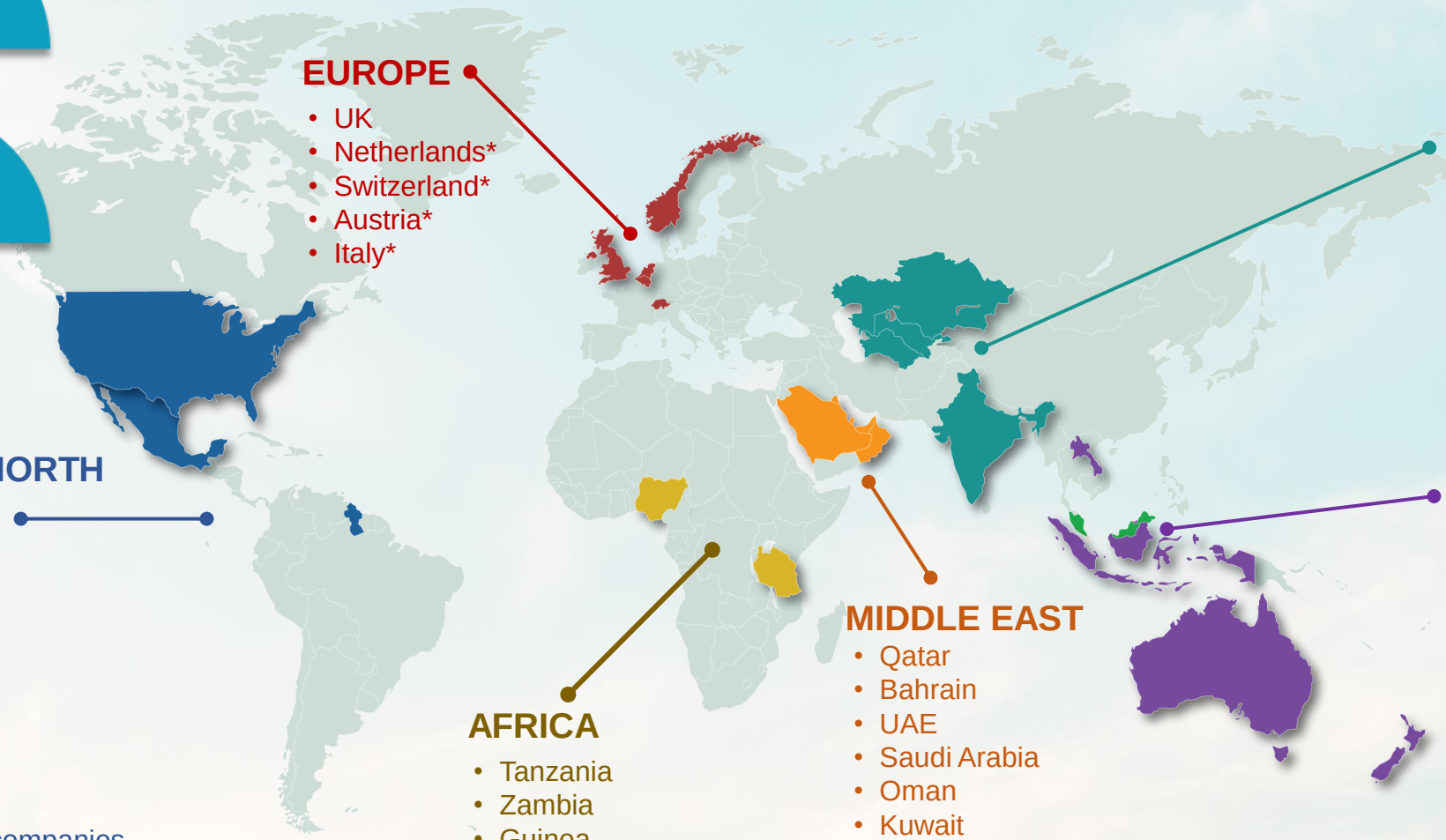
2021 OVERVIEW

EXPANDED GEOGRAPHICAL FOOTPRINTS

SERBA DINAMIK
Think Globally, Act Locally...

