IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES. THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached Offering Circular (the "**Offering Circular**") and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the attached Offering Circular is confidential and intended only for you and you agree you will not reproduce or publish this electronic transmission or forward the attached Offering Circular to any other person.

Confirmation of your representation: The attached Offering Circular is delivered to you at your request and on the basis that you have confirmed to Credit Suisse (Singapore) Limited and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (together, the "**Joint Global Coordinators**"), Standard Chartered Bank (Singapore) Limited (together with the Joint Global Coordinators, the "**Joint Bookrunners and Joint Lead Managers**"), SD International Sukuk II Limited (the "**Trustee**"), Serba Dinamik International Ltd. (the "**Obligor**") and Serba Dinamik Holdings Berhad ("**Serba Dinamik**" or the "**Guarantor**"), and that (i) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions; (ii) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission; (iii) you will not transmit the attached Offering Circular (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the prior written consent of the Joint Bookrunners and the Joint Lead Managers; and (iv) you acknowledge that you will make your own assessment regarding any credit, investment, legal, taxation or other economic considerations with respect to your decision to subscribe or purchase any of the Certificates.

The Offering Circular has been made available to you in an electronic form. You are reminded that the Offering Circular transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Serba Dinamik, the Trustee, the Obligor, the Joint Bookrunners and the Joint Lead Managers, the Delegate or the Agents (as defined in the attached Offering Circular) nor any of their respective affiliates, directors, officers, employees, representatives, agents, advisers nor any person who controls any of them nor any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version. By accessing the Offering Circular, you consent to receiving it in electronic form. A hard copy of the Offering Circular will be made available to you only upon request to the Joint Bookrunners and the Joint Lead Managers.

Restrictions: The attached Offering Circular is being furnished in connection with an offering exempt from registration under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein. You are reminded that the information in the attached Offering Circular is not complete and may be changed.

THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS. ACCORDINGLY, THE SECURITIES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT.

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the issuer of the securities or the Joint Bookrunners and the Joint Lead Managers, the Delegate or the Agents to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Bookrunners and the Joint Lead Managers or any of their respective affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by it or such affiliate on behalf of the issuer in such jurisdiction.

You are reminded that the attached Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular, electronically or otherwise, to any other person. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described herein in the attached.

YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Actions that You May Not Take: If you received the Offering Circular by e-mail, you should not reply by e-mail to this communication. Any reply e-mail communications, including those you generate by using the "Reply" function on the e-mail software, will be ignored or rejected.

You are responsible for protecting against viruses and other destructive items. Your receipt of the electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

SD INTERNATIONAL SUKUK II LIMITED

Company No. LL16193

(incorporated in the Federal Territory of Labuan, Malaysia with limited liability under the Labuan Companies Act, 1990)

SERBA DINAMIK HOLDINGS BERHAD

Registration No. 201501042584 (1167905-P)

(incorporated in Malaysia)

U.S.$200,000,000 Trust Certificates due 2025

The U.S.$200,000,000 trust certificates due 2025 (the "**Certificates**") of SD International Sukuk II Limited (in its capacity as issuer, the "**Issuer**", and in its capacity as trustee, the "**Trustee**") will be constituted by a declaration of trust (the "**Declaration of Trust**") dated 12 December 2019 (the "**Issue Date**") entered into between the Trustee, Serba Dinamik International Ltd. (the "**Obligor**" or "**SDIL**") and The Hongkong and Shanghai Banking Corporation Limited as the delegate of the Trustee (the "**Delegate**").

The Certificates confer on the holders of the Certificates from time to time (the "**Certificateholders**") the right to receive certain payments (as more particularly described herein) arising from an undivided ownership interest in the assets of a trust declared by the Trustee pursuant to the Declaration of Trust (the "**Trust**") over the Trust Assets (as defined in the terms and conditions of the Certificates (the "**Conditions**")) which will include, *inter alia*: (i) any and all of the rights, title, interest, benefits and entitlements, present and future, of the Trustee in, to and under the Wakala Investment (as defined in the Conditions), (ii) any and all of the interest, rights, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents, (iii) any and all moneys standing to the credit of the Transaction Account (as defined in the Conditions) from time to time and (iv) all proceeds of the foregoing.

Pursuant to a wakala agreement to be entered into between the Trustee and SDIL (in such capacity, the "**Wakeel**") on the Issue Date in respect of the Certificates (the "**Wakala Agreement**"), the Trustee shall appoint the Wakeel as its agent and shall instruct the Wakeel to perform certain duties in respect of the Wakala Investment in accordance with the terms of the Wakeel Agreement and the Wakala Investment Plan (as defined in the Conditions). Pursuant to the Wakala Agreement, the Wakeel shall perform certain obligations in relation to the Wakala Investment during the Wakala Investment Period (as defined herein) which includes (i) investing the Initial Wakala Investment Amount (as defined herein) in the *Shari'a* compliant business of the Obligor on an unrestricted basis as a *Wakala bil Istithmar* and (ii) managing the Wakala Investment, each in accordance with the Wakala Investment Plan and the Wakala Agreement.

Periodic Distribution Amounts (as defined herein) shall be payable subject to and in accordance with the terms and conditions of the Certificates (the "**Conditions**") on the outstanding face amount of the Certificates from (and including) the Issue Date to (but excluding) 12 March 2025 (the "**Scheduled Dissolution Date**") at a profit rate of 6.9965 per cent. per annum. Payments on the Certificates will be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Malaysia or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law to the extent described under Condition 10 (*Taxation*).

Unless previously redeemed or purchased and cancelled in full, the Certificates shall be finally redeemed on the Scheduled Dissolution Date at its Dissolution Distribution Amount and the Trust shall be dissolved by the Trustee following the payment of all such amounts in full. The Certificates are subject to redemption at the option of the Trustee in whole but not in part at their Dissolution Distribution Amount (as defined in the Conditions) at the Early Tax Dissolution Date (as defined in the Conditions) in the event of certain changes affecting taxes of Malaysia or any political subdivision or, in each case, any authority therein or thereof having power to tax. The Guarantor or any of the Subsidiaries of the Guarantor may purchase the Certificates pursuant to a Change of Control Offer (as defined in the Conditions) or an Asset Disposition Offer (as defined in the Conditions). The Trustee may, at any time on or after 12 December 2022 redeem the Certificates in whole but not in part at the Trustee Optional Dissolution Distribution Amounts (as defined in the Conditions). Upon the occurrence of an RM-denominated Sukuk Non-Redemption Event (as defined in the Conditions), the Trustee shall compulsorily redeem the Certificates in whole but not in part on or before 31 December 2019 at the RM-denominated Sukuk Non-Redemption Event Dissolution Distribution Amount (as defined in the Conditions).

Pursuant to a deed of guarantee to be entered into on the Issue Date (the "**Deed of Guarantee**"), Serba Dinamik Holdings Berhad ("**Serba Dinamik**" or the "**Guarantor**") has agreed to guarantee (the "**Trust Obligations Guarantee**"), in favour of the Trustee and the Delegate (for and on behalf of the Certificateholders), from and including the RM-denominated Sukuk Redemption Event Date (as defined in the Conditions) the payment of all sums expressed to be payable from time to time by SDIL (i) in its capacity as obligor under the Declaration of Trust, (ii) in its capacity as wakeel under the Wakala Agreement and (iii) in its capacity as buyer under the commodity murabaha investment agreement to be entered into on the Issue Date (the "**Commodity Murabaha Investment Agreement**"). Prior to the RM-denominated Sukuk Redemption Event Date, the payment obligations of SDIL under the Wakala Agreement and the Commodity Murabaha Investment Agreement will not be guaranteed by the Guarantor. The Certificates will be limited recourse obligations of the Trustee.

The Obligor shall ensure that (i) all proceeds following the creation of the Initial Murabaha Contract (as defined in the Conditions) in accordance with the Commodity Murabaha Investment Agreement (the "**CMIA Proceeds**") and (ii) all proceeds following the investment by the Wakeel of the Initial Wakala Investment Amount (as defined in the Conditions) in accordance with the Wakala Agreement (the "**Wakala Proceeds**" and together with the CMIA Proceeds, the "**Transaction Proceeds**"), are upon receipt immediately paid into the Proceeds Account (as defined in the Conditions) on the Issue Date. The Transaction Proceeds may be released from the Proceeds Account only in the limited circumstances as further described in Condition 6(c) and in accordance with the Agency Agreement (as defined in the Conditions).

Investing in the Certificates involves certain risks. For further information, see "*Risk Factors*".

The Certificates have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). The Certificates are being offered outside the United States by the Joint Bookrunners and Joint Lead Managers in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers and sales of the Certificates and the distribution of this Offering Circular, see "*Subscription and Sale*".

The Certificates will be in registered form in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. Upon issue, the Certificates will be represented by interests in a global certificate in registered form (the "**Global Certificate**") deposited on or before the Issue Date with, and registered in the name of a nominee for, a common depositary (the "**Common Depositary**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg. Definitive Certificates (as defined herein) evidencing holdings of interests in the Certificates will be issued in exchange for interests in the Global Certificate only in certain limited circumstances described herein. See "*Summary of Provisions Relating to the Certificates in Global Form*".

The Certificates are expected to be assigned a rating of BB- and BB- by Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies ("**S&P**") and Fitch Ratings Inc. ("**Fitch**"), respectively. These ratings do not constitute a recommendation to buy, sell or hold the Certificates and may be subject to suspension, reduction or withdrawal at any time by S&P, Fitch and/or Moody's.

Approval in-principle has been received from the Labuan International Finance Exchange Inc. (the "**LFX**"). The LFX does not take responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Offering Circular. Admission of the Certificates to the official list of the LFX is not to be taken as an indication of the merits of the Trustee, the Obligor, their respective subsidiaries and associated companies or the Certificates. Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing of, and quotation for, the Certificates on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission to the official list of the SGX-ST and quotation of the Certificates on the SGX-ST is not to be taken as an indication of the merits of the Trustee, the Obligor, their respective subsidiaries and associated companies or the Certificates. The Certificates will be traded on the SGX-ST in a minimum board lot size of not less than S$200,000 (or its equivalent in other currencies) for so long as the Certificates are listed on the SGX-ST.

While the transaction structure relating to the Certificates has been structured under the guidance of and approved by Amanie Advisors Sdn. Bhd and the Central Shariah Committee of HSBC Bank Middle East Limited, a prospective investor contemplating purchasing the Certificates should make its own independent investigation and determination as to whether the offering and the investment in the Certificates will comply with the principles of *Shari'a*.

