

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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SERBA DINAMIK HOLDINGS BERHAD

(Company No. 1167905 - P)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND PROPOSED NEW
SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A
REVENUE OR TRADING NATURE**

The ordinary resolution in respect of the above proposal will be tabled at the forthcoming Annual General Meeting ("AGM") of Serba Dinamik Holdings Berhad ("SDHB") to be held at Entrance 9C, IDCC Shah Alam, Level 7, Jalan Pahat L15/L Section 15, 40200 Shah Alam, Selangor, Malaysia on Monday, 14 May 2018 at 9.00 a.m. The Notice of the AGM together with the Form of Proxy are set out in the Annual Report of the Company for financial year 31 December 2017 ("Annual Report 2017"). Shareholders are advised to refer to the Notice of the AGM and the Form of Proxy.

This Circular is dated 13 April 2018

DEFINITIONS

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

- “Act” : Companies Act, 2016, as amended from time to time and any re-enactment thereof
- “AGM” : Annual General Meeting
- “The Board” or
“The Directors” : Board of Directors of Serba Dinamik Holdings Berhad
- “Bursa Securities” : Bursa Malaysia Securities Berhad
- “Director” : Shall have the meaning given in Section 2(1) of the Capital Markets and Service Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Director or Chief Executive Officer of SDHB or any other company which is its subsidiary
- “EPCC” : Engineering, Procurement, Construction and Commissioning services
- “Interested Related Parties” : Related Parties who are deemed interested in the Recurrent RPTs
- “LPD” : 30 March 2018, being the latest practicable date prior to the printing of this Circular
- “Main Market Listing Requirements” : Bursa Securities Main Market Listing Requirements, as may be amended or modified from time to time
- “Persons Connected” : Such person, in relation to the Director or Major Shareholder, who falls under any one of the following categories:
- (a) a family member of the Director or Major Shareholder;
 - (b) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director, Major Shareholder or family member of the Director or Major Shareholder is the sole beneficiary;
 - (c) a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder;
 - (d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
 - (e) a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;
 - (f) a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
 - (g) a body corporate or its directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act;
 - (h) a body corporate in which the Director, Major Shareholder and/or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or
 - (i) a body corporate which is a related corporation
- “Proposal” or
“Proposed RRPT Mandate” : Proposed shareholders’ mandate for Recurrent RPTs of SDHB Group

DEFINITIONS

- “Recurrent RPTs” : RPTs involving recurrent transactions of a revenue or trading nature which are necessary for the day-to day operations and are in the ordinary course of business of SDHB Group
- RPTs : Transactions with Related Parties
- “Related Parties” : Director(s), Major Shareholder(s) and Person(s) Connected
- “RM” and “sen” : Ringgit Malaysia and sen respectively
- “SDHB” or “the Company” : Serba Dinamik Holdings Berhad
- “SDHB Group” : SDHB and its subsidiary companies

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be reference to Malaysian time, unless otherwise stated.

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SERBA DINAMIK HOLDINGS BERHAD

(Company No. 1167905 - P)

(Incorporated in Malaysia)

Registered Office:

No. 8-5 Level 5
Pusat Dagangan UMNO Shah Alam
Lot 8, Persiaran Damai, Seksyen 11
40100 Shah Alam,
Selangor Darul Ehsan

13 April 2018

Board of Directors:

Dato' Mohamed Nor bin Abu Bakar, *Independent Non-Executive Chairman*
Dato' Dr. Ir. Mohd Abdul Karim bin Abdullah, *Managing Director/Chief Executive Officer*
Dato' Awang Daud bin Awang Putera, *Deputy Group Managing Director and Non-Independent Executive Director*
Abdul Kadier Sahib, *Non-Independent Non-Executive Director*
Hasman Yusri bin Yusoff, *Senior Independent Non-Executive Director*
Sharifah Irina binti Syed Ahmad Radzi, *Independent Non-Executive Director*
Tengku Dato' Seri Hasmuddin bin Tengku Othman, *Independent Non-Executive Director*

To: **The Shareholders of Serba Dinamik Holdings Berhad**

Dear Sir/Madam

PROPOSED RRPT MANDATE

1. INTRODUCTION

On 3 April 2018, the Board announced the Company's intention to seek the shareholders' approval for the Proposed RRPT Mandate at the 2nd AGM of SDHB, which will be held on 14th May 2018.

The purpose of this Circular is to provide you the details of the Proposed RRPT Mandate and to seek your approval for the ordinary resolution in respect thereof to be tabled at the AGM, notice of which is set out in the Annual Report 2017.

2. DETAILS OF THE PROPOSED RRPT MANDATE

2.1 Main Market Listing Requirements

Pursuant to Paragraph 10.09 of the Main Market Listing Requirements, a listed issuer may seek a shareholders' mandate in respect of related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations subject to the following: -

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where;
 - (i) the consideration, value of the assets, capital outlay or costs of the aggregated transaction is RM1.0 million or more; or

- (ii) any one of the percentage ratios of such aggregated transactions is 1% or more, whichever is the higher;
- (c) the listed issuer to issue circular to shareholders in relation to the shareholders' mandate;
- (d) in a meeting to obtain the shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (e) an immediate announcement is made to Bursa Securities when the actual value of a recurrent related party transaction entered into by the listed issuer, exceeds the estimated value of the recurrent related party transaction disclosed in the circular by 10% or more and the announcement must include the information as may be prescribed by Bursa Securities.

Where a listed issuer has procured shareholders' mandate pursuant to the above, the provisions of Paragraph 10.08 of the Main Market Listing Requirements shall not apply during the validity period of the shareholders' mandate.

2.2 Details of the Proposed RRPT Mandate

It is anticipated that in the normal course of the Group's business, Recurrent RPTs between SDHB Group and the Related Parties are likely to occur at any time and with some degree of frequency.

In this respect, the Directors are seeking approval from shareholders for the Proposed RRPT Mandate which will allow the Group to enter into Recurrent RPTs referred to in Section 2.2.2 with the Related Parties, provided such transactions are made at arms' length, SDHB Group's normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of SDHB.