6
Regions

27
Countries



EUROPE
- UK
- Netherlands*
- Switzerland*
- Austria*
- Italy*

CENTRAL & SOUTH ASIA
- Turkmenistan
- India
- Uzbekistan
- Kazakhstan
- Sri Lanka
- Nepal

SOUTH & NORTH AMERICA
- Guyana
- US
- Mexico

ASIA PACIFIC
- Malaysia
- Indonesia
- Laos
- Singapore*

MIDDLE EAST
- Qatar
- Bahrain
- UAE
- Saudi Arabia
- Oman
- Kuwait

AFRICA
- Tanzania
- Zambia
- Guinea

* Through associate companies

ENHANCED CORE CAPABILITIES & CAPACITIES

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Via technology investments

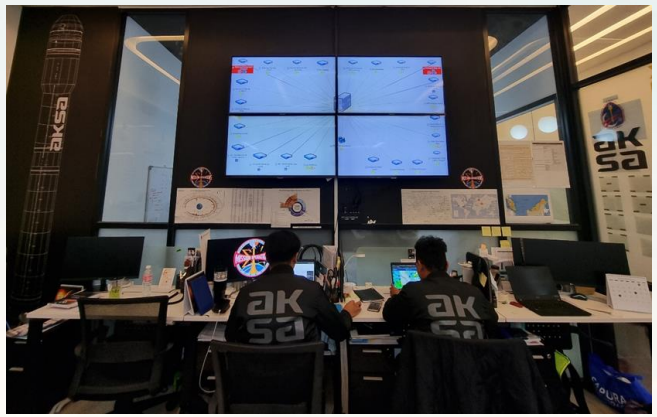
Parts and components manufacturing

80% for GBP 1.5m

23% for EUR 5.0m

30% for EUR 1.2m

First Teleport (Private Owned) for Satellite Services in Cyberjaya



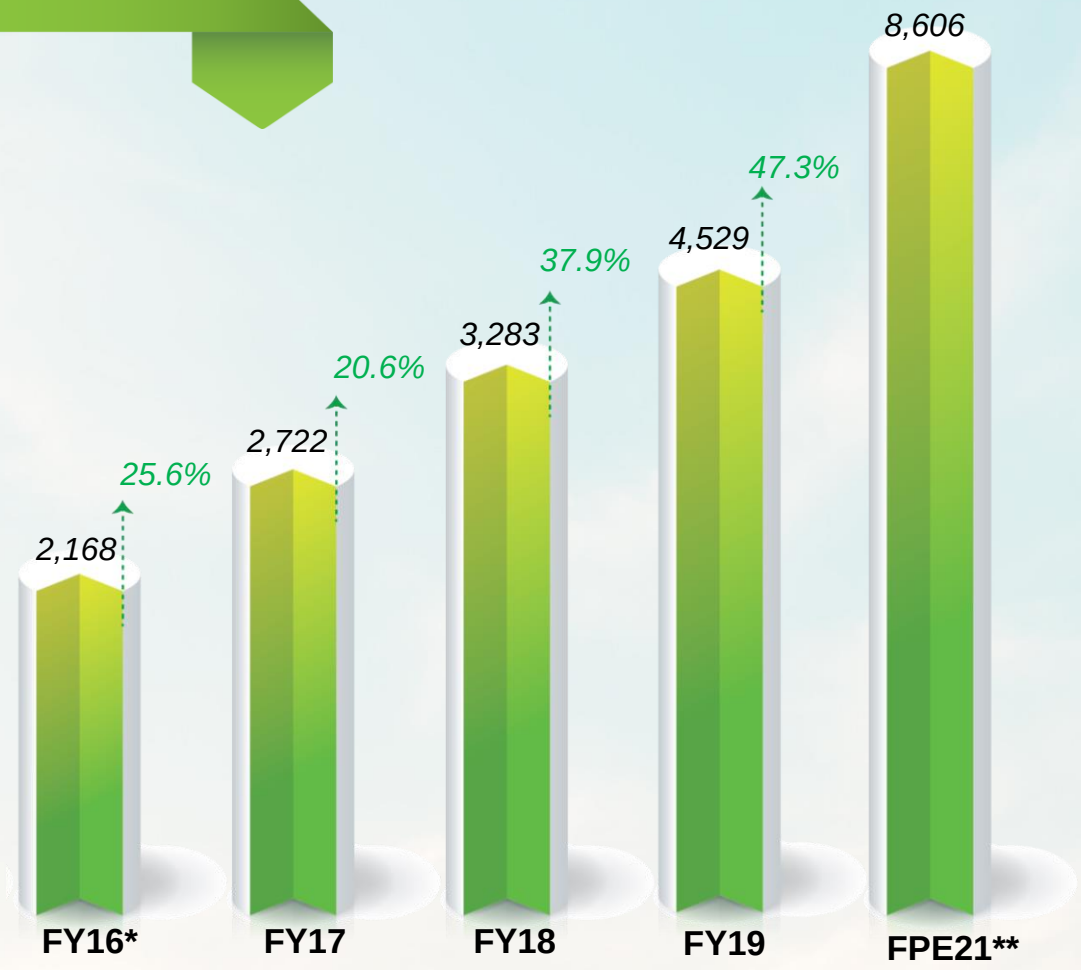
Via ICT Initiatives

Smart Maintenance embedded with AI & Mixed Reality

Signing MoU with SWISSto12 to provide support in space initiatives

REVENUE

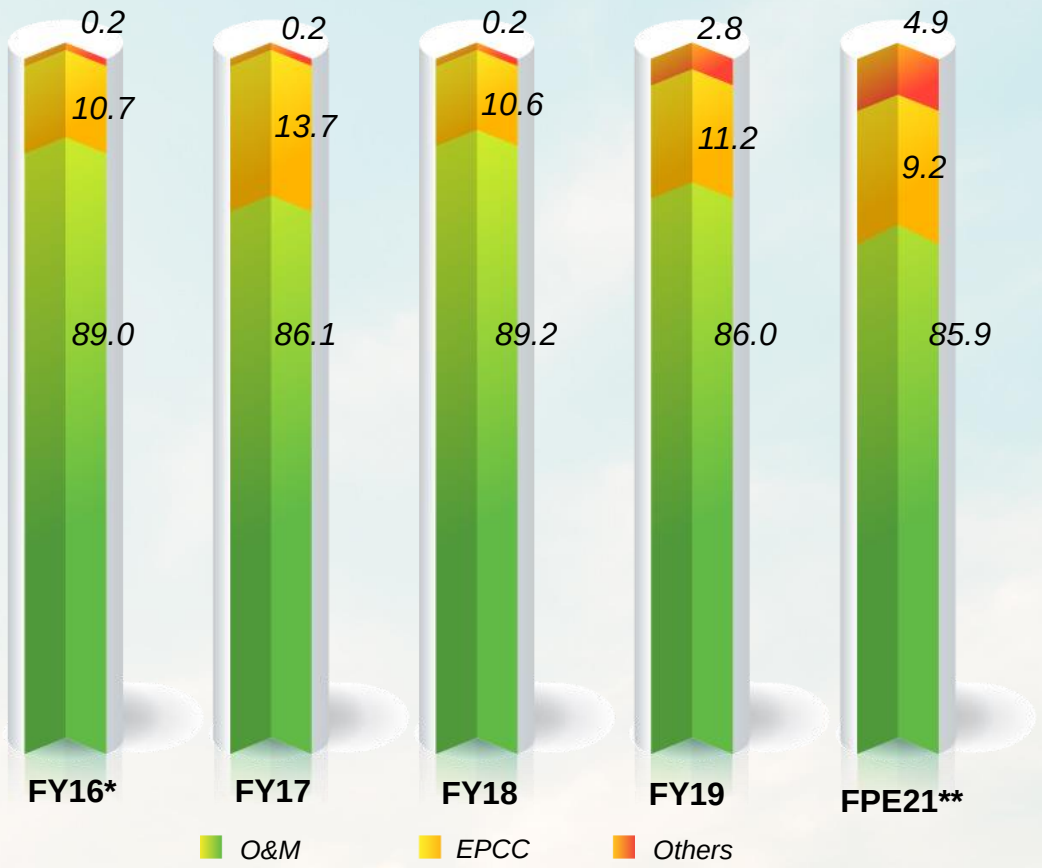
Total revenue (RM mil)