Joint Global Coordinators

Credit Suisse **HSBC**

Joint Bookrunners and Joint Lead Managers

Credit Suisse **HSBC** **Standard Chartered Bank**

The date of this Offering Circular is 5 December 2019

NOTICE TO INVESTORS

THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES IN ANY JURISDICTION TO OR FROM ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE THE OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE TRUSTEE, THE OBLIGOR, THE GUARANTOR OR ANY OF THEIR RESPECTIVE SUBSIDIARIES OR THAT THE INFORMATION SET OUT IN THIS OFFERING CIRCULAR IS CORRECT AS AT ANY DATE SUBSEQUENT TO THE DATE OF THIS OFFERING CIRCULAR.

Each of the Trustee, the Obligor and the Guarantor, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Trustee, the Obligor, the Guarantor and each of their respective subsidiaries (together, the "**Group**"), the Certificates and the Transaction Documents which is material in the context of the issue and offering of the Certificates; (ii) the statements contained in this Offering Circular relating to the Trustee, the Obligor, the Guarantor and the Group are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Trustee, the Obligor, the Guarantor and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Trustee, the Obligor, the Guarantor, the Group, the Certificates or the Transaction Documents the omission of which would, in the context of the issue and offering of the Certificates and the Transaction Documents, make any statement in this Offering Circular misleading in any material respect; and (v) all reasonable enquiries have been made by the Trustee, the Obligor and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements. In addition, each of the Trustee, the Obligor and the Guarantor accepts full responsibility for the accuracy of the information contained in this Offering Circular.

This Offering Circular has been prepared by the Trustee, the Obligor and the Guarantor solely for use in connection with the proposed offering of the Certificates described in this Offering Circular. The distribution of this Offering Circular and the offering and sale of the Certificates in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Trustee, the Obligor, the Guarantor and the Joint Bookrunners and the Joint Lead Managers to inform themselves about and to observe any such restrictions. None of the Joint Bookrunners and the Joint Lead Managers, the Delegate, the Agents, the Trustee, the Obligor or the Guarantor or any person who controls them, or any director, officer, employee, representative, agent, affiliate or adviser of any such person represents that this Offering Circular may be lawfully distributed, or that the Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Joint Bookrunners and the Joint Lead Managers, the Delegate, the Agents, the Trustee, the Obligor or the Guarantor or any person who controls them, or any director, officer, employee, representative, agent, affiliate or adviser of any such person which is intended to permit a public offering of the Certificates or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. There are restrictions on the offer and sale of the Certificates and the circulation of documents relating thereto in certain jurisdictions including the United States, the United Kingdom, Hong Kong, Singapore and Malaysia. For a description of further restrictions on offers and sales of Certificates and distribution of this Offering Circular, see "*Subscription and Sale*" below.

Each prospective purchaser of the Certificates must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Certificates or possesses or distributes this Offering Circular and must obtain any consent, approval or permission required under any regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and none of the Trustee, the Obligor, the Guarantor, the Joint Bookrunners and the Joint Lead Managers, the Agents or the Delegate, or any person who controls any of them, or any director, officer, employee, representative, agent, affiliate or adviser of any such person shall have any responsibility therefor.

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Joint Bookrunners and the Joint Lead Managers, the Delegate, the Agents, the Trustee, the Obligor or the Guarantor or any person who controls them, or any director, officer, employee, representative, agent, affiliate or adviser of any such person. Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Trustee, the Obligor or the Guarantor since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Trustee, the Obligor or the Guarantor since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Certificates is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither this Offering Circular nor any other information supplied in connection with the issue of the Certificates (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Joint Bookrunners and the Joint Lead Managers, the Delegate, the Agents, the Trustee, the Obligor or the Guarantor or any person who controls them, or any director, officer, employee, representative, agent, affiliate or adviser of any such person that any recipient of this Offering Circular or any other information supplied in connection with the issue of the Certificates should purchase any Certificates. Each investor contemplating purchasing any Certificates should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Trustee, the Obligor and the Guarantor. Furthermore, no comment is made or advice is given by any of the Joint Bookrunners and the Joint Lead Managers, the Delegate, the Agents, the Trustee, the Obligor, or the Guarantor or any person who controls them, or any director, officer, employee, representative, agent, affiliate or adviser of any such person in respect of taxation matters relating to any Certificates or the legality of the purchase of Certificates by an investor under applicable or similar laws. None of the Joint Bookrunners and the Joint Lead Managers, the Agents or the Delegate or any person who controls any of them, or any director, officer, employee, representative, agent, affiliate or adviser of any such person undertake to review the financial condition or affairs of the Trustee, the Obligor or the Guarantor during the life of the arrangements contemplated by this Offering Circular nor advise any investor or potential investor in the Certificates of any information coming to the attention of the Joint Bookrunners and the Joint Lead Managers.

Each potential investor in the Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Certificates, the merits and risks of investing in the Certificates and the information contained in this Offering Circular;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Certificates and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Certificates, including where the currency for principal or periodic distribution amounts is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Certificates and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Each prospective investor is advised to consult its own tax adviser, legal adviser and business adviser as to tax, legal, business and related matters concerning the purchase of Certificates.

To the fullest extent permitted by law, none of the Joint Bookrunners and the Joint Lead Managers, the Delegate and the Agents or any person who controls them, nor any director, officer, representative, employee, agent, affiliate or adviser of any such person accepts any responsibility whatsoever for the contents of this Offering Circular, or for any other statement made or purported to be made by the Joint Bookrunners and the Joint Lead Managers, the Delegate or any Agent, as the case may be, or on its behalf in connection with the Trustee, the Obligor, the Guarantor or the issue and offering of the Certificates. The Joint Bookrunners and the Joint Lead Managers, the Delegate and the Agents and any person who controls them, or any director, officer, employee, representative, agent, affiliate or adviser of any such person accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Offering Circular or any such statement. No representation or warranty, expressed or implied, is made or given by or on behalf of the Joint Bookrunners and the Joint Lead Managers, the Delegate and the Agents, nor any person who controls them, or any director, officer, employee, representative, agent, affiliate or adviser of any such person, as to the accuracy, completeness or fairness of the information or opinions contained in this document and such persons do not accept responsibility or liability for any such information or opinions.

Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Bookrunners and the Joint Lead Managers, the Delegate or the Agents or any person who controls them, or any director, officer, employee, representative, agent, affiliate or adviser of any such person in connection with its investigation of the accuracy of such information or its investment decision.

SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION

Solely for the purposes of its obligations pursuant to sections 309(B)(1)(a) and 309(B)(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore as modified or amended from time to time including by any subsidiary legislation as may be applicable at the relevant time (together, the "**SFA**"), the Trustee has determined and hereby notifies all relevant persons (as defined in section 309A of the SFA) of the classification of the Certificates as prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore).

LODGEMENT WITH SECURITIES COMMISSION MALAYSIA

In accordance with the Capital Markets and Services Act 2007 of Malaysia (the "**CMSA**"), a copy of this Offering Circular will be lodged with the Securities Commission Malaysia, which takes no responsibility for its contents. The issue, offer or invitation in relation to the Certificates in this Offering Circular or otherwise are subject to the fulfilment of various conditions precedent including without limitation, the lodgement of the documents and information in relation to the Certificates with the Securities Commission Malaysia ("**SC Lodgement**"). The SC Lodgement has been made pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (first issued on 9 March 2015 and revised and effective from 26 November 2019 as amended from time to time). The recipient of this Offering Circular acknowledges and agrees that the SC Lodgement shall not be taken to indicate that the Securities Commission Malaysia recommends the subscription or purchase of the Certificates. The Securities Commission Malaysia shall not be liable for any non-disclosure on the part of the Trustee, the Obligor or the Guarantor and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Offering Circular.

INDUSTRY AND MARKET DATA

Market data and certain industry forecasts used throughout this Offering Circular have been obtained from internal surveys, market research and publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Trustee, the Obligor, the Guarantor, the Joint Bookrunners and the Joint Lead Managers, the Delegate or the Agents or any person who controls any of them, or any of their respective officers, employees, representatives, advisers or agents, or any affiliate of any such person, makes any representation as to the accuracy of that information. The Trustee, the Obligor and the Guarantor confirm that all such third-party information has been accurately reproduced and, so far as the Trustee, the Obligor and the Guarantor are aware and have been able to ascertain from that published information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

STABILISATION

In connection with the issue of the Certificates, Credit Suisse (Singapore) Limited, acting in its capacity as stabilisation manager (the "**Stabilising Manager**") (or persons acting on behalf of the Stabilising Manager) may over-allot Certificates or effect transactions with a view to supporting the market price of the Certificates at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Manager shall act as principal and not as agent of the Trustee or the Obligor. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of such Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the Issue Date and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Certificates. The Stabilising Manager (or persons acting on behalf of the Stabilising Manager) must conduct such stabilisation in accordance with all applicable laws and rules.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes forward-looking statements regarding, amongst other things, the Group's business, results of operations, financial conditions, cash flow, future expansion plans and business strategy. These forward-looking statements can be identified by the use of forward-looking terminology, including the words and terms "**believe**", "**expect**", "**plan**", "**anticipate**", "**intend**", "**aim**", "**project**", "**seek**", "**should**", "**will**", "**would**", "**could**", "**schedule**", "**estimate**" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Offering Circular and include statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Group operates.

By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Investors are cautioned that forward-looking statements are not guarantees of the Group's future performance and their actual results of operations, financial condition and liquidity, and the development of the industries in which they operate, may differ materially from those made in or suggested by the forward-looking statements contained in this Offering Circular. In addition, even if the Group's results of operations, financial condition and liquidity and the development of the industries in which the Group operates are consistent with the forward-looking statements contained in this Offering Circular, those results or developments may not be indicative of results or developments in subsequent periods. These forward-looking statements and any other projections contained in this Offering Circular (whether made by the Group or by any third party) involve known and unknown risks, including those disclosed under the caption "*Risk Factors*", uncertainties and other factors that may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

The factors that could cause the Group's actual results, performances and achievements to be materially different include, among others:

- general political, social and economic conditions globally, in Malaysia and in the Middle East;
- availability and costs of bank loans and other forms of financing;
- changes in competitive conditions and the Group's ability to compete under these conditions;
- the Group's ability to manage working capital and operating expenditure requirements;
- the Group's ability to achieve planned expansions or any development strategies;
- any departure of key management personnel;
- foreign exchange controls and fluctuations in exchange rates and interest rates; and
- certain government regulations, policies and other factors beyond the Group's control.