The Proposed RRPT Mandate is subject to annual renewal. In this respect, authority conferred by the Proposed RRPT Mandate shall take effect on 14 May 2018 being the date of the 2nd AGM and shall continue in force (unless revoked or varied by the Company in general meeting) until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

2.2.1 Principal Activities of SDHB Group

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary and associate companies of SDHB are as follows: -

Name of companies	Effective Equity Interest (%)	Principal Activities
Direct subsidiaries and associate companies:		
Serba Dinamik Group Berhad	100.00	Investment holding and provision of management services
Subsidiaries and associate companies held through Serba Dinamik Group Berhad.:		
Serba Dinamik International Ltd.	100.00	Operation and maintenance of plants and facilities, engineering, procurement, construction and commissioning and related products and services

PART A

Name of companies	Effective Equity Interest (%)	Principal Activities
Serba Dinamik Sdn. Bhd.	100.00	Operation and maintenance of plants and facilities, engineering, procurement, construction and commissioning, technical training and related products and services
Serba Dinamik IT Solutions Sdn. Bhd.	100.00	Information and communications technology software and solutions
SD Controls Sdn. Bhd.	80.00	Testing and calibration of process control and instrumentation
SD Advance Engineering Sdn. Bhd.	51.00	Maintenance of micro turbines and related products and services
Serba Dinamik (Brunei) Sdn. Bhd.	75.00	Operation and maintenance of plants and facilities, engineering, procurement, construction and commissioning and related products and services
AR Global Engineering Sdn. Bhd.	100.00	process control and instrumentation and related products and services
Serba Dinamik RMC FZE	100.00	Maintenance, repair and overhaul, fabrication and logistic services
Subsidiaries and associate companies held through Serba Dinamik International Ltd.:		
PT Serba Dinamik Indonesia	75.00	Operation and maintenance of plants and facilities, engineering, procurement, construction and commissioning and related products and services
Serba Dinamik International Petroleum Services W.L.L.	99.00	Operation and maintenance of plants and facilities, engineering, procurement, construction and commissioning and related products and services
PT Kubic Gasco	51.00	Processing and supply of compressed natural gas
Serba Dinamik International Qatar	49.00	Dormant
Sufini Holding Ltd.	25.00	Special purpose vehicle
Subsidiaries companies held through Serba Dinamik Sdn. Bhd.:		
Quantum Offshore Limited	100.00	Design, engineering and installation of auxiliary power generators and firefighting systems and equipment
Top Luxury Sdn. Bhd.	100.00	Dormant
Adat Sanjung Sdn. Bhd.	30.00	Investment holdings
KAJV Sdn Bhd	40.00	Design and build of water treatment plant, intakes, service tank, installation of raw water and clean water pipes, retrofitting and other works.

PART A

Name of companies	Effective Equity Interest (%)	Principal Activities
Subsidiaries Companies Held through Serba Dinamik IT Solutions Sdn Bhd.:		
Telegistics Asia Sdn. Bhd.	100.00	Internet and mobile applications solutions
Subsidiaries companies held through PT Kubic Gasco:		
PT Delta Conusa Gas	90.00	Dormant
PT Muaro Jambi Energi	82.00	Dormant

2.2.2 Classes of Related Parties

The Related Parties having interest in the Recurrent RPTs to be entered by SDHB Group for which the Proposed RRPT Mandate is sought are as follows: -

Transacting Company within SDHB Group	Transacting Related Parties	Interested Related Party	Nature of Transactions	Estimated aggregate value as disclosed in the circular to shareholders dated 28 April 2017 (RM'000)	Actual Value transacted from 28 April 2017 up to LPD (RM'000)	Estimated aggregate value of the transaction from 14 May 2018 to the next AGM (RM'000)
<u>Proposed Renewal of Recurrent Transactions</u>						
-Serba Dinamik Sdn. Bhd.	- One River Power Sdn. Bhd. (1)	Directors - Dato' Dr. Ir. Mohd Abdul Karim Abdullah - Dato' Awang Daud Bin Awang Putera	-Sales of goods and services which include engineering, procurement, testing, delivering, installation, construction and commissioning which covers the Civil Structure Works, Electro-Mechanical Plant Equipment and Power Transmission System by Serba Dinamik to One River Power (revenue generated from EPCC Contract)	170,000*	42,906	150,000*
-Serba Dinamik Sdn. Bhd.	-Konsortium Amanie JV Sdn. Bhd. ("KAJV") (2)	Directors - Dato' Dr. Ir. Mohd Abdul Karim Abdullah	-Sales of goods and services which include the design and build of membrane water treatment plant, intakes service tank, installation of raw water and clean water pipes, retrofitting and other works by Serba Dinamik to KAJV (revenue generated from EPCC Contract)	150,000*	53,332	240,000*

PART A

Transacting Company within SDHB Group	Transacting Related Parties	Interested Related Party	Nature of Transactions	Estimated aggregate value as disclosed in the circular to shareholders dated 28 April 2017 (RM'000)	Actual Value transacted from 28 April 2017 up to LPD (RM'000)	Estimated aggregate value of the transaction from 14 May 2018 to the next AGM (RM'000)
Proposed New Recurrent Transactions						
-Serba Dinamik Sdn. Bhd.	-Al-Murisi Development Sdn Bhd ("ADSB") (3)	Directors - Dato' Dr. Ir. Mohd Abdul Karim Abdullah	-Sales of goods and services which include construction and development of Pengerang Northshore Residence in Pengerang, Johor by Serba Dinamik to ADSB (revenue generated from EPCC Contract)	-	-	150,000*
-Serba Dinamik Sdn. Bhd.	-Maju Renewable Energy Sdn Bhd ("MIRE") (4)	Directors - Dato' Dr. Ir. Mohd Abdul Karim Abdullah	-Sales of goods and services which include engineering, procurement, testing, delivering, installation, construction and commissioning of hydro power plants with a total capacity of 27MW (revenue generated from EPCC Contract)	-	-	75,000*
-Serba Dinamik Sdn. Bhd.	-Maju RE (Talang) Sdn Bhd ("MIRE Talang") (5)	Directors - Dato' Dr. Ir. Mohd Abdul Karim Abdullah	-Sales of goods and services which include engineering, procurement, testing, delivering, installation, construction and commissioning of hydro power plants with a total capacity of 19MW (revenue generated from EPCC Contract)	-	-	75,000*