*Serba Dinamik Group Berhad's consolidated accounts has been used for the purpose of comparison between current and past years
** Financial Period End 2021 refers to period of 1st January 2020 until 30th June 2021

O&M AS KEY REVENUE DRIVER WITH EXPONENTIAL GROWTH FROM "IT"

Activity breakdown (%)



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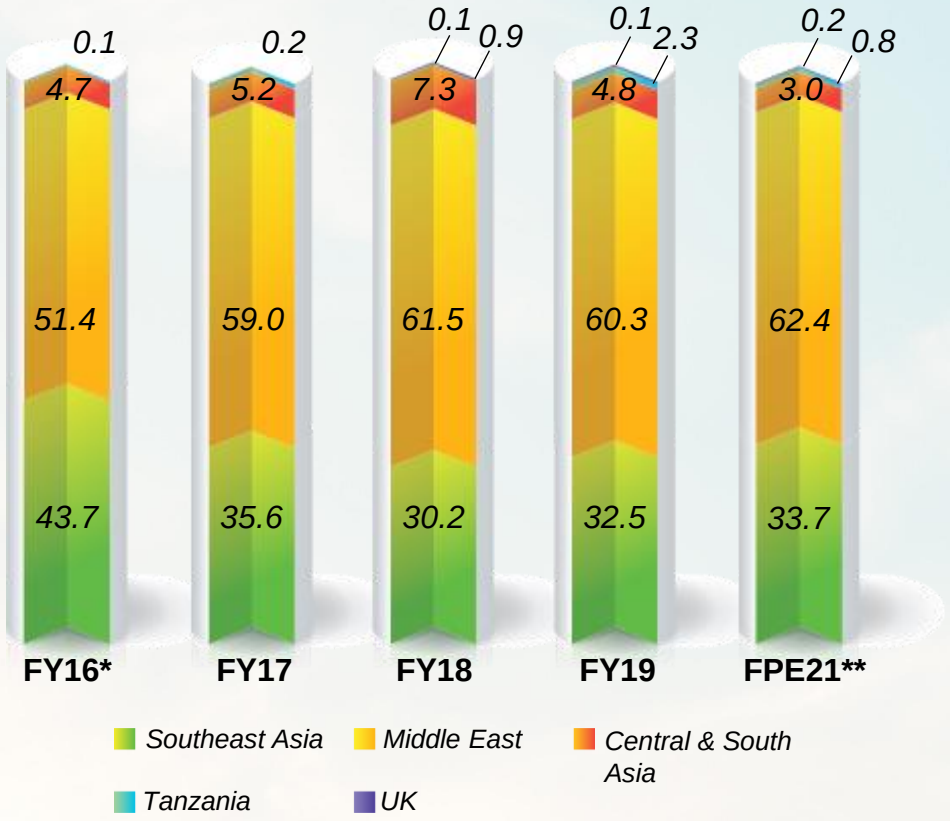
RECORDED GEOGRAPHICAL MARKET CONTRIBUTIONS

Geographical breakdown



Contribution (%)	FY16	FY17	FY18	FY19	FPE21
Southeast Asia	**43.7**	**35.6**	**30.2**	**32.5**	**33.7**
Malaysia	35.5	31.9	28.0	28.8	31.2
Indonesia	8.2	3.7	2.2	3.4	2.4
Laos	-	-	-	0.3	0.1
Middle East	**51.4**	**59.0**	**61.5**	**60.3**	**62.4**
Bahrain	7.6	12.5	10.0	8.4	6.7
UAE	9.8	10.6	20.6	19.7	18.8
Qatar	16.1	18.0	20.7	27.4	26.9
Oman	1.8	4.3	1.4	-	5.7
KSA	12.9	11.2	8.4	4.2	3.4
Kuwait	3.1	2.3	0.4	0.6	0.9
Central & South Asia	**4.7**	**5.2**	**7.3**	**4.8**	**3.0**
Turkmenistan	4.7	5.1	7.2	3.9	2.0
Kazakhstan	-	-	0.1	0.0	0.0
India	-	-	-	0.4	0.5
Uzbekistan	-	-	-	0.5	0.2
Sri Lanka					0.2
Tanzania	**-**	**-**	**0.9**	**2.3**	**0.8**
UK	**0.1**	**0.2**	**0.1**	**0.1**	**0.2**