The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that the Trustee, the Obligor, the Guarantor or persons acting on their behalf may issue. Neither the Trustee, the Obligor nor the Guarantor undertakes any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Offering Circular.

Any forward-looking statements speak only as of the date of this Offering Circular. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance and should only be viewed as historical data.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER DATA

Audited and Reviewed Financial Information

Unless otherwise indicated, financial information in this Offering Circular has been prepared in accordance with Malaysian Financial Reporting Standards ("**MFRS**") issued by the Malaysian Accounting Standards Board (the "**MASB**"). MFRS differs in certain respects from generally accepted accounting principles in other countries, including International Financial Reporting Standards ("**IFRS**"), which differences might be material to the financial information presented herein. Potential investors should consult their own professional advisers for an understanding of the difference between MFRS, IFRS and accounting principles in certain other jurisdictions, and how those differences might affect the financial information presented herein. In making an investment decision, investors must rely upon their own independent examination of the Obligor, the Group, the terms of this offering and the recent financial information of the Obligor and the Group. Unless specified or the context otherwise requires, all financial information in this Offering Circular is presented on a consolidated basis.

This Offering Circular contains (i) the audited consolidated financial information of Serba Dinamik as at and for the years ended 31 December 2017 and 2018 ("**Serba Dinamik's Audited Consolidated Financial Information**"), (ii) the unaudited and reviewed consolidated financial information of Serba Dinamik as at 30 June 2019 and for the six months ended 30 June 2018 and 2019 ("**Serba Dinamik's Reviewed Consolidated Financial Information**", together with Serba Dinamik's Audited Consolidated Information, "**Serba Dinamik's**

Consolidated Financial Information") and (iii) the audited consolidated financial information of Serba Dinamik Group Berhad ("**SDGB**") for the years ended 31 December 2016 and 2017 ("**SDGB's Audited Consolidated Financial Information**" or "**SDGB's Consolidated Financial Information**"). See "*Presentation and Comparability of Financial Information*" below.

Serba Dinamik's Audited Consolidated Financial Information has been derived from Serba Dinamik's audited consolidated financial statements as at and for the years ended 31 December 2018 ("**Serba Dinamik's 2018 Audited Consolidated Financial Statements**"). Serba Dinamik's Reviewed Consolidated Information has been derived from Serba Dinamik's reviewed consolidated financial statements as at 30 June 2019 and for the six months ended 30 June 2018 and 2019 ("**Serba Dinamik's Reviewed Consolidated Financial Statements**", together with Serba Dinamik's Audited Consolidated Financial Statements, "**Serba Dinamik's Consolidated Financial Statements**").

Audited and Reviewed Financial Statements

SDGB's Audited Consolidated Financial Information has been derived from SDGB's audited consolidated financial statements as at and for the years ended 31 December 2017 (the "**SDGB's 2017 Audited Consolidated Financial Statements**").

Serba Dinamik's 2018 Audited Consolidated Financial Statements and SDGB's 2017 Audited Consolidated Financial Statements have been audited by KPMG PLT (the "**Independent Auditors**") in accordance with the standards and guidance issued by the MASB.

Serba Dinamik's Reviewed Consolidated Financial Statements have been reviewed in accordance with the International Standard on Reviewed Engagements ("**ISRE**") 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. Serba Dinamik's Reviewed Consolidated Financial Statements should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. None of the Joint Bookrunners and the Joint Lead Managers or any of their affiliates, directors or advisers makes any representation or warranty, express or implied, regarding the sufficiency of Serba Dinamik's Reviewed Consolidated Financial Statements for an assessment of, and potential investors must exercise caution when using such data to evaluate, Serba Dinamik's financial condition, results of operations and results. Serba Dinamik's Reviewed Consolidated Financial Statements should also not be taken as an indication of the expected financial condition, results of operations and results of the Serba Dinamik for the year ended 31 December 2019.

Serba Dinamik's 2018 Audited Consolidated Financial Statements, SDGB's 2017 Audited Consolidated Financial Statements and Serba Dinamik's Reviewed Consolidated Financial Statements should be read in conjunction and in entirety with their respective related notes thereto.

Bursa Malaysia Interim Financial Information

In addition to Serba Dinamik's Consolidated Financial Statements included in this Offering Circular, Serba Dinamik's unaudited consolidated interim financial information as at 30 September 2019 and for the nine months ended 30 September 2018 and 2019 is included in this Offering Circular, and as published by Serba Dinamik on Bursa Malaysia (the "**Bursa Malaysia Interim Financial Information**"). See "*Index to Financial Statements*". The Bursa Malaysian Interim Financial Information has not been audited or reviewed by any independent auditor, and consequently, should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or a review by an independent auditor. Potential investors must exercise caution when using such data to evaluate Serba Dinamik's financial condition, results of operations and cash flows.

Presentation and Comparability of Financial Information

Serba Dinamik was incorporated on 2 December 2015 as a private limited company and was subsequently converted to a public limited company on 13 May 2016 in preparation for its initial public offering on the Bursa Malaysia's main market. As part of the pre-IPO restructuring, Serba Dinamik subsequently acquired the entire issued and paid-up share capital of SDGB in May 2016, forming the Group, with Serba Dinamik as the parent company of the Group (the "**Pre-IPO Restructuring**").

As a result, Serba Dinamik's Consolidated Financial Information is presented on the basis of a seven-month year for the financial year ended 31 December 2016 (reflecting the period from 25 May 2016 to 31 December 2016) and on the basis of 12-month years for the financial years ended 31 December 2017 and 2018. For these reasons, comparative discussions of Serba Dinamik in this Offering Circular refer only to its operating and financial performance as at and for the financial years ended 31 December 2017 and 2018. A summary and explanation of the differences between Serba Dinamik's Consolidated Financial Information and SDGB Consolidated Financial Information is presented in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Differences between SDGB's and the Guarantor's results of operations*".

For these reasons, the period-to-period comparison of Serba Dinamik's Consolidated Financial Information and SDGB Consolidated Financial Information, as well as the non-MFRS financial measures described below, may not be meaningful and caution should accordingly be exercised in using such comparisons as a basis for any investment decision or to predict the future performance of the Group.

With effect from 1 January 2018, Serba Dinamik adopted MFRS 9 and MFRS 15 where Serba Dinamik is required to reclassify and adjust certain of its financial line items in its financial statements. Please refer to Notes 2 and 34 of Serba Dinamik's 2018 Audited Consolidated Financial Statements and the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Recent accounting pronouncements and changes in accounting policies*" for a discussion on the adoption of MFRS 9 and MFRS 15. As Serba Dinamik has applied the transitional exemptions set out in MFRS 9 and the modified retrospective approach set out in MFRS 15, each with the date of initial application of 1 January 2018 and without requiring any restatement of the corresponding figures of the prior period before 1 January 2018, Serba Dinamik's consolidated financial information as at and for the year ended 31 December 2017 may not be directly comparable against Serba Dinamik's consolidated financial information after 1 January 2018, including the consolidated financial information of Serba Dinamik as of, and for, the year ended 31 December 2018 and for the six months ended 30 June 2018 and 30 June 2019. Investors must therefore exercise caution when making comparisons to any financial figures after 1 January 2018 against Serba Dinamik's consolidated financial information prior to 1 January 2018 and when evaluating Serba Dinamik's financial condition, results of operations and cash flow.

With effect from 1 January 2019, Serba Dinamik has adopted MFRS 16. Please refer to Note A2 of Serba Dinamik's Reviewed Consolidated Financial Statements and the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Recent accounting pronouncements and changes in accounting policies*" for a discussion on the adoption of MFRS 16. Serba Dinamik's consolidated financial information as at and for the years ended 31 December 2017 and 2018 and for the six months ended 30 June 2018 may not be directly comparable against Serba Dinamik's consolidated financial information after 1 January 2019, including Serba Dinamik's consolidated financial information as at and for the six months ended 30 June 2019. Investors must therefore exercise caution when making comparisons to any financial figures after 1 January 2019 against Serba Dinamik's consolidated financial information prior to 1 January 2019 and when evaluating Serba Dinamik's financial condition, results of operations and cash flow.

Non-MFRS Financial Measures

As used in this Offering Circular, a non-MFRS financial measure is one that purports to measure historical or future financial performance, financial position or cash flows, but excludes or includes amounts that would not be so excluded or included in the most comparable MFRS measures.

"**EBITDA**" is a non-MFRS financial measure which is defined as earnings before interest, tax, depreciation and amortisation.

EBITDA, as used in this Offering Circular, is a supplemental financial measure of the Group's performance and is not required by, or presented in accordance with, MFRS or generally accepted accounting principles in certain other countries. Furthermore, EBITDA is not a measure of financial performance or liquidity under MFRS or any other generally accepted accounting principles and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with MFRS or any other generally accepted accounting principles. EBITDA should not therefore be considered in isolation from, or a substitute for, the analysis of the financial condition or results of operations of the Group, as reported under MFRS. Further, EBITDA may not reflect all of the financial and operating results and requirements of the Group. In particular, EBITDA does not reflect the Group's needs for capital expenditures, debt servicing or additional capital that may be required to replace assets that are fully depreciated or amortised. Other companies may calculate or define EBITDA differently, limiting its usefulness as a comparative measure.

Serba Dinamik believes that this supplemental financial measure (i) facilitates operating performance comparisons for the Group from period to period by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods of changes in effective tax rates or net operating losses) and the age and book depreciation of tangible assets (affecting relative depreciation expense), and (ii) is useful for investors in assessing the Group's ability to incur and service its debt, including the Certificates to be issued hereunder.

Serba Dinamik has presented this supplemental financial measure because it believes such measure is frequently used by securities analysts and investors in evaluating similar issuers, and this data is not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019, and should not be used as the basis for, or prediction of, an annualised calculation. Further, EBITDA has limitations as an analytical tool, and investors should not consider it in isolation from, or as a substitute for analysis of, the Group's financial condition or results of operations as reported under MFRS. In addition, EBITDA as presented in this Offering Circular is calculated differently from "*Consolidated EBITDA*" as defined in the Deed of Guarantee, which is used in connection with the limitation on incurrence of indebtedness covenant in the Trust Obligations Guarantee, as well as certain of the Group's financing agreements. Due to these limitations, EBITDA should not be considered as a measure of discretionary cash available to the Group to invest in the growth of our businesses.

For further information, see "*Summary Financial Information*" for a reconciliation of the Group's gross profit to EBITDA.