PART A

Transacting Company within SDHB Group	Transacting Related Parties	Interested Related Party	Nature of Transactions	Estimated aggregate value as disclosed in the circular to shareholders dated 28 April 2017 (RM'000)	Actual Value transacted from 28 April 2017 up to LPD (RM'000)	Estimated aggregate value of the transaction from 14 May 2018 to the next AGM (RM'000)
-Serba Dinamik Sdn. Bhd.	-Maju RE (Temenggor) Sdn Bhd ("MIRE Temenggor") (6)	Directors -Dato' Dr. Ir. Mohd Abdul Karim Abdullah	- Sales of goods and services which include engineering, procurement, testing, delivering, installation, construction and commissioning of hydro power plants with a total capacity of 14MW (revenue generated from EPCC Contract)	-	-	75,000*
-Serba Dinamik International Limited.	-Msufini (1) Limited. ("MTL") (7)	Directors -Dato' Dr. Ir. Mohd Abdul Karim Abdullah	- Sales of goods and services which include the design and build of 45 Metric Tonne per Day (MTPD) Chlorine Skid Mounted Chlor-Alkali Plant by Serba Dinamik to SHL (revenue generated from EPCC Contract)	-	-	200,000*

* The values are merely indicative estimates for the period from the forthcoming AGM to be held on 14 May 2018 to the next AGM expected to be held in the month of May 2019. Due to the nature of the transactions, the actual values of the transactions may vary significantly from the estimated values disclosed.

- (1) One River Power Sdn Bhd is a wholly-owned subsidiary of Pristine Falcon Sdn Bhd, which in turn is the wholly-owned subsidiary of Adat Sanjung Sdn Bhd, which is our associate company. Dato' Dr. Ir. Mohd Abdul Karim Abdullah and Dato' Awang Daud Bin Awang Putera who is SDHB directors and major shareholders is a director of One River Power Sdn Bhd.
- (2) KAJV is an associate company of SDHB. Dato' Dr. Ir. Mohd Abdul Karim Abdullah who is a SDHB director and major shareholders is also a director of KAJV.
- (3) ADSSB is an associate company of SDHB. Dato' Dr. Ir. Mohd Abdul Karim Abdullah who is a SDHB director and major shareholders will be appointed as director of ADSSB.
- (4) MRE is an associate company of SDHB. Dato' Dr. Ir. Mohd Abdul Karim Abdullah who is a SDHB director and major shareholders will be appointed as director of the company.
- (5) MRE Talang is an associate company of SDHB. Dato' Dr. Ir. Mohd Abdul Karim Abdullah who is a SDHB director and major shareholders will be appointed as director of the company.
- (6) MRE Temenggor is an associate company of SDHB. Dato' Dr. Ir. Mohd Abdul Karim Abdullah who is a SDHB director and major shareholders will be appointed as director of the company.
- (7) MTL who is a wholly-owned subsidiary of Sufini Holding Ltd, which is our associate company. Dato' Dr. Ir. Mohd Abdul Karim Abdullah who is a SDHB director and major shareholders will be appointed as a director of MTL.

2.2.3 Amount due and owing by related parties

As at the financial year ended 31 December 2017, the amount due and owing to SDHB Group by its related party under the recurrent transaction which exceeded the credit terms are as follows:-

Related Party	Trade Receivables from Related Party due for	
	1 year or less (RM'000)	More than 1 to 3 years (RM'000)
One Power River Sdn Bhd	10,069	-
KAJV	11,882	-

There were no interest and late payment charges imposed by SDHB Group on the overdue trade receivables as it was trade in nature. The Management is constantly following up with the debtors on the outstanding amount. The Board of Directors is of the opinion that there will be no recoverability issue as the related parties has been proven to be credit-worthy debtors.

2.2.4 Review and Disclosure Procedures

SDHB Group has established procedures to ensure that the Recurrent RPTs are conducted at arm's length and on normal commercial terms consistent with the Group's usual business practices and policies, are undertaken on transaction prices and terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders. The terms and conditions of the transactions will be determined by the products provider's usual commercial terms or in accordance with applicable industry norm.

Records will be maintained by the Company to record all the Recurrent RPTs entered into to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to. The management of SDHB Group has been kept informed of procedures applicable to the Recurrent RPTs, who will ensure that the transaction with the Related Parties will only be entered into after taking into account the pricing, quality and terms and conditions consistent with normal trade practices.

The Audit and Risk Committee periodically reviews the procedures set by SDHB to monitor related party transactions to ensure these transactions are carried out on normal commercial terms not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of the Company. In its review, the Audit and Risk Committee may, as it deems fit, request for additional information pertaining to the transactions from independent sources or professionals.

Wherever practicable and/or feasible, at least 2 other contemporaneous transactions with unrelated third parties for similar products and/or services and/or quantities will be used as comparison for determining whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained (for instance, if there are no unrelated third party customers/vendors of similar products or services, or if the products or services is a propriety item), the transaction price will be determined based on the Group's usual business practices and policies to ensure the Recurrent RPTs is not detrimental to SDHB Group.

There are no specific thresholds for approval of Recurrent RPT. All Recurrent RPTs are reviewed and authorised by Chief Financial Officer and ultimately approved by Audit and Risk Committee, provided always that such personnel have no interest in the transaction and the said transaction has been approved pursuant to a shareholders' mandate obtained at an AGM for Recurrent RPTs.

If a member of the Board and/or Audit and Risk Committee has an interest (direct or indirect), as the case may be, the Director concerned shall abstain from deliberation and any decision making in respect of the Recurrent RPTs.

2.2.5 Statement by Audit and Risk Committee

The Audit and Risk Committee is satisfied that the review procedures for Recurrent RPTs as set out in Section 2.2.4 above are sufficient to ensure that such Recurrent RPTs will be carried out on normal commercial terms which are not prejudicial to the interest of shareholders, and that the terms of the Recurrent RPTs are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of SDHB.

The Audit and Risk Committee is of the view that the Group has in place adequate procedures and processes to monitor, track and identify Recurrent RPTs in a timely and orderly manner, and such procedures and processes are reviewed on a yearly basis or whenever the need arises.

2.2.6 Disclosure

The Company will made the required disclosure in the Annual Report for the subsequent financial year during which the Proposed RRPT Mandate is in force, providing amongst others, the following information: -

- (i) the type of Recurrent RPTs made;
- (ii) the names of the Related Parties involved in each type of Recurrent RPTs, and their relationship with the Company; and
- (iii) the value of the transactions.