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2022 OUTLOOK

KEY MACROECONOMIC FACTORS

Covid-19 pandemic

- Heightened financial market volatility due to various external uncertainties.
- Supply disruption in the commodities sector due to unfavourable weather conditions continued maintenance works and MCO SOPs.
- Manpower management – mobilise the existing & local project teams
- Inventory management – smooth supply chain as we tap on the year-end stock-up & bulk purchase strategy

Oil price fluctuation

- The lower the price is, the higher the production will be ramped-up by oil companies, which in turns causing more wears & tears on the assets, subsequently creating more demands for O&M services (regulatory & functional requirement)
- Continuously to receive call-out jobs as usual
- Low price level has been taken into considerations for contracts on hand.
- Serves established names, national oil companies & major players in the industry.

Political uncertainty

- Mostly B2B projects, yet might experience delay due to government transition in which projects required local authority's approval
- Looking at potential overseas markets like Central Asia

SERBA DINAMIK CORE COMPETENCIES

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OPERATION & MAINTENANCE

Site Maintenance	• Daily Maintenance Operation • Plant Turnaround Activity
Workshop Maintenance	• Bintulu Integrated Energy Hub • Pengerang Eco-Industrial Park
Manufacturing of parts & components	• La Rapida • Al Sagar Engineering • OMT • Psicon • Geppert

EPCC

Current Business Model	**Asset Ownership Model** EPCC + O&M synergies
Exploring and moving towards a new model	**Innovation Hub & Smart City** EPCC + ICT related solutions Prospect in East Malaysia and Middle East **Acquisition of Offshore Fabrication Yard / Facilities** To strengthen offshore capabilities & positioning in South East Asia and Middle East

INFORMATION & COMMUNICATION TECHNOLOGY

Customised software development	Specialised tailored programme for Institution and plant operators
Mobile application solutions	Targeting end user and global populations with quick cash turnaround cycle
Innovation Hub & Smart City	Integration of IT services and solutions from IR 4.0 initiatives i.e. Robotics, A.I, IoT, Smart Maintenance, AR/VR and cloud computing

EDUCATION & TRAINING

Certification programmes	Joint training programmes with approved and reputable education provider
Tertiary Learning	Specialised and focusing on ICT related course – acquisition of UniMY
Research and Development	Moving towards industry relevant R&D and human resources training to support the Group's core business

SERBA DINAMIK HOLDINGS BERHAD

ICT : ADVANCING GROWTH WITH IR 4.0

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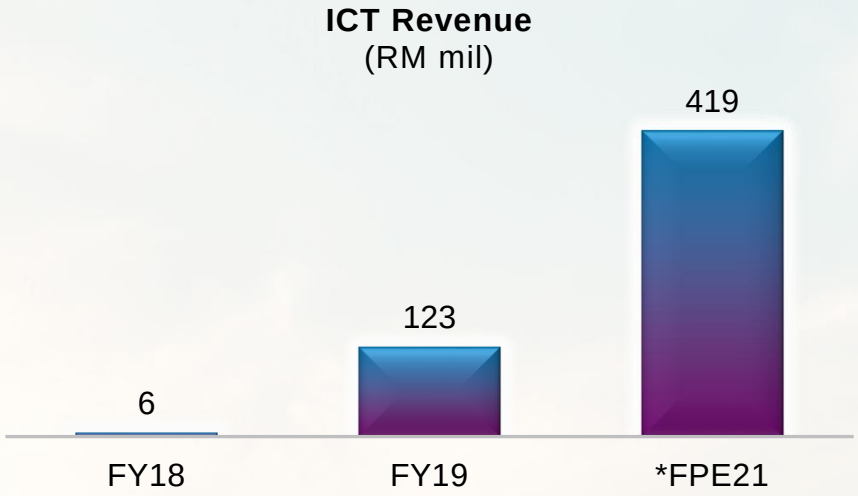
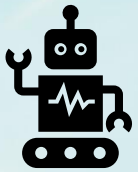
Growth Strategy