CERTAIN DEFINED TERMS AND CURRENCY PRESENTATION

The Obligor publishes its financial statements in Malaysian Ringgit. In this Offering Circular, references to "**Malaysian Ringgit**", "**Ringgit**" or "**RM**" are to the lawful currency of Malaysia, references to "**United States dollars**", "**U.S. dollar**", "**U.S. dollars**", "**U.S.$**" are to the lawful currency of the United States and references to "**Singapore Dollars**" or "**S$**" are to the lawful currency of Singapore. See "*Exchange Rates and Exchange Controls*" for certain information regarding the rates of exchange between the Ringgit and the U.S. dollar.

For the convenience of the readers, certain Malaysian Ringgit amounts have been translated into U.S. dollar amounts, based on the prevailing exchange rate of RM4.136 = U.S.$1.00 as of 30 June 2019, being the closing exchange rate for Malaysian Ringgit against U.S. dollars dealt on those dates by Bank Negara Malaysia ("**BNM**"), the Central Bank of Malaysia. Such translations should not be construed as representations that the Malaysian Ringgit or U.S. dollar amounts referred to could have been, or could be, converted into Malaysian Ringgit or U.S. dollars, as the case may be, at that or any other rate or at all.

ROUNDING OF AMOUNTS

Certain monetary amounts and percentages in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

NOTICE TO U.K. RESIDENTS

The Certificates constitute "alternative finance investment bonds" within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 as amended by the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010. This Offering Circular is not being distributed to, and must not be passed on to, the general public in the United Kingdom.

The distribution in the United Kingdom of this Offering Circular and any other marketing materials relating to the Certificates is being addressed to, or directed at, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Financial Promotion Order**"); (ii) persons falling within any of the categories of persons described in Article 49 of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order. Persons of any other description in the United Kingdom may not receive and should not act or rely on this Offering Circular or any other marketing materials in relation to the Certificates.

Potential investors in the Certificates in the United Kingdom are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in the Certificates and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme.

Any individual intending to invest in the Certificates should consult his professional adviser and ensure that he fully understands all the risks associated with making such an investment and that he has sufficient financial resources to sustain any loss that may arise from such investment.

THE KINGDOM OF SAUDI ARABIA NOTICE

This Offering Circular may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "**Capital Market Authority**").

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Offering Circular, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Offering Circular. Prospective purchasers of Certificates should conduct their own due diligence on the accuracy of the information relating to the Certificates. If a prospective purchaser does not understand the contents of this Offering Circular, he or she should consult an authorised financial adviser.

NOTICE TO BAHRAIN RESIDENTS

In relation to investors in the Kingdom of Bahrain, securities issued in connection with this Offering Circular and related offering documents may only be offered in registered form to existing account holders and accredited investors as defined by the Central Bank of Bahrain (the "**CBB**") in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.$100,000 or the equivalent amount in any other currency or such other amount as the CBB may determine.

This offer does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Offering Circular and related offering documents have not been and will not be registered as an Offering Circular with the CBB. Accordingly, no securities may be offered, sold or made the subject of an invitation for subscription or purchase, nor will this Offering Circular or any other related document or material be used in connection with any offer, sale or invitation to subscribe for or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside the Kingdom of Bahrain. The CBB has not reviewed, approved or registered this Offering Circular or related offering documents and it has not in any way considered the merits of the securities to be offered for investment, whether inside or outside the Kingdom of Bahrain.

Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Offering Circular and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Offering Circular. No offer of securities will be made to the public in the Kingdom of Bahrain and this Offering Circular must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

NOTICE TO RESIDENTS OF THE STATE OF QATAR

This Offering Circular does not and is not intended to constitute an offer, sale or delivery of the Certificates under the laws of the State of Qatar and has not been and will not be reviewed or approved by or registered with the Qatar Financial Markets Authority or Qatar Central Bank. The Certificates are not and will not be traded on the Qatar Exchange.

NOTICE TO RESIDENTS OF MALAYSIA

The documents and information in relation to the Certificates have been lodged with the Securities Commission Malaysia pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (first issued on 9 March 2015 and revised and effective from 26 November 2019 as amended from time to time). The recipient of this Offering Circular acknowledges and agrees that the SC Lodgement shall not be taken to indicate that the Securities Commission Malaysia recommends the subscription or purchase of the Certificates.

This Offering Circular has not been registered as a prospectus with the Securities Commission Malaysia under the CMSA and accordingly, the Certificates may not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under Part I of Schedule 6, Part I of Schedule 7, and Schedule 8 (or section 257(3)), read together with Schedule 9 (or section 257(3)) of the CMSA, subject to any law, order, regulation or official directive of Central Bank of Malaysia, Securities Commission Malaysia and/or any other regulatory authority from time to time.

In addition, residents of Malaysia may be required to obtain relevant regulatory approvals, including approval from Bank Negara Malaysia to purchase the Certificates. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and the Joint Bookrunners and the Joint Lead Managers are not responsible for any invitation, offer, sale or purchase of the Certificates as aforesaid without the necessary approvals being in place.

An invitation to subscribe for, or an offer to purchase the Certificates may only be made if such Certificates are offered for subscription or sale, sold, transferred or otherwise disposed of, directly or indirectly to a person falling, or if such offer or invitation falls, within section 13(5) of the Labuan Islamic Financial Services and Securities Act 2010.

In accordance with the Capital Markets and Services Act, 2007 of Malaysia, a copy of this Offering Circular will be lodged with the Securities Commission Malaysia. The Securities Commission Malaysia shall not be liable for any non-disclosure on the part of the Trustee, the Obligor or the Guarantor and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Offering Circular. The issue, offer or invitation in relation to the Certificates are subject to the fulfilment of various conditions precedent, including, without limitation, the lodgement of the documents and information in relation to the Certificates with the SC. Each recipient of this Offering Circular acknowledges and agrees that lodgement with the Securities Commission Malaysia shall not be taken to indicate that the Securities Commission Malaysia recommends the subscription or purchase of the Certificates.

The Labuan International Financial Exchange takes no responsibility for the contents of this Offering Circular, 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 any part of the contents of this Offering Circular. The approval of and the admission of the Certificates to the official lists of the Labuan International Financial Exchange shall not be taken to indicate that the Labuan International Financial Exchange recommends the subscription or purchase of the Certificates or as an indication of the merits of the Trustee, the Obligor, the Guarantor or the Certificates. Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, an investor should consult his or her advisors.

GENERAL NOTICE

No approval from the Labuan Financial Services Authority is or will be obtained for the offering of the Certificates on the basis that the offer or invitation of the Certificates will fall within the categories of excluded offers or invitations set out in section 13(5) of the Labuan Islamic Financial Services and Securities Act 2010.

CONTENTS

SUMMARY OF SERBA DINAMIK AND THE GROUP

The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meaning when used in this summary. Prospective investors should therefore read this Offering Circular in its entirety.

Overview

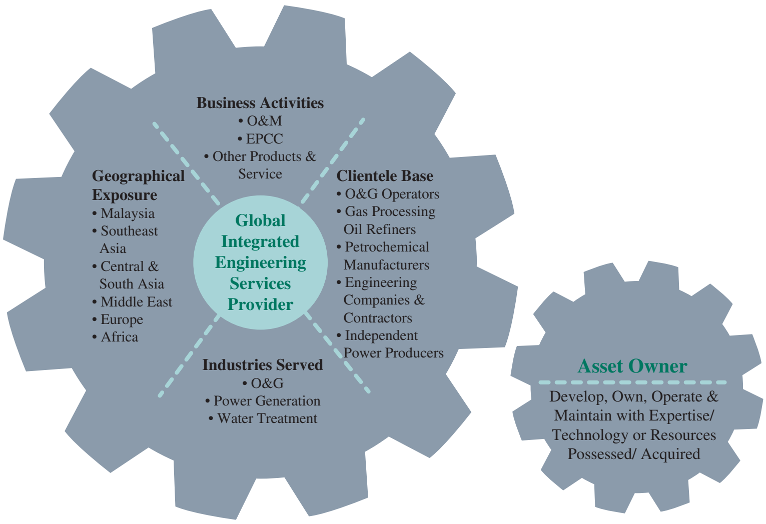
The Group is an energy services group providing engineering solutions to the O&G, power generation, water and utilities industries with operational facilities in Malaysia, Indonesia, the UAE, Bahrain and the UK. As an engineering solutions provider, the Group's business activities comprise O&M services, EPCC works and other products and services.

With regards to the Group's O&M services, the Group carries out MRO of rotating equipment including gas and steam turbines, engines, motors, pumps, compressors and industrial fans; and IRM of static equipment and structures including boilers, unfired pressure vessels and piping systems and structures. The types of rotating equipment that the Group services are located in, among others, O&G production platforms, gas processing plants, oil refineries, petrochemical manufacturing plants, power generation plants, LNG plants and more recently, water and utilities plants. Within the power generation industry, the Group services independent power producers as well as O&G customers that have power generation equipment for their own use.

The Group has the capabilities to carry out EPCC of plants, facilities, road infrastructure and buildings including small hydropower plants, CNG plants, water treatment plants, sewerage treatment plants, chemical plants, microturbine generators, steel structures, piping systems and firefighting systems. The Group also focuses on minor fabrication works including, among others, steel structures, piping systems, installation of rotating and static equipment as well as construction of plants, amenities and buildings.

Other products and services include the provision of process control and instrumentation, technical training, ICT solutions and services, supply of products and parts and provision of logistics services. ICT services is the primary contributor to this segment, with technical education and training services and individual purchase orders accounting for the remaining.

The Group's business model is summarised below:



The industries that the Group serves, as segmented by revenue and their contribution to revenue for the respective periods indicated in the table below, are as follows:

	SDGB		Serba Dinamik			
	For the financial year ended 31 December		For the financial year ended 31 December		For the six months ended 30 June	
	2016	2017	2017	2018	2018	2019
			(%)			
Industry Sectors						
O&G	94.6	94.7	94.7	96.9	95.0	92.0
Power generation	3.2	3.1	3.1	1.8	4.4	2.9
Others(1)	2.2	2.2	2.2	1.3	0.6	5.1
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

(1) Includes pulp and paper, wastewater treatment, desalination, mining, fertilisers and metals.