3. RATIONALE AND BENEFITS FOR THE PROPOSED RRPT MANDATE

The Recurrent RPTs entered or to be entered into by the Group are in the ordinary course of business. They are recurring transactions of a revenue or a trading nature which are likely to occur with some degree of frequency. These Recurrent RPTs may be time sensitive by nature, making it impractical to seek shareholders' approval on a case to case basis before entering into such RPTs. As such the Board is seeking the RRPT Mandate under Paragraph 10.09 of the Main Market Listing Requirements for these Recurrent RPTs so as to facilitate the efficiency with which these transactions are carried out.

By obtaining the Proposed RRPT Mandate and renewal of the same on an annual basis, the necessity to announce and/or convene separate general meetings to seek shareholders' approval as and when such Recurrent RPTs occur would not arise. This would substantially reduce the time, administrative requirements, inconvenience and expense associated with the convening of general meetings on an ad hoc basis, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available therein.

The RRPT are intended to meet the business needs of the Group at the best possible terms. By transacting with the Related Parties, the Group would have access to all available markets and enhance the ability to explore beneficial business opportunities which will benefit The Group. In most dealings with the Related Parties, the Group and the Related Parties have a good understanding of each other's business needs and expectations thus providing a platform where all parties can benefit from conducting the RRPT.

4. EFFECTS OF THE PROPOSED RRPT MANDATE

The Proposed RRPT Mandate is not expected to have any effect on the earnings and net assets of SDHB Group.

5. VALIDITY PERIOD FOR THE PROPOSED RRPT MANDATE

If approved at the 2nd AGM, the Proposed RRPT Mandate of the Company will take effect from the date of the passing of the Ordinary Resolution relating thereto at the 2nd AGM and will continue in force until:-

- (i) the conclusion of the next AGM of the Company following the 2nd AGM, at which such Proposed RRPT Mandate was passed, at which time the said authority will lapse, unless by a resolution passed at the meeting, authority is renewed; or
- (ii) the expiration of the period within which the next AGM of SDHB is required to be held pursuant to Section 340 of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340 of the Act); or
- (iii) revoked or varied by a resolution passed by the shareholders in a general meeting;

whichever is the earlier.

The Directors will seek your approval for the Proposed RRPT Mandate at the 2nd AGM of the Company and at each subsequent AGM, subject to satisfactory review by the Audit and Risk Committee of its continued application to the related parties' transactions.

6. APPROVAL REQUIRED

The Proposed RRPT Mandate is subject to the approval of the shareholders of SDHB at the 2nd AGM to be convened.

7. INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

The direct and indirect interest of the Directors and Major Shareholders who are interested in the Proposed RRPT Mandate as at LPD are as follows:

	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Interested Directors				
Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah	-	-	337,036,100	23.0 ⁽¹⁾
Dato' Awang Daud Bin Awang Putera	-	-	156,345,700	11.0 ⁽¹⁾
Interested Major Shareholders				
Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah	-	-	337,036,100	23.0 ⁽¹⁾
Dato' Awang Daud Bin Awang Putera	-	-	156,345,700	11.0 ⁽¹⁾

Note:

(1) Deemed interest by virtue of their substantial shareholdings in SDHB

By virtue of their directorships and shareholdings in SDHB and the Related Parties as disclosed in Section 2.2.2 above, the interested Directors, namely Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah and Dato' Awang Daud Bin Awang Putera have abstained and will continue to abstain from the Board's deliberations. They will also abstain from voting in respect of their direct and/or indirect shareholdings in SDHB, on the resolution approving the Proposal at the forthcoming AGM.

In addition, the interested Major Shareholders of the Company, namely Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah and Dato' Awang Daud Bin Awang Putera will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution approving the Proposal at the forthcoming AGM.

The aforementioned interested Directors and interested Major Shareholders of the Company have also undertaken to ensure that the persons connected to them (if any) will abstain from deliberating and/or voting in respect of their direct and/or indirect shareholdings on the resolution approving the Proposal at the forthcoming AGM.

Save as disclosed above, none of the other directors and Major Shareholders of SDHB and/or Persons Connected with them, has any interest, direct or indirect in the Proposed RRPT Mandate.

8. DIRECTORS' RECOMMENDATION

The Board of Directors (with the exception of Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah and Dato' Awang Daud Bin Awang Putera) having considered all aspects of the Proposed RRPT Mandate is of the opinion that the Proposed RRPT Mandate is in the best interest of the Company. Accordingly, the Board (with the exception of Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah and Dato' Awang Daud Bin Awang Putera) recommend that you vote in favour of the ordinary resolution pertaining to the Proposed RRPT Mandate to be tabled at the 2nd AGM.

9. AGM

The ordinary resolution to approve the Proposed RRPT Mandate is set out as Special Business in the Notice of the 2nd AGM contained in SDHB's Annual Report 2017, which is sent to you together with this Circular. An extract of the said ordinary resolution is set out in Appendix A of this Circular.

The 2nd AGM will be held at Entrance 9C, IDCC Shah Alam, Level 7, Jalan Pahat L15/L Section 15, 40200 Shah Alam, Selangor, Malaysia on Monday, 14 May 2018 at 9.00 a.m.

If you are unable to attend in person at the 2nd AGM, please complete the Form of Proxy in accordance with the instructions contained therein and forward it to the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32 Tower A, Vertical Business Suite Avenue 3, Bangsar South No.8, Jalan Kerinchi 59200 Kuala Lumpur, Malaysia not later than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.

The lodging of the Form of Proxy will not preclude you from attending and voting in person at the 2nd AGM should you subsequently wish to do so.

10. FURTHER INFORMATION

Shareholders of SDHB are advised to refer to Appendix B for further information.

Yours faithfully
For and on behalf of the Directors
SERBA DINAMIK HOLDINGS BERHAD

DATO' MOHAMED NOR BIN ABU BAKAR
Independent Non-Executive Chairman

APPENDIX A – EXTRACT OF RESOLUTION

**RESOLUTION 5
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE
FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

“THAT, approval be and is hereby given for the Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for the Company and/or its subsidiaries to enter into the categories of recurrent related party transactions of a revenue or trading nature falling within the nature of transactions set out in Section 2.2 under Part A of the Circular to Shareholders dated 13 April 2018 (“the Circular”), with the related parties falling within the classes of persons set out in Section 2.2 under Part A of the Circular, such transactions are necessary for the Company and/or its subsidiaries' day-to-day operations and which are carried out in the ordinary course of business, on terms which are not more favorable to the related parties than those generally available to the public and are not detriment of the minority shareholders.