- ✓ Value-added offerings for both institutional and mass markets
  - Customised solution & smart maintenance
  - Infrastructure development
  - Application software
- ✓ Expanded into Africa, Indonesia, Qatar, India, UAE, US
- ✓ R&D collaborations with



Focusing on 5 pillars of Industrial Revolution 4.0 to provide tailor-made solutions that revolve around every need of our clients

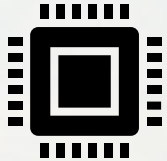
Data Centre/ Cloud Computing



Artificial Intelligence

Cybersecurity

FinTech



Frontier Technology

** Financial Period End 2021 refers to period of 1st January 2020 until 30th June 2021*

ICT : ADVANCING GROWTH WITH IR 4.0 (cont'd)

Integrating Technology and EPCC capabilities ▶ winning edge to become the pioneer in smart development projects

Data Centre

Client	Future Digital Data Systems L.L.C.
Scope	Developing a data centre related facilities, infrastructure and landscaping
Data Storage Capacity	20mw
Location	Abu Dhabi, UAE
Project Period	3Q20 – 3Q24 (4 Years)
Status	Piling works completed, finalizing the detail design

To address the growing needs of hosting mission critical systems and provide colocation services, business continuity and managed services facilities for MENA and GCC markets

Innovation Hub

Client	Block 7 Investments L.L.C.
Scope	Developing an innovation hub, academic campus, related facilities and ICT infrastructure
Data Storage Capacity	455,000 sqm
Location	Abu Dhabi, UAE
Project Period	2Q20 – 2Q24 (4 years)
Status	Soil investigation, topographical, geotechnical & geophysical survey completed, basic design in progress

To be a global incubator landmark for advancement and innovations of technology, property, financial as well as energy sectors

ADVANCING CORE CAPABILITIES & CAPACITIES

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Total land area	170 acre (68.8 hectare)
Capacity	Up to 50,000 tonnes

- Positioning as **total engineering solution provider** covering onshore and offshore services across the upstream, midstream and downstream value chain
- Near term – Fabrication and leasing
- Mid-to-long term – ship repairing, integrated hook up and commissioning, decommissioning, offshore transport and installation works as well as top side maintenance

Total land area	30 acre (12.14 hectare)
Capacity	High-end maintenance and fabrication work up to 1,000 tonnes

- To perform **higher-end and larger-scale maintenance** of fabrication works, which are at par with international players
- Matching the market demands for O&G, petrochemical, and power generation industries including petrochemical plants and coal, gas fired or hydropower plants, Petronas LNG, Asian Bintulu Fertilizer, Shell, Murphy in Sarawak, Sabah, Brunei as well as the SEA region

Total land area	57 acre (23.1 hectare)
Capacity	MRO & IRM Global Excellence Centre, Plant Turnaround Village, Logistic Hub & TVET City

- Building a **total ecosystem of supporting facilities** for repair and maintenance works across O&G, petrochemical and power generation industries, with advanced technologies and Malaysia's 1st Plant Turnaround Village (PTV)
- Tapping into the USD27 billion's Pengerang Integrated Petroleum Complex (PIPC) investment which encompasses RAPID project and associated facilities

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MSWG QUESTIONS

Operational and Financial Matters

Question 1: **The maturities profile of the Group's financial liabilities shows a carrying amount of RM4,534 million, of which RM2,369 million of the financial liabilities are due less than 1 year, constituting 52.2% of the Group's total financial liabilities. (Page 123 of AR).**

a) Please explain the reason for the high concentration of the Group's financial liabilities due less than 1 year.

Answer: Reasons for the high concentration of Group's financial liabilities due less than 1 year mainly due to:-

i. USD sukuk worth of USD222.2 million due in May 2022.
ii. Revolving credit worth of RM284.3 million due less than 1 year.
iii. Syndication loan (total borrowing raised RM1.2 billion) worth of RM219.0 million (due less than 1 year).
iv. RM sukuk worth of RM100 million due in May 2022.