The Group's revenue is largely derived from the O&G industry. Within the O&G industry, the sectors that the Group services include upstream production of O&G and downstream processing, refining and manufacturing sectors of the O&G industry. As for the power generation industry, the Group services engineering companies and contractors, independent power producers as well as O&G customers that have power generation equipment for their own use. While the Group intends to continue to focus on the energy industry, the Group has invested and intends to continue to invest in other industries, such as the water and utilities industries, to create new revenue streams, to provide it with additional growth opportunities and to reduce its reliance on any one industry. For example, the Group expanded into the O&M services of hydropower plants and water treatment plants in early 2017. The Group also intends to diversify in terms of geography. In 2017, the Group expanded into Africa by acquiring a 25.0% equity interest in a joint venture company in Tanzania to set up and run a chlor-alkali plant and in 2019, expanded into Uzbekistan by securing an EPCC contract for a 90 mtpd chlor-alkali plant and steam turbine power plant, the latter contract to be completed within two years from 8 August 2019 to 7 August 2021.

Since 2015, the Group has adopted an asset ownership business model into its operations to further grow and sustain its business. Under this model, the Group acquires minority equity stakes in companies with projects within the Group's scope of expertise which provide dividend streams as well as enable the Group to secure income from EPCC work before completion of these projects and the O&M services once the projects are completed. One example is the Group's CNG plant in Muaro Jambi, Sumatra, Indonesia and its small gas power plant in Ambon Island, Indonesia, where the Group has developed and currently owns, operates and maintains these assets. In 2015, the Group also acquired a 30.0% stake in a company which operates a small hydropower project in Kota Marudu. In 2017, the Group acquired minority interests in companies with water and sewerage treatment plants in Terengganu, Malaysia and a chlor-alkali plant in Tanzania. In 2018, the Group signed share sale agreements to acquire minority interests in two companies to develop a mini hydro power plant in Laos and LNG facilities in Lumut, Perak, Malaysia, for which the acquisitions were completed in 2019.

SDGB's consolidated revenue for the financial years ended 31 December 2016 and 2017 was RM2,168.3 million and RM2,722.3 million respectively. SDGB's EBITDA for the financial years ended 31 December 2016 and 2017 was RM355.9 million and RM451.0 million, respectively.

Serba Dinamik's consolidated revenue for the financial years ended 31 December 2017 and 2018 was RM2,722.3 million and RM3,283.2 million (U.S.$793.8 million), respectively. Serba Dinamik's EBITDA for the financial years ended 31 December 2017 and 2018 was RM449.0 million and RM579.0 million (U.S.$140.0 million), respectively. For the six months ended 30 June 2018 and 2019, Serba Dinamik's consolidated revenue was RM1,535.0 million and RM2,156.8 million (U.S.$521.5 million), respectively. For the same periods, Serba Dinamik's EBITDA was RM262.1 million and RM396.6 million (U.S.$95.9 million), respectively.

Key Recent Developments

Serba Dinamik has recently undertaken several key projects. It intends to use the proceeds of the issuance of the Certificates to fund the capital expenditure and working capital requirements associated with such projects. See "*Use of Proceeds*". Certain information relating to these projects are set forth below.

Aromatics Complex

Serba Dinamik intends to acquire a minority equity stake in Pengerang Energy Complex (Malaysia) Sdn Bhd ("**PEC**"), a plant and terminal engineering specialist providing project works, maintenance services and other related services. PEC is currently planning to construct a 150,000 bpd condensate splitter and aromatics complex (the "**Aromatics Complex**") within the Pengerang Integrated Petrochemicals Complex ("**PIPC**"), which is located next to PETRONAS and Saudi Aramco's RAPID refinery in Pengerang, Johor, Malaysia. PEC plans to equip the proposed complex with high-end technology from reputable suppliers in order to maximise the output of higher value aromatics products but with lower capital and energy costs.

Subsequent to the acquisition, Serba Dinamik intends to enter into a joint venture agreement with PEC so that it may bid for the EPCC contract (with a contract value of approximately RM1.6 billion) in relation to the Aromatics Complex.

As of the date of this Offering Circular, the O&M contract in respect of this project is still under negotiation.

Serba Dinamik expects the Aromatics Complex to commence construction in 2020 and expects construction to be completed in four to five years.

The total projected cost for the Aromatics Complex is U.S.$3.4 billion, which will be funded by 30% equity and 70% debt. As of the date of this Offering Circular, Serba Dinamik has not spent any funds for the Aromatics Complex. Serba Dinamik intends to fund the equity injection in relation to this project with the proceeds from the issuance of the Certificates.

Uzbekistan Caustic Flakes and Chlorine Plant Project

Serba Dinamik, by way of its subsidiary, SDIL, is in the process of securing a joint venture agreement with the Republic of Uzbekistan's wholly-owned chemical enterprise, Uzkimyosanoat JSC ("**UJSC**"), to (i) establish, operate and maintain a 90 MTPD skid mounted caustic flakes and chlorine plant (the "**Uzbekistan Caustic Flakes and Chlorine Plant**") in the Hazarasp Free Economic Zone ("**HFEZ**") in the Khorezm Region of Uzbekistan and (ii) establish, operate and maintain a 26MW steam generated power plant to power the Uzbekistan Caustic Flakes and Chlorine Plant. The Uzbekistan Caustic Flakes and Chlorine Plant is designed to use typical raw salt as feed stock to produce caustic soda and its by-products. Serba Dinamik expects UJSC to be the offtake party for this potential project.

Serba Dinamik was awarded the U.S.$250 million EPCC contract for this project in August 2019. Its technical partners are Thyssenkrupp UHDE Chlorine Engineers for the Uzbekistan Caustic Flakes and Chlorine Plant and MAN Energy Solutions ES for the steam-generated power plant.

As of the date of this Offering Circular, the O&M contract in respect of this project is still under negotiation.

The Group believes that SDIL will be able to capitalise on prior experience gained in constructing the chlor-alkali plant in the Kibaha District Coast region in Tanzania, and its joint ventures have already obtained the most important approvals required for the project.

The total projected construction cost for the Uzbekistan Caustic Flakes and Chlorine Plant Project is U.S.$250 million. Serba Dinamik intends to fund its portion of the costs related to the Uzbekistan Caustic Flakes and Chlorine Plant Project with proceeds from the issuance of the Certificates and an equity injection. As of the date of this Offering Circular, Serba Dinamik has not spent any funds on this project.

Serba Dinamik expects the plants to commence construction at the start of the first quarter 2020 and to be completed by the second half of 2021. Serba Dinamik expects the plants to be fully operational by 2022.

Turkmengaz Project

In September 2019, Serba Dinamik was awarded the U.S.$118 million EPCC contract to provide supplementary equipment and automation ("**SCADA**") solutions for a 214km gas pipeline by Turkmengaz, the national gas company of Turkmenistan. This gas pipeline represents the Turkmenistan section of the Turkmenistan-Afghanistan-Pakistan-India ("**TAPI**") pipeline. As of the date of this Offering Circular, the TAPI pipelines are under construction. Construction is expected to be complete in 2021 and Serba Dinamik expects the pipeline to be fully operational by 2021. Turkmengaz has obtained the requisite approvals for the project. The Turkmengaz Project is not part of Serba Dinamik's asset ownership business model.

As of the date of this Offering Circular, the O&M contract in respect of this project is still under negotiation.

Serba Dinamik intends to fund its working capital in relation to the EPCC contract with proceeds from the issuance of the Certificates. As of the date of this Offering Circular, Serba Dinamik has not yet commenced operations for this project, though it expects work to commence as early as December 2019.

Competitive Strengths

The Group believes that it benefits from the following competitive strengths:

Recurring cash flow generation underpinned by order book replenishment and strong revenue growth.

The Group benefits from continuing strong growth in its orderbook for O&M services and EPCC contracts, which are driven by new contract wins and high renewal rates from existing contracts, and have an average contract duration of three to five years. Examples of Serba Dinamik's contracts awarded in 2019 include O&M contracts with Pavilion Qatar Engineering Co, Petronas Carigali Sdn Bhd, Petronas Chemicals Fertiliser Sabah Sdn Bhd, and Malaysia LNG Sdn Bhd. See "*Description of Serba Dinamik and the Group—History and Development*". As an independent service provider ("**ISP**"), the Group is able to position itself as a cost-effective alternative to OEM service providers, which enhances its ability to achieve continual and consistent growth of its orderbook. The Group primarily acquires contracts in its O&M and EPCC business through a typical tender and bidding process as well as through contracts awarded as part of larger transactions under its asset ownership business model. While the Group's O&M revenue is largely dependent on the work orders received under such contracts, the Group believes that its track record will translate into a continued conversion of global tenders into new contracts.

The Group's recurring cash flow generation capability is driven by strong historical revenue growth and momentum. SDGB's total revenue was RM2,168.3 million and RM 2,722.3 million for the financial years ended 31 December 2016 and 2017, respectively. Serba Dinamik's total revenue for the financial years ended 31 December 2017 and 2018 was RM2,722.3 million and RM3,283.2 million, respectively. For the six months ended 30 June 2018 and 2019, Serba Dinamik's total revenue was RM1,535.0 million and RM2,156.8 million, respectively.

The Group's revenue performance has benefitted and continues to benefit from its focus on O&M activities. For example, the Group believes that the demand for maintenance services is directly correlated to the level of operational activity at oil and gas facilities, which means that O&M activities remain essential to ensuring operational and cost efficiency notwithstanding the oil price environment. The Group believes that MRO and IRM services are necessary to ensure smooth plant operations and are needed as long as plants are operational, regardless of oil price movements. In addition, the Group believes that periodic maintenance is also typically a mandatory activity for operators in the oil and gas and power industries in order to comply with stringent health and safety regulations.

The Group believes that its future revenue growth and earnings momentum will be sustained through increasing penetration in Middle Eastern markets and continued growth in Malaysia (including the realisation of more favourable margins from Middle Eastern contracts compared to Malaysia) new projects in Central Asia and an expansion of revenue from its EPCC business unit. See "*– Strategic Objectives – Prudent geographical and industry expansion*" below.

Accordingly, the Group believes that a resilient business model across commodity cycles delivers strong revenue growth which translates into strong and consistent operating cash flows with which to service its debt obligations.

Leading player with an established track record, proven execution capabilities and wide and diversified client base.

The Group is a leading player with an established track record in the O&M industry in Malaysia, and benefits from operating in an industry characterised by high barriers to entry.

The Group has a 26-year track record in O&M since 1993, and has established strong relationships with its major customers in Malaysia and internationally. For example, the Group has been an O&M services provider to PETRONAS since the Group commenced operations, with PETRONAS accounting for 21.7% of Serba Dinamik's total revenues for the financial year ended 31 December 2018. For the six months ended 30 June 2019, PETRONAS accounted for 23.9% of Serba Dinamik's total revenues. The Group believes that its track record and the strength of its relationships with its customers are a result of it being able to deliver superior execution of quality engineering services at competitive prices. Such relationships, in turn, contribute to the stability of the Group's revenue generation through its ability to consistently secure contract renewals with those key customers.