THAT the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it will lapse, unless by a resolution passed at the next AGM, the authority is renewed;
- (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 (“Act”) (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier.

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to this Ordinary Resolution.”

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APPENDIX B – FURTHER INFORMATION

I. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors of SDHB who collectively and individually accept full responsibility for the accuracy of the information given and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement misleading in this Circular.

II. MATERIAL CONTRACTS

As at 30 March 2018 (being the latest practicable date prior to the printing of this Circular), there are no material contracts (not being contracts entered into in the ordinary course of business), which have been entered into by SDHB Group during the two (2) years immediately proceeding the date of this Circular.

III. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at 30 March 2018 (being the latest practicable date prior to the printing of this Circular), neither SDHB nor its subsidiary companies are involved in any litigation, claims and/or arbitration either as plaintiff or defendant, and the Board does not have any knowledge of any proceedings pending or threatened against SDHB or its subsidiaries, or of any facts likely to give rise to any proceedings, which would have a material adverse effect on the business or financial position of SDHB and its subsidiaries.

IV. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the Registered Office of SDHB situated at No. 8-5 Level 5, Pusat Dagangan UMNO Shah Alam, Lot 8, Persiaran Damai, Seksyen 11, 40100 Shah Alam, Selangor Darul Ehsan during normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular up to the date of the 2nd AGM: -

- (i) Constitution of SDHB;
- (ii) Audited consolidated financial statements of SDHB for the past 2 financial years ended 31 December 2017 & 31 December 2016 only as SDHB was incorporated on 2 December 2015.

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THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

Bursa Malaysia Securities Berhad has not perused the contents of this Share Buy-Back Statement ("**Statement**") prior to its issuance and takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, banker, solicitor, accountant or other professional advisers immediately.

If you have sold or transferred all your shares in Serba Dinamik Holdings Berhad, you should at once hand this Statement to the purchaser or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.



SERBA DINAMIK HOLDINGS BERHAD

(Company No. 1167905 - P)

(Incorporated in Malaysia)

SHARE BUY-BACK STATEMENT

IN RELATION TO THE

**PROPOSED SHARE BUY-BACK AUTHORITY FOR THE
PURCHASE OF ITS OWN ORDINARY SHARES**

The above proposal will be tabled as Special Business at the Second (2nd) Annual General Meeting ("**AGM**") of Serba Dinamik Holdings Berhad ("**SDHB**" or the "**Company**") to be held at Entrance 9C, IDCC Shah Alam, Level 7, Jalan Pahat L15/L Section 15, 40200 Shah Alam, Selangor, Malaysia on Monday, 14 May 2018 at 9.00 a.m. The Notice of the AGM together with the Form of Proxy, are enclosed together with the Annual Report of the Company for the financial year ended 31 December 2017.

The Form of Proxy should be completed and returned in accordance with the instructions therein as soon as possible and should be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Saturday, 12 May 2018 at 9.00 a.m.

Date and time of the Second (2nd) AGM : Monday, 14 May 2018 at 9.00 a.m.

DEFINITIONS

For the purposes of this Statement, except where the context otherwise requires, the following definitions shall apply:

“Act”	:	The Companies Act 2016, as amended from time to time, and includes every statutory modification or any re-enactment thereof for the time being in force
“AGM”	:	Annual General Meeting
“Board”	:	Board of Directors of SDHB
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Director”	:	Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Director or Chief Executive Officer of SDHB or any other company which is its subsidiary
“EPS”	:	Earnings per SDHB Share
“FYE(s)”	:	Financial year ended
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities, including any amendments made in respect thereof from time to time
“LPD”	:	30 March 2018, being the latest practicable date prior to the printing of this Statement
“Major Shareholder(s)”	:	Means a person who has an interest or interests in one or more voting Shares in the Company and the nominal amount of that Share, or the aggregate of the nominal amounts of those Shares, is: (i) 10% or more of the aggregate of the nominal amounts of all the voting Shares in the Company; or (ii) 5% or more of the aggregate of the nominal amounts of all the voting Shares in the Company where such person is the largest shareholder of the Company, and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, such major shareholder of the Company or any other company which is its subsidiary. For the purpose of this definition, “interest in shares” has the meaning given in Section 8 of the Act.
“Market Day”	:	A day which Bursa Securities is open for the trading of securities
“NA”	:	Net assets attributable to ordinary equity holders of SDHB
“Proposed Share Buy-Back Authority”	:	Proposed authority for the purchase by SDHB of up to ten percent (10%) of the issued share capital of the Company
“Purchased SDHB Shares”	:	SDHB Shares purchased by SDHB pursuant to Section 127 of the Act

DEFINITIONS (Cont'd)

“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“Rules”	:	Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC, including any amendments thereto that may be made from time to time
“SC”	:	Securities Commission Malaysia
“SDHB” or the “Company”	:	Serba Dinamik Holdings Berhad
“SDHB Group”	:	SDHB and its subsidiaries
“SDHB Share(s)” or the “Share(s)”	:	Ordinary shares in SDHB
“Statement”	:	Share Buy-Back Statement in relation to the Proposed Share Buy-Back Authority
“Substantial Shareholder(s)”	:	A person who has interest or interests in one or more voting Shares in the Company and the nominal amount of that Share, or aggregate of the nominal amount of those Shares, is not less than 5% of the aggregate of the nominal amount of all the voting Shares in the Company
“2017 Annual Report”	:	Annual Report of SDHB issued for the FYE 31 December 2017

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of a day in this Statement shall be a reference to Malaysian time, unless otherwise specified.