Operational and Financial Matters

b) Please explain how the Group would be able to meet the financial obligation of the Group's financial liabilities and Sukuk Wakalah that are due in 2022?

Answer: The Group is in the midst of engaging with the financiers with a proposal for restructuring and reschedule payment plan.

Operational and Financial Matters

Question 2: **The Group had written down inventories to net realisable value of an amount of RM552.6 million in FY2021 with RM Nil in FY 2019. (Page 91 of FS)**

a) What was the reason for the high inventories written down?

Answer: The reason for inventory written down of RM552.6 million mainly due to current circumstances in which it has resulted to disruption and/or termination of several projects undertaken by the Group, by the customers.

Those inventories are further subject to valuation for potential disposal in future, and in event it is disposed, the gain on disposal, if any, will be recorded in the subsequent audited financial statement.

Operational and Financial Matters

b) Please provide the inventories written down by type, amount and country respectively in FY 2021?

Answer: Detailed inventories written down by type and country are as below:-

Country	Amount (RM million)
Malaysia	240.6
UAE	312.0
GRAND TOTAL	**552.6**

Type	Amount (RM million)
Equipment	50.1
Parts	433.9
Tools & Consumables	68.7
GRAND TOTAL	**552.6**

Operational and Financial Matters

c) What are the mitigating measures taken to ensure that the high inventories written down will not recur in the future?

Answer: The Group will actively continue sourcing for new projects to ensure those inventories can be utilise or deploy. The Group will also ensure a close monitoring on spending of new inventories moving forward.

Operational and Financial Matters

Question 3: **The allowance for impairment losses for trade receivables increased by RM346.5 million in FY 2021 with RM Nil in FY 2019. (Page 92 of FS)**

a) How much of the impairment losses on trade receivables are due from Customers A and B, the two major customers from the O&M business segment. (Page 118 of FS)

Answer: Approximately RM60.8 million impairment losses made for customer A, meanwhile there is no impairment losses made for customer B.

Operational and Financial Matters

b) What were the reasons for the high impairment losses on trade receivables in FY 2021?

Answer: The reason for impairment of trade receivables made by subsidiaries of the Group amounting to RM395.0 million is mainly due to limitation addressed by Nexia SSY PLT in its Auditors' Opinion in obtaining appropriate audit evidence on trade receivables due to time limitations and occurrence of additional significant events.

The Group has then decided to provide impairment of those trade receivables and in the event that those trade receivables are collected subsequently, reversal of the impairment will be made accordingly.

Operational and Financial Matters

c) Please provide the components of the trade receivables that were impaired by country and by business segment of the Group respectively for FY 2021?

Answer: Detailed impairment of trade receivables by country and segment are as below:-

Country	Amount (RM million)
India	10.7
Indonesia	19.1
Malaysia	137.3
Qatar	20.9
UAE	158.5
GRAND TOTAL	**346.5**

Segment	Amount (RM million)
EPCC	16.0
ICT	66.2
O&M	158.6
O&M and EPCC	105.7
GRAND TOTAL	**346.5**

Operational and Financial Matters

d) What measures have the Group taken to mitigate the high impairment loss on trade receivables?

Answer: The Group will continue engaging with customers to ensure payment can be collected accordingly. The top management is closely monitoring on the receivables to ensure the Group are able to collect those due receivables on time.

Operational and Financial Matters

Question 4: **The allowance for impairment losses for non-trade receivables increased by RM47.9 million in FY 2021 as compared to RM Nil in FY 2019. (Page 92 FS)**

a) *Please state the reasons for the high allowance for impairment losses on non-trade receivables.*

b) *Has the position of the impairment losses on non-trade receivables improved since the last FY 2021? If yes, what is the impairment losses on non-trade receivables as at October 2021?*

Answer (a) & (b): The allowance for impairment losses for non-trade receivables of RM47.9 million is related to amount due from associate. As at 30 June 2021, the Group has made such impairment on the view of unable to recover those receivables from the associate company. There is no new allowance for impairment losses on non-trade receivables as of October 2021.