Customers in the O&M industry typically require their service providers to demonstrate an established track record, skilled workforce, technical knowledge and access to the required machinery, equipment and support systems, all of which are difficult to acquire in the short term, and constitute high barriers to entry in the market. Furthermore, there are high barriers to entry in the O&G industry in Malaysia, owing to the stringent licensing requirements imposed by PETRONAS. For example, to participate in the Malaysian O&G industry, it is mandatory for service providers to obtain the requisite licences and registrations from PETRONAS, and to keep such licences and registrations current at all times. In this respect, the Group has all necessary licences and registration with PETRONAS to provide O&M services to oil majors, production sharing contract ("**PSC**") and risk service contract ("**RSC**") operators and other O&G service providers in the Malaysian O&G industry. As at 30 September 2019, the Group is licensed with a total of 68 SWEC codes from PETRONAS to operate in the O&G industry in Malaysia, and as a Malaysian-based company, the Group is well-positioned to benefit from this regulatory environment.

In addition to the Group's strong relationships with key customers (such as PETRONAS) and its proven execution capability, the Group also benefits from being an independent service provider, meaning that compared to OEMs, the Group is able to service various brands, sizes and models of equipment without being exclusively tied to a particular OEM. Independent service providers are therefore capable of handling a wide range of services for customers in various industrial sectors. Accordingly, the Group's status as an independent service provider has allowed it to broaden its service offering and widen and diversify its customer base, which has in turn allowed it to hedge itself against any downturns in a particular industry or to a particular customer.

Diversified geographical footprint enhancing profitability.

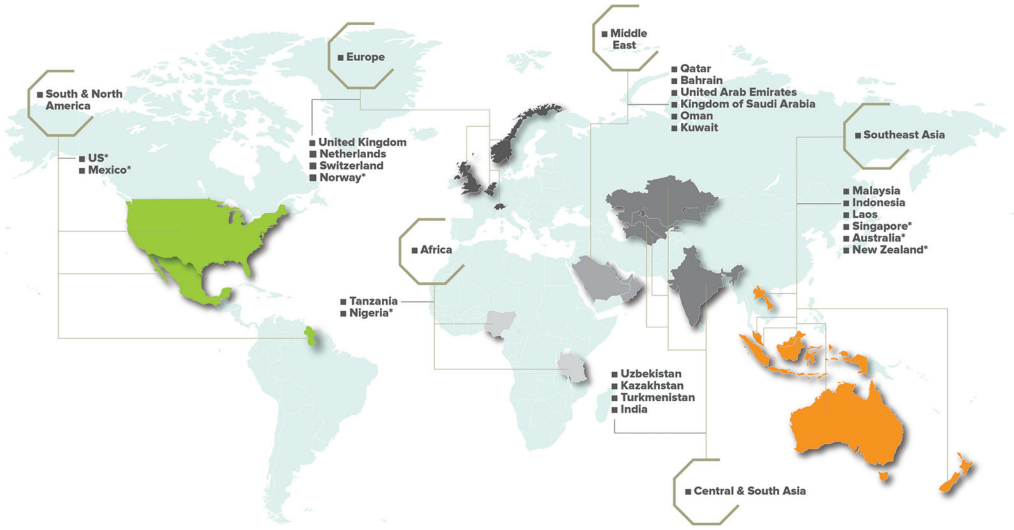
Having consolidated its market position in Malaysia (see "*– Leading player with an established track record, proven execution capabilities and wide and diversified client base*", above), the Group has expanded internationally, in particular in Middle Eastern markets, which the Group believes has been traditionally a difficult market to access in light of the barriers to entry presented by the various strict regulatory regimes. Since its entry into Middle Eastern markets in 2001, the Group's revenues from the Middle East have grown to surpass those which the Group generates from Malaysia, as reflected in the tables below:

	SDGB				**Serba Dinamik**										
	For the financial year ended 31 December				**For the financial year ended 31 December**					**For the six months ended 30 June**					
	2016		**2017**		**2017**		**2018**			**2018**		**2019**			
	Revenue RM in millions	*Margin (%)*	*Revenue RM in millions*	*Margin (%)*	*Revenue RM in millions*	*Margin (%)*	*Revenue RM in millions*	*Revenue U.S.$ in millions*	*Margin (%)*	*Revenue RM in millions*	*Margin (%)*	*Revenue RM in millions*	*Revenue U.S.$ in millions*	*Margin (%)*
Malaysia	770.3	17	869.1	17	869.1	17	920.3	222.5	16	435.3	16	647.4	156.6	15
Indonesia	178.7	10	101.1	11	101.1	11	70.4	17.0	11	15.7	11	99.0	23.9	12
Middle East	1,113.8	19	1,607.2	19	1,607.2	19	2,017.9	487.8	19	979.0	19	1,285.7	310.9	20
Others	105.5	13	144.9	15	144.9	17	274.6	66.4	16	105.0	12	124.6	30.1	14

The Group expects that the Middle East will remain the main contributor to its total revenue by geography, with incremental improvements to the Group's operating margins driven by higher achievable margins in O&M and EPCC contracts with Middle Eastern customers.

The Group also has strategically located global operational centres that provide it with a platform from which it can grow its customer base organically. The Group believes that its recent acquisition of a 24.8% equity interest in CSE, an international technology group specialising in systems integration which offers cost effective and integrated solutions to industries in the automation, telecommunication and environmental sectors, will allow to further expand its geographical footprint, with minimal overlap in customers. For more information, see "*Description of Serba Dinamik and the Group – Principal Areas of Operation – Other products and services – Process control and instrumentation*".

The following diagram illustrates the Group's international presence as of the date of this Offering Circular:



* Refers to CSE's operations.

Business synergies from disciplined asset ownership business model.

Since 2015, the Group has implemented an asset ownership business model as a strategic component to drive future revenue growth, sustain its business and enhance business synergies. Under this model, the Group acquires minority equity interests in companies operating in areas within the Group's scope of expertise. Such investments provide not only income from equity stakes but also enable the Group to secure income from the EPCC of the projects and the O&M services in relation to the assets once completed. Through this model, the Group is able to leverage direct investments in assets, in order to secure new O&M and EPCC contract flows in the short-to long-term, thereby achieving diversification in its business (in industries such as water and power) and building recurring income through long-term asset-generated cash flows and revenue from medium-term O&M contracts.

The following table sets forth the Group's asset and ownership interests and contracts related thereto as of the date of this Offering Circular:

Asset and ownership interest	Industry	Contracts
42% equity ownership in LNG Facilities in Lumut, Perak (Malaysia)	Oil & Gas	• *Short-term*: RM332.8 million EPCC contract (Q4 2019 to Q4 2021) • *Medium-term*: O&M contract under negotiation
40% equity ownership in water treatment plant in Kuala Terengganu Utara, Terengganu (Malaysia)	Water	• *Short-term*: RM289 million EPCC contract (Q1 2017 to Q2 2020) • *Medium-term*: O&M contract under negotiation
51% equity ownership in CNG plant, Jambi, Sumatra (Indonesia)	Oil and gas	• *Short-term*: RM12 million EPCC contract • *Medium-term*: approximately RM1.2 million annual O&M contract (10 years)
49% equity ownership in Laos Hydropower Project (Laos)	Hydropower	• *Short-term*: U.S.$66.2 million EPCC contract (Q3 2018 to Q1 2022) • *Medium-term*: O&M contract under negotiation
25% equity ownership in a chlor-alkali plant in Kibaha District Coast region (Tanzania)	Chemicals	• *Short-term*: U.S.$78.0 million EPCC contract (Q4 2018 to Q2 2020) • *Medium-term*: O&M contract under negotiation

Asset and ownership interest	Industry	Contracts
30% equity ownership in three hydropower plants in Kota Marudu, Sabah (Malaysia)	Hydropower	• *Short-term*: RM218 million EPCC contract (Q4 2016 to Q2 2020) • *Medium-term and Long-term*: RM4.5 million/year O&M contract for 21 years
100% owned 0.8MW gas power plant with ten-year off-take agreement to provide electricity and chilled water to Ambon City Centre Shopping in Kota Ambon, Maluku (Indonesia)	Power and water	• *Medium-term*: O&M contract for 10 years
Joint ownership with Perisind Samudra Sdn Bhd to develop Pengerang eco-Industrial Park in Kota Tinggi (Malaysia) ("**PeIP**")	Industrial park	• *Short-term*: sale of units/lots in PeIP • *Medium-term and Long-term*: lease of units/lots in PeIP • *Long-term*: Maintenance and management fees from sold lots • *Long-term*: MRO and IRM Global Centre of Excellence • *Long-term*: Plant Turnaround Village • *Long-term*: O&M contract for maintenance of PeIP

In addition to the benefits of diversification, capturing additional O&M and EPCC contracts and building an additional recurring income stream, the asset ownership model is also one which the Group believes to be highly sustainable as a result of the minimal capital expenditure required to make an investment and the comparatively short investment horizon, with each investment made being subject to the Group securing the O&M and EPCC contracts related thereto.

Well-positioned to benefit from Malaysian strategic infrastructure initiatives.

The Group's position as a leading player with an established track record in Malaysia (see "– *Leading player with an established track record, proven execution capabilities and wide and diversified client base*") makes it well-positioned to benefit from extensive investment in strategic infrastructure initiatives in Malaysia, and in particular, in relation to the development of the PIPC, which consists of PeIP and Pengerang International Commercial Centre ("**PICC**") in Johor, and certain key infrastructure developments in Sarawak. As of the date of this Offering Circular, 45 of the Group's 96 Malaysian contracts are in Sarawak.

PIPC.

The PIPC comprises integrated oil refineries, naphtha crackers, petrochemical plants, LNG import terminals and a regasification plant. Management believes facilities will include a 300,000 bbl/day refining capacity, 11.8 million tonnes per annum ("**MTA**") petrochemical production, 5 million cubic metres of oil storage capacity, a 1,220 MW co-generation plant, 3.5 MTA regasification capacity and 520 million litres per day ("**MLD**") of raw water supply. As part of the PIPC, management believes PETRONAS is spending an estimated U.S.$27 billion to develop the PIPC, which includes the costs of its RAPID as well as six supporting ancillary facilities.