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SERBA DINAMIK HOLDINGS BERHAD

(Company No. 1167905 - P)

(Incorporated in Malaysia)

Registered Office:

No. 8-5 Level 5
Pusat Dagangan UMNO Shah Alam
Lot 8, Persiaran Damai, Seksyen 11
40100 Shah Alam
Selangor Darul Ehsan

13 April 2018

Board of Directors

Dato' Mohamed Nor bin Abu Bakar (*Independent Non-Executive Chairman*)
Dato' Dr. Ir. Mohd Abdul Karim bin Abdullah (*Managing Director/Chief Executive Officer*)
Dato' Awang Daud bin Awang Putera (*Deputy Group Managing Director and Non-Independent Executive Director*)
Abdul Kadier Sahib (*Non-Independent Non-Executive Director*)
Hasman Yusri bin Yusoff (*Senior Independent Non-Executive Director*)
Sharifah Irina binti Syed Ahmad Radzi (*Independent Non-Executive Director*)
Tengku Dato' Seri Hasmuddin bin Tengku Othman (*Independent Non-Executive Director*)

To: The Shareholders of Serba Dinamik Holdings Berhad

Dear Sir/Madam,

PROPOSED SHARE BUY-BACK AUTHORITY

1. INTRODUCTION

On 3 April 2018, the Board had announced that SDHB proposed to seek the approval of its shareholders a mandate for the Company to purchase up to ten percent (10%) of the issued share capital of SDHB. The Proposed Share Buy-Back Authority is subject to compliance with Section 127 of the Act and any prevailing laws, orders, requirements, guidelines, rules and regulations issued by any relevant authorities at the time of purchase.

The purpose of this Statement is to provide you with the relevant information of the Proposed Share Buy-Back Authority and to seek your approval for the ordinary resolution in respect thereof to be tabled at the forthcoming AGM. The Notice of the AGM together with the Form of Proxy is enclosed in the 2017 Annual Report.

SHAREHOLDERS OF SDHB ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS STATEMENT CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED SHARE BUY-BACK AUTHORITY AT THE FORTHCOMING AGM.

2. DETAILS OF THE PROPOSED SHARE BUY-BACK AUTHORITY

2.1 Proposed Share Buy-Back Authority

The Board is proposing to seek the shareholders' approval a mandate for SDHB to purchase its own Shares for an aggregate amount of up to ten percent (10%) of the issued share capital of SDHB at any point in time.

For illustrative purposes, as at the LPD, the issued share capital of SDHB stood at 1,468,500,000 Shares. Assuming no further SDHB Shares are issued, the maximum number of Shares that can be purchased pursuant to the Proposed Share Buy-Back Authority is 146,850,000 SDHB Shares.

The Proposed Share Buy-Back Authority, once approved by the shareholders, shall take effect from the passing of the ordinary resolution pertaining thereto at the forthcoming AGM and shall continue to be in force until:-

- (i) the conclusion of the next AGM of the Company following the general meeting at which such resolution is passed, at which time the authority will lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first.

The Proposed Share Buy-Back Authority does not impose an obligation on the Company to purchase its own Shares. Rather, it will allow the Board to exercise the power of the Company to purchase its own Shares at any time within the abovementioned time period.

2.2 Maximum amount of funds to be allocated and the source of funds

The Listing Requirements stipulate that the proposed purchase(s) by a listed issuer of its own shares must be made wholly out of retained profits of the listed corporation. Therefore, the maximum amount of funds to be allocated for the Proposed Share Buy-Back Authority shall not exceed the amount stated in the retained profits of the Company.

Based on the latest audited financial statements of the Company as at 31 December 2017, the retained profits of SDHB were RM2,439.

The Proposed Share Buy-Back Authority will be funded by internally generated funds and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on, amongst others, the availability of internally generated funds, actual number of SDHB Shares to be purchased and other relevant factors. In the event that the Proposed Share Buy-Back Authority is to be partly financed by external borrowings, the Board will ensure that the Company has sufficient funds to repay the external borrowings and that the repayment will not have a material effect on the cash flow of the SDHB Group.

The actual number of SDHB Shares to be purchased and/or held, and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock markets as well as the retained profits and financial resources available to the Company.

2.3 Treatment of the Purchased SDHB Shares

The Purchased SDHB Shares will be dealt by the Board in accordance with Section 127 of the Act, in the following manner:-

- (i) cancel the SDHB Shares so purchased; or
- (ii) retain the SDHB Shares so purchased as treasury shares which may be distributed as share dividends to the shareholders of SDHB and/or be resold on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
- (iii) combination of items (i) and (ii) above.

The decision whether to retain the Purchased SDHB Shares as treasury shares, or to cancel the Purchased SDHB Shares or a combination of both, will be made by the Board at the appropriate time. An immediate announcement will be made to Bursa Securities on any purchase of SDHB Shares as well as any resale or cancellation of the Purchased SDHB Shares.

If such Purchased SDHB Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in rights, allotments and/or other distributions are suspended and the Purchased SDHB Shares shall not be taken into account in calculating the number or percentage of shares or a class of shares in the Company for any purpose including determination of Substantial Shareholders, takeovers, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on a resolution at meetings of the shareholders.

2.4 Purchase/Resale price

Pursuant to the Listing Requirements, SDHB may only purchase SDHB Shares at a price which is not more than fifteen percent (15%) above the weighted average market price of SDHB Shares for the five (5) Market Days immediately preceding the date of the purchase(s). SDHB may only resell the Purchased SDHB Shares held as treasury shares at a price which is:-

- (i) not less than the weighted average market price of SDHB Shares for the five (5) Market Days immediately prior to the resale; or
- (ii) at a discount of not more than five percent (5%) to the weighted average market price of SDHB Shares for the five (5) Market Days immediately prior to the resale provided that:-
 - (a) the resale takes place no earlier than thirty (30) days from the date of the purchase; and
 - (b) the resale price is not less than the cost of purchase of the Shares being resold.

The proposed purchase of SDHB's own Shares and/or resale of the Purchased SDHB Shares shall only be effected on the market of Bursa Securities via its automated trading system and shall exclude any direct business transactions as defined in accordance with the rules of Bursa Securities. SDHB shall ensure that all dealing(s) in its own Shares/Purchased SDHB Shares are made through stock broker(s) appointed by SDHB.

2.5 Potential advantages and disadvantages of the Proposed Share Buy-Back Authority

The potential advantages of the Proposed Share Buy-Back Authority are as follows:-

- (i) the Proposed Share Buy-Back Authority would enable the Company to utilise its financial resources more efficiently especially where there is no immediate use and it may strengthen the consolidated EPS of SDHB;
- (ii) the Proposed Share Buy-Back Authority will also provide the Company with opportunities for potential gains if the Purchased SDHB Shares which are retained as treasury shares are resold at prices higher than their cost of purchase;
- (iii) in any event, the treasury shares may also be distributed as share dividends to the shareholders as a reward; and
- (iv) the Proposed Share Buy-Back Authority may also stabilise the supply and demand of SDHB Shares traded on Bursa Securities and reduce the volatility of the share prices. The stability of SDHB Shares price is important to maintain investors' confidence and may also assist in facilitating future fund raising via the equity market.