Operational and Financial Matters

Question 5: **The Group through its ICT segment provides online, cashless and contactless features which suit customer's expectation. Among main solution products are EasyBuyBye, an e-commerce platform, Qwik Pay, a cashless payment system with e-wallet capability and Global Content Exchange ("GCE"), a content or data exchange platform. (Page of 145 IR)**

a) Please name the countries that have adopted Qwik Pay?

Answer: As of now, only Malaysia that have adopted QwikPay application. The Group has started discussion with a potential client in Indonesia for the expansion of the cashless payment system i.e. via white-labelling (of QwikPay) mechanism.

Operational and Financial Matters

b) What are the challenges the Group faced in getting consumers and merchants acceptance of Qwik Pay in Malaysia and other countries?

Answer: Among challenges that the Group faced in getting consumers and merchants acceptance of QwikPay are:-

I. Competitive pricing offered by competitors - The Cashless payment system is being dominated by a giant company like Touch'nGo which they are offering very competitive commercial offers to the customers.

II. Pandemic Covid-19 situation - During pandemic Covid-19, business operations for parking and retailers are facing challenging time since the Government enforced Movement Control Order (MCO) to curb the situation. As most of the workers are working from home, this situation gives a direct impact to QwikPay especially in parking segments.

Operational and Financial Matters

c) How much has the Group spent in developing Qwik Pay to make it commercially viable?

Answer: The company has spent approximately RM3.2 million for the development of QwikPay and business expansion.

Operational and Financial Matters

Question 6: **The Group had on 12 June 2021 acquired Wellahead Engineering Ltd. ("WEL"), an 80% Aberdeen-based precision engineering service provider, for the North Sea O&G industry – as a platform to tap the international Renewable Energy ("RE") sector. (Page 92 of IR)**

a) What is WEL's existing order book of contracts won?

b) How long will WEL's existing contracts last?

Answer (a) & (b): Wellahead's orderbook is approximately GBP500,000 to GBP600,000 of which it lasts for about 2-3 months period. The orderbook is replenished from time-to-time basis.

Operational and Financial Matters

Question 7: **The Group secured a contract under the EPCC segment, which is for the 57.3MW Myagdi Khola Hydropower Project in Nepal. (Page 143 of IR)**

What is the contract value of the Hydropower Project in Nepal and the duration of the contract?

Answer: The contract value of the hydropower project in Nepal is USD61.8 million.
The duration of this project is 36 months commencing from 1 June 2021 until 31 May 2024.

Operational and Financial Matters

Question 8: **Please provide the contract values of the recent contracts won in Africa. (Page 159 of IR) as listed below:**

a) The Zambia's Digital Microlending and Digital Health Platform contracts.

Answer: The contract value won for Digital Microlending and Digital Health Platform contracts are USD101.6 million and USD22.0 million respectively.

Operational and Financial Matters

b) A contract in Guinea to implement innovative solutions for the development of telecommunications and ICT infrastructure, applications, and services.

Answer: The contract value for the development of telecommunications and ICT infrastructure, applications, and services in Guinea is approximately USD42.9 million.

Operational and Financial Matters

Question 9: **The UK-based Data Knights was looking to raise up to US$115 million via SPAC in an IPO. The Group's total investment in SPAC was US$5.85 million (RM24.10 million). (Page 92 of IR)**

a) Why did the Group decide to invest in the SPAC IPO Group's and what is the expected return from the SPAC IPO?

Answer: The investment in the SPAC is part of the Group's strategy to expand and enhance the value of the Group's Information and Communications Technology ("ICT") segment. The SPAC would create opportunities for the Group to expand its business activities into the US market with access to larger pool of investors. SDHB will also be in a good position to benefit from the attractive returns in view of its early entry into the SPAC.

Operational and Financial Matters

b) What is the latest status of the SPAC IPO?

Answer: The SPAC was officially listed on NASDAQ on 11 May 2021 and is currently reviewing several potential business combinations up to 10 May 2022 and it can extend for another 6 months if required.

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