In 2017, the Group acquired land in Pengerang, Johor for the development of PeIP and PICC. In PeIP, the Group will establish MRO and IRM Global Centres of Excellence together with a Plant Turnaround Village specifically to service the PIPC (including RAPID) and six other associated facilities in Pengerang. The Group's PICC is aimed at supporting the commercial, community, hospitality and residential facilities to complement the PeIP as well as PETRONAS' PIPC and Pengerang Deepwater Terminal developments. The Group believes that its PeIP is strategically located within the PIPC, which will provide it with a competitive advantage in securing MRO, IRM and plant turnaround maintenance contracts from PIPC, as well as positioning it optimally for any potential EPCC contracts from the PIPC. In addition, the Group believes that it will benefit from synergies arising from its close geographic proximity to RAPID by encouraging greater collaboration between the Group and PETRONAS which is already one of the Group's longstanding customers.

Sarawak state developments.

The Group has been operating in the state of Sarawak, Malaysia, since its inception in 1993, and approximately half of the contracts in Malaysia are located in Sarawak. The Group provides maintenance of rotating equipment through its service centres for O&G activities and is currently in the process of establishing a new MRO and IRM centre in Sarawak, to be completed in the first quarter of 2020 that will enable it to carry out additional IRM services and expand its service offerings to both the O&G and power generation sections in Sarawak, with the ultimate aim of being the go-to MRO and IRM provider in the state. In addition, as of 30 June 2019, the Group enjoys strong ties to key stakeholders in Sarawak, with the state government holding approximately 4% of the issued share capital of Serba Dinamik and the Bintulu Development Authority also holding 0.68% of the issued share capital of Serba Dinamik. Furthermore, the Group also benefits from high barriers to entry in the state, as any new entrants to the O&G industry in Sarawak are required to procure licences under either the Oil Mining Ordinance or Gas Distribution Ordinance to operate in Sarawak. The Group therefore believes that it is well-placed to win more contracts as more O&G, power generation and infrastructure investments are made in Sarawak, and which include, as of the date of this Offering Circular:

- the PETRONAS Bintulu LNG and Floating LNG development – one of the largest LNG production centres in the world, consisting of nine LNG trains with a total capacity of approximately 24 mmtpa;
- various state government initiatives – primarily centred on the state government's intended investment of RM8-10 billion to expand Sarawak's power capacity, including a planned new 400 MW combined cycle power plant at Tanjung Kidurong, Bintulu, a new 1,200 MW combined cycle power plant in Samalaju, Bintula and a 600 MW coal-fired power plant in Balingian, Mukah; and
- the development of Samalaju Industrial Park, a 7,000 hectare area dedicated to energy-intensive heavy industry, where the Group is currently developing an Integrated Energy Hub, which is expected to be completed in the first quarter of 2020, to serve as a service centre point for the region.

Prudent and disciplined deployment of capital.

The Group follows a prudent financial risk management policy which aims to maintain strong earnings coverage on its outstanding debt as well as disciplined capital management of its banking facilities, while also maintaining sizeable cash balances to ensure that it can meet ongoing operating costs in the event of unforeseen adverse market events.

The following tables sets forth the total gross debt, net debt, Gross Debt/EBITDA and Net Debt/EBITDA ratios for SDGB and Serba Dinamik for the periods indicated:

	SDGB		**Serba Dinamik**			
	For the financial year ended 31 December		**For the financial year ended 31 December**		**For the six months ended 30 June**	
	2016	**2017**	**2017**	**2018**	**2018**	**2019**
Gross Debt (RM million)	639.6	706.0	706.0	1,711.5	957.4	2,484.3
Net Debt (RM million)	452.2	409.0	405.2	950.7	515.0	1,460.0
Gross Debt/EBITDA	1.8	1.6	1.6	3.0	1.9	3.5
Net Debt/EBITDA	1.3	0.9	0.9	1.7	1.0	2.0

Note:

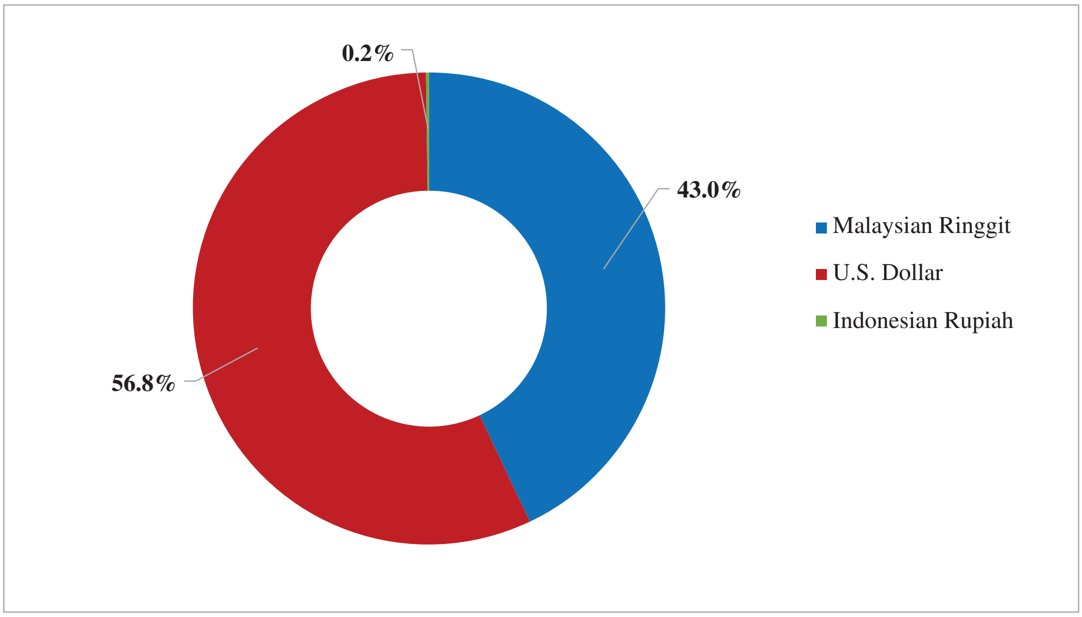
(1) EBITDA for the six month periods ended 30 June 2019 and 30 June 2018 are calculated on a last twelve months ("**LTM**") basis. LTM EBITDA for the six month period ended 30 June 2019 is calculated by adding EBITDA for the six month period ended 30 June 2019 to the difference between EBITDA for the year ended 31 December 2018 and the six month period ended 30 June 2018. LTM EBITDA for the six month period ended 30 June 2018 is calculated by adding EBITDA for the six month period ended 30 June 2018 to the difference between EBITDA for the year ended 31 December 2017 and the six month period ended 30 June 2017.

While the Group has growing capital expenditure requirements in the short-term to support its growth and implement its business strategy (especially in relation to exploiting opportunities presented by its asset ownership model), its capital expenditure as a percentage of revenue is expected to decrease over time as the Group achieves increasing economies of scale.

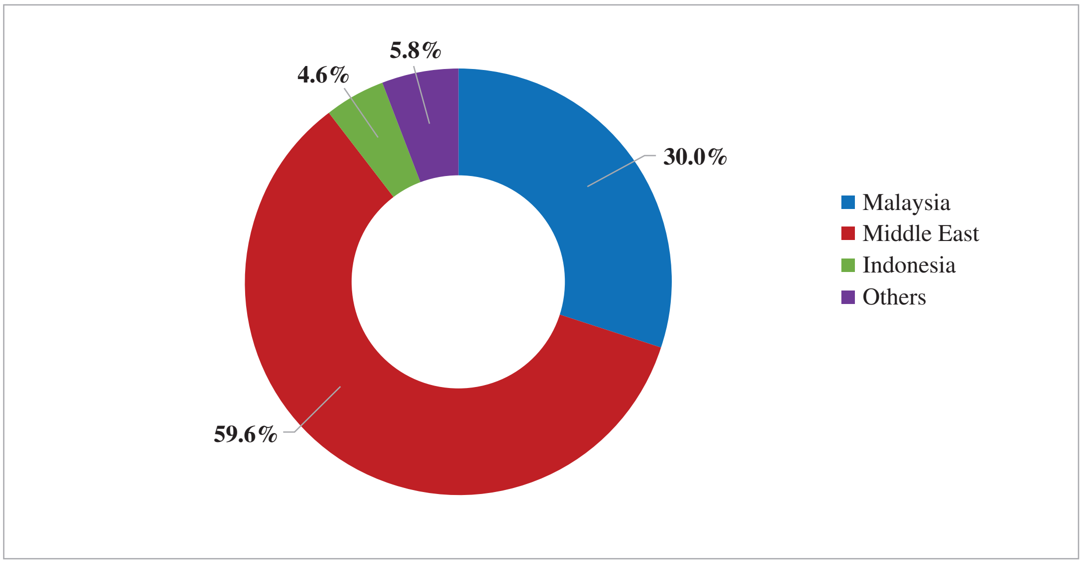
The Group also enjoys strong support from its key relationship banks, as evidenced by its ability to maintain key revolving credit lines. See "*Description of Other Financing Arrangements*". Going forward, the Group aims to increase its debt maturity profile to align with its asset ownership business model, which generates cashflows in the short-, medium- and long-term. See "– *Business synergies from disciplined asset ownership business model*", above.

Although the Group is exposed to foreign currency risk on its sales, purchases and borrowings, the Group takes an active approach to matching its financial liabilities exposure with its revenues to reduce its foreign currency risk exposure, as illustrated by the following diagrams:

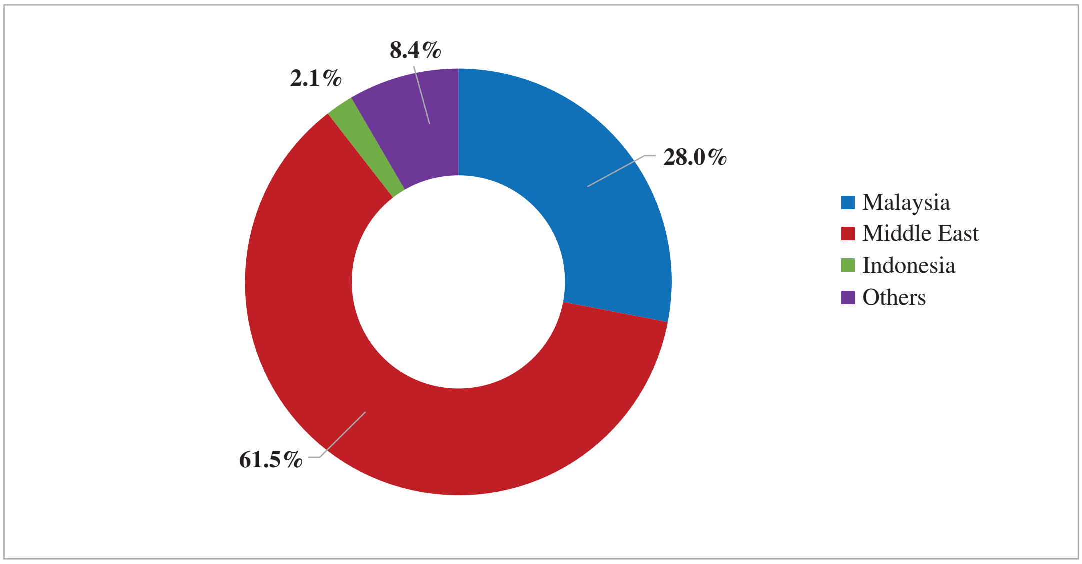
Breakdown of Serba Dinamik's financial liabilities as at 30 June 2019



Breakdown of Serba Dinamik's revenues for the six months ended 30 June 2019



Breakdown of Serba Dinamik's revenues for the financial year ended 31 December 2018



Experienced management team.