The potential disadvantages of the Proposed Share Buy-Back Authority are as follows:-

- (i) the Proposed Share Buy-Back Authority if implemented is expected to temporarily reduce the immediate financial resources of the SDHB Group;
- (ii) the Proposed Share Buy-Back Authority may also result in the SDHB Group foregoing better investment opportunities which may emerge in the future and/or any income that may be derived from other alternative uses of such funds such as deposit in interest bearing instruments; and
- (iii) the Proposed Share Buy-Back Authority may also reduce the amount of resources available for distribution to the shareholders of the Company in the form of dividends as funds are utilised to purchase its own Shares.

Nevertheless, the Proposed Share Buy-Back Authority is not expected to have any potential material disadvantages to the Company and its shareholders, as it will be implemented only after careful consideration of the financial resources of the SDHB Group and its resultant impact. The Board is mindful of the interest of the Company and the shareholders and will be prudent with respect to the above exercise.

2.6 Public shareholding spread of SDHB

The Proposed Share Buy-Back Authority is subject to the compliance with Section 127 of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities ("**Prevailing Law**") at the time of the purchase.

As at the LPD, the public shareholding spread of the Company was approximately 47.52%. Assuming the Proposed Share Buy-Back Authority is carried out in full, and the number of SDHB Shares held by the

Substantial Shareholders, Directors and persons connected to the Substantial Shareholders and/or Directors remain unchanged and all the SDHB Shares so purchased are cancelled, the public shareholding spread of the Company would reduce to approximately 41.69%.

The Board will endeavor to ensure that the Proposed Share Buy-Back Authority will be in accordance with the Prevailing Law at the time of the purchase including compliance with the twenty-five percent (25%) public shareholding spread as required by the Listing Requirements.

2.7 Implication relating to the Rules

Pursuant to the Rules, a person and any parties acting in concert with him/her/them will be required to make a mandatory offer for the remaining SDHB Shares not already owned by him/her/them if his/her/their stake in the Company is increased to beyond 33.0% or if his/her/their shareholdings is between 33.0% and 50.0% and increases by another 2.0% in any six (6) months period.

However, an exemption from mandatory offer obligation may be granted by the SC under the Rules subject to the parties acting in concert complying with the conditions stipulated in the Rules.

The Company intends to implement the Proposed Share Buy-Back Authority in the manner that will not result in any of the shareholders having to undertake a mandatory offer pursuant to the Rules. In this respect, the Board will be mindful of the requirements of the Rules when implementing the Proposed Share Buy-Back Authority.

Based on the shareholdings of the Substantial Shareholders as at the LPD and assuming the Proposed Share Buy-Back Authority is carried out in full, none of the Substantial Shareholder together with any person acting in concert with them will trigger a mandatory general offer under the Rules.

2.8 Purchase, resale and cancellation of Shares made in previous twelve (12) months

There were no purchase, resale and cancellation of Shares made by SDHB in the previous twelve (12) months preceding the date of this Statement.

3. RATIONALE FOR THE PROPOSED SHARE BUY-BACK AUTHORITY

The implementation of the Proposed Share Buy-Back Authority is envisaged to benefit the Company and its shareholders as follows:-

- (i) the Company is able to utilise its surplus financial resources more efficiently. If implemented, this may help to stabilise the supply and demand of the SDHB Shares traded on Bursa Securities and thereby support its fundamental value;
- (ii) the consolidated EPS of SDHB and the return on equity of the Company is expected to improve as a result of a reduced share capital base;
- (iii) the Purchased SDHB Shares retained as treasury shares provide the Board with an option to resell the treasury shares at a higher price and generate capital gains for the Company;
- (iv) the Purchased SDHB Shares retained as treasury shares can be distributed as share dividends to the shareholders as a reward; and
- (v) the financial resources of the Company will increase if the Purchased SDHB Shares held as treasury shares are resold at prices higher than the purchase price.

4. EFFECTS OF THE PROPOSED SHARE BUY-BACK AUTHORITY

The effects of the Proposed Share Buy-Back Authority on the issued share capital, NA and NA per Share, working capital, earnings and EPS, dividends and shareholdings of the Directors and Substantial Shareholders of the Company are set out below:-

4.1 Issued share capital

The effects of the Proposed Share Buy-Back Authority on the issued share capital of the Company will depend on whether the Purchased SDHB Shares are cancelled or retained as treasury shares. The Proposed Share Buy-Back Authority will result in a reduction of the issued share capital of the Company if the Purchased SDHB Shares are cancelled.

Based on the issued share capital of the Company as at the LPD, the proforma effects of the Proposed Share Buy-Back Authority, assuming that the Purchased SDHB Shares will be cancelled, are as follows:-

	No. of Shares
Number of SDHB Shares as at the LPD	1,468,500,000
Less:-	
Maximum number of SDHB Shares which may be purchased and cancelled pursuant to the Proposed Share Buy-Back Authority (assuming all Purchased SDHB Shares are fully cancelled)	146,850,000
Resultant number of SDHB Shares	1,321,650,000

However, the Proposed Share Buy-Back Authority will have no effects on the issued share capital of the Company if all the Purchased SDHB Shares are to be retained as treasury shares, resold or distributed to the shareholders.

4.2 NA and NA per Share

When the Company purchases its own Shares, regardless of whether they are retained as treasury shares or subsequently cancelled, the consolidated NA per Share will decrease if the cost per Share purchased exceeds the consolidated NA per Share at the relevant point in time. However, if the cost per Share purchased is below the consolidated NA per Share at the relevant point in time, the consolidated NA per Share will increase.

In the case where the Purchased SDHB Shares are treated as treasury shares and subsequently resold on Bursa Securities, the consolidated NA per Share upon the resale will increase if the Company realises a gain from the resale and vice-versa. If the treasury shares are distributed as share dividends, the consolidated NA per Share will decrease by the cost of the treasury shares at the point of purchase.

4.3 Working capital

The Proposed Share Buy-Back Authority, as and when implemented, will reduce the working capital and cash flow of the SDHB Group, the quantum of which depends on, amongst others, the number of SDHB Shares purchased and the purchase price(s) of the SDHB Shares.

For the SDHB Shares so purchased which are kept as treasury shares, upon their resale, the working capital and cash flow of the SDHB Group will increase upon the receipt of the proceeds of the resale. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold.

4.4 Earnings and EPS

The effects of the Proposed Share Buy-Back Authority on the consolidated earnings of SDHB are dependent on the number SDHB Shares purchased, the effective funding cost to finance such purchases and/or loss in interest income to the SDHB Group if internally generated funds are utilised. Further, the purchase of the SDHB Shares will result in a lower number of Shares being taken into account for purposes of consolidated EPS computation.

4.5 Dividends

Assuming the Proposed Share Buy-Back Authority is implemented in full, the Proposed Share Buy-Back Authority will have an effect of increasing the dividend rate per Share of the Company as a result of the reduction in the issued share capital of the Company.

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4.6 Directors' and Substantial Shareholders' shareholdings

The proforma effects of the Proposed Share Buy-Back Authority on the shareholdings of the Directors and the Substantial Shareholders based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders' Shareholdings as at the LPD assuming the Proposed Share Buy-Back Authority is undertaken in full by SDHB are as follows:-

(i) Directors of SDHB

Directors	As at the LPD				⁽¹⁾After the Proposed Share Buy-Back Authority			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Mohamed Nor bin Abu Bakar	-	-	-	-	-	-	-	-
Dato' Dr. Ir. Mohd Abdul Karim bin Abdullah	337,036,100	22.95	-	-	337,036,100	25.50	-	-
Dato' Awang Daud bin Awang Putera	156,345,700	10.65	-	-	156,345,700	11.83	-	-
Abdul Kadier Sahib	277,214,900	18.88	-	-	277,214,900	20.97	-	-
Hasman Yusri bin Yusoff	-	-	-	-	-	-	-	-
Sharifah Irina binti Syed Ahmad Radzi	-	-	-	-	-	-	-	-
Tengku Dato' Seri Hasmuddin bin Tengku Othman	-	-	-	-	-	-	-	-

Note:

(1) Assuming the maximum of 146,850,000 Shares are bought-back by the Company and cancelled pursuant to the Proposed Share Buy-Back Authority.

PART B**(ii) Substantial Shareholders of SDHB**

Substantial Shareholders	As at the LPD				⁽¹⁾ After the Proposed Share Buy-Back Authority			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Dr. Ir. Mohd Abdul Karim bin Abdullah	337,036,100	22.95	-	-	337,036,100	25.50	-	-
Abdul Kadier Sahib	277,214,900	18.88	-	-	277,214,900	20.97	-	-
Dato' Awang Daud bin Awang Putera	156,345,700	10.65	-	-	156,345,700	11.83	-	-
Kumpulan Wang Persaraan	115,817,500	7.89	⁽²⁾ 15,403,500	1.05	115,817,500	8.76	⁽²⁾ 15,403,500	1.17
Employees Provident Fund Board	78,883,000	5.37	-	-	78,883,000	5.97	-	-

Notes:

(1) Assuming the maximum of 146,850,000 Shares are bought-back by the Company and cancelled pursuant to the Proposed Share Buy-Back Authority.

(2) Deemed interested by virtue of its interest in nominee corporations pursuant to Section 8 of the Act.

5. INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

Save for the proportionate increase in percentage of shareholdings and/or voting rights of shareholders of the Company as a result of the Proposed Share Buy-Back Authority, none of the Directors and Major Shareholders of the Company and/or persons connected with them have any interest, direct and/or indirect, in the proposed purchase of Shares or resale of treasury shares, if any, in the future.

6. APPROVAL REQUIRED

The Proposed Share Buy-Back Authority is conditional upon the approval of the shareholders of the Company being obtained at the forthcoming AGM to be convened.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of SDHB Shares traded on Bursa Securities for the past twelve (12) months from April 2017 to March 2018 are as follows:-

	<u>Highest</u> RM	<u>Lowest</u> RM
<u>2017</u>		
April	1.96	1.65
May	2.23	1.86
June	2.25	1.82
July	2.04	1.86
August	2.22	1.90
September	2.32	2.10
October	2.73	2.25
November	3.20	2.63
December	3.24	3.06
<u>2018</u>		
January	3.62	3.22
February	3.68	3.36
March	3.61	3.27

The last transacted price of SDHB Shares on 30 March 2018, being the LPD, was RM3.42.

(Source: S&P Capital IQ)

8. DIRECTORS' RECOMMENDATION

The Board after having considered all aspects of the Proposed Share Buy-Back Authority is of the opinion that the Proposed Share Buy-Back Authority is fair, reasonable and in the best interests of the Company. Accordingly, the Board recommends that the shareholders of SDHB vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-Back Authority to be tabled at the forthcoming AGM.

9. AGM

The ordinary resolution to vote on the Proposed Share Buy-Back Authority is set out in the Notice of AGM contained in the 2017 Annual Report. The Second (2nd) AGM of the Company will be held at Entrance 9C, IDCC Shah Alam, Level 7, Jalan Pahat L15/L Section 15, 40200 Shah Alam, Selangor, Malaysia on Monday, 14 May 2018 at 9.00 a.m., for the purpose of considering and, if thought fit, passing the ordinary resolution pertaining to the Proposed Share Buy-Back Authority.

If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the Form of Proxy enclosed in the 2017 Annual Report in accordance with the instructions printed therein as soon as possible so as to arrive at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than forty-eight (48) hours before the time set for the AGM.

PART B

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

10. FURTHER INFORMATION

Shareholders of SDHB are advised to refer to Appendix I contained in this Statement for further information.

Yours faithfully,
For and on behalf of the Board
SERBA DINAMIK HOLDINGS BERHAD

DATO' MOHAMED NOR BIN ABU BAKAR
Independent Non-Executive Chairman

APPENDIX I - FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Directors of SDHB and that they collectively and individually accept full responsibility for the accuracy of the information contained in this Statement and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the Registered Office of SDHB situated at No. 8-5 Level 5, Pusat Dagangan UMNO Shah Alam, Lot 8, Persiaran Damai, Seksyen 11, 40100 Shah Alam, Selangor Darul Ehsan during normal office hours from Mondays to Fridays (except public holidays) from the date of this Statement up to and including the date of the AGM:-

- (i) the Constitution of SDHB; and
- (ii) the audited consolidated financial statements of SDHB for the past two (2) FYEs 31 December 2016 and 31 December 2017.