The Group benefits from the services of an experienced management team which has over 130 years of combined experience in the O&M and EPCC industries, with the majority of the Group's management team bringing more than 25 years of experience each in their respective fields to the Group.

Under the management's leadership, SDGB's revenues have grown by 51.4% in RM terms from the financial year ended 31 December 2016 to the financial year ended 31 December 2018.

The Group believes that its management team will continue to play a key role in the success of the Group. The Group is headed by the Group Managing Director/Chief Executive Officer, Dato' Karim, who has accumulated 29 years in the energy industry. Dato' Karim is also an Executive Director of the Group, and is responsible for the overall management of operations, business development and implementation of the Group's business plan. The Group is supported by Syed Nazim Bin Syed Faisal, the Group Chief Financial Officer, who is responsible for the financial and accounting aspects of the Group, Afandi Bin Abd Hamid, the Group Vice President responsible for managing the Group's O&M business unit, Ir. Abdul Halim Bin Mohd Damiah, the Group Vice President responsible for the EPCC business unit and Nazrin Nasir, the Vice President responsible for Special Projects. Dato' Awang Daud, who has also accumulated 39 years in the energy industry, is also Serba Dinamik's non-independent non-executive director. He previously served as Serba Dinamik's deputy chief executive officer and executive officer until his re-appointment as a non-executive director on 4 October 2019.

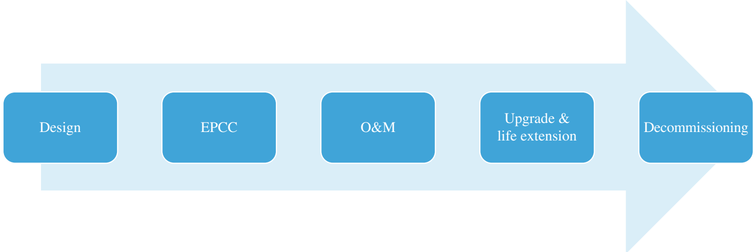
Strategic Objectives

The key elements of the Group's business strategy are as follows:

Leverage on core competencies within the oil and gas and power generation sectors to drive consistent cash flow generation.

The Group's overall business strategy is to continue to leverage its core competencies within the O&G and power generation industries, including the acquisition of assets (as part of the Group's asset ownership business model) that will diversify its revenue streams to drive its future growth. The Group believes that the successful implementation of this strategy will enlarge its targeted markets across diversified industries and geographical markets and provide continued business sustainability and growth.

In implementing this strategy, the Group intends to offer a broader range of products and services within the EPCC and O&M stages of the typical life-cycle of an asset, as illustrated by the following diagram:



For example, within O&M activities, the Group aims to provide total plant and facility maintenance and turnaround services by expanding its MRO of rotating equipment to IRM of static equipment and structures. This will incorporate instrumentation, piping systems, rejuvenation and upgrades of electrical and electronic devices and process control panels, corrosion prevention and minor fabrication, all of which are complementary to the Group's core expertise in maintenance services and would leverage both the Group's existing capabilities and its relationships with partners to undertake the delivery of such services. This would also represent a vertical expansion of the Group's business, as the Group is already actively engaged in MRO of rotating equipment as part of total plant turnaround services.

In addition, the Group also intends to continue providing MRO services for large turbines, compressors and generators, which given their size, are typically sent to peninsular Malaysia or countries such as Singapore or Germany when requiring servicing outside of the customers' premises. In order to carry out MRO of large rotating equipment in-house, the Group is currently in the process of establishing a new MRO and IRM centre in Sarawak, which it expects to be completed in the second half of 2019 and to be fully operational by the first quarter of 2020, with the ultimate aim of being the go-to MRO and IRM services provider in the state. See "– *Competitive Strengths – Well-positioned to benefit from Malaysian strategic infrastructure initiatives – Sarawak state developments*", above. Further, the Group also intends to carry out corrosion prevention and preparatory works for piping systems, as part of the vertical expansion of its business in IRM services, and which are also intended to be offered through the Group's new MRO and IRM centre in Sarawak.

The Group intends to implement the horizontal expansion of its business by extending its MRO capabilities to cover marine engines and power generation facilities in large vessels, for example bulk cargo, container ships and tankers. While these proposed activities may not align with the Group's current energy industry focus, they provide opportunities to leverage the Group's existing core competencies to access growth opportunities in other industries thereby increasing the Group's overall industry diversification.

Continued focus on asset ownership business model to ensure sustainable long term recurring income.

The Group intends to continue its focus on and expand its asset ownership business model in order to support the growth of its business. The Group believes that the expansion of its business through the asset ownership business model will provide it with the opportunity to enlarge and diversify its revenue streams by expanding its range of products and services. See "– *Competitive Strengths – Business synergies from disciplined asset ownership business model*", above, for details of the implementation of the asset ownership business model to date.

The strategy for the continued focus of the asset ownership business model comprises four elements:

- *Development* – of the assets that the Group has identified, which could involve using a combination of the Group's in-house or external expertise and resources. For example, while the Group has EPCC expertise in-house to undertake construction activities (see "– *Principle Areas of Operation – EPCC works*", below), it may supplement such expertise by using third parties to carry out the civil works associated with the project.
- *Ownership* – of the asset that it has developed, through the acquisition of a minority equity interest in the asset (where permitted dependent on the applicable regulatory requirements where the asset is located).
- *Operation* – of the asset once developed, using the Group's in-house expertise, and where required, through engaging external third parties.
- *Maintenance* – of the asset as part of its operation, utilising the Group's leading MRO and IRM expertise to carry out asset maintenance.

The types of assets that the Group will seek to acquire as part of the implementation of this strategy will focus on the O&G, power generation, water and utilities industries, which the Group believes will allow it to capitalise on its core expertise and experience.

Prudent geographical and industry expansion.

The Group aims to expand both its geographical and industry coverage as part of implementing the strategic objectives described above.

The Group believes that it currently benefits from broad geographical exposure, with a presence in Southeast Asia (Malaysia, Indonesia and Laos), the Middle East (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE), Central and South Asia (Turkmenistan, Kazakhstan, Uzbekistan and India), Europe (the United Kingdom) and Africa (Tanzania). See "*– Competitive Strengths – Diversified geographical footprint enhancing profitability*", above. The Group intends to use its presence in those existing markets in order to expand its market coverage to other surrounding regions, including Central Asia, Africa and Europe, as well as venturing into the United States and South America.

The Group currently generates the majority of its revenue from the O&G industry, and primarily through providing O&M services for O&G production platforms, crude O&G refineries, petrochemical manufacturing plants and LNG plants. The following table sets forth a breakdown of the revenue the Group derives from the industry sectors in which it currently has a presence:

	SDGB		Serba Dinamik			
	For the financial year ended 31 December		For the financial year ended 31 December		For the six months ended 30 June	
	2016	2017	2017	2018	2018	2019
			(%)			
Industry Sectors						
O&G	94.6	94.7	94.7	96.9	95.0	92.0
Power generation	3.2	3.1	3.1	1.8	4.4	2.9
Others	2.2	2.2	2.2	1.3	0.6	5.1
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

The Group intends to continue to diversify its industry coverage based on its core O&M and EPCC capabilities, and to expand its coverage in other industries where it has an operating track record, and which similarly uses rotating and static equipment. On that basis, the Group believes it will be able to offer its MRO and IRM services, and if required, EPCC, for the construction or extension of plants and facilities in those industries.

Pursue disciplined acquisitions which add value to the supply chain and strengthen the Group's market position.

The Group intends to continue to invest in or acquire companies that are complementary, or which provide growth opportunities, to its business, and which enhance its value proposition and overall product offerings. The Group's focused expansion strategy comprises two elements.

Firstly, the Group will pursue companies with technologies, geographical presence, and skills sets that will complement its existing product offerings and provide cost efficiencies and synergies. For example, in April 2018, the Group acquired a 24.8% stake in CSE Global Limited ("**CSE**"), a Singapore-listed international technology group specialising in systems integration, which provides the Group with access to a diverse customer base and new markets in the United States, Mexico, Australia and New Zealand as well as access to technological capability in process control and instrumentation. In April 2018, the Group also acquired a 49.0% stake in UAE-based pump supplier Al Sagar Engineering Group LLC and Al Sagar National Establishment, who have licences in the O&G, power generation and water utility segments and operate all across the UAE. With this acquisition, the Group hopes to make further inroads into the UAE market. In 2018, the Group also acquired a 20.0% stake in La Rapida SA, a Swiss manufacturing company that manufactures parts and components for equipment such as turbines blades and vanes and rotor heat shields, and a 40% stake in Sreem Serba Turbines PVT, an Indian-based company with technological capabilities to design and manufacture steam turbines for various industries of up to 30MW.

The Group acquired a 25.0% stake of Psicon BV and is in the process of completing the acquisition of a 100.0% stake of Psicon AVV. The share transfer is expected to be complete by the end of 2019. Both of these companies are Netherlands-based re-engineering companies which focus on rotating equipment performance upgrading, process module engineering, and the trading and supply of steam turbines and spare parts within Europe, Africa, the Middle East and Asia. In July 2019, the Group acquired a 22.5% stake in Geppert GmBH, a company which specialises in manufacturing turbines for hydro power plants.

Secondly, the Group will continue to seek out targets that have projects and assets that will maximise the Group's core capabilities in O&M services and EPCC works. For example, in 2015, the Group acquired a 30.0% stake in Adat Sanjung Sdn. Bhd., a company with a combined proposed 29MW output from its hydropower plants in Kota Marudu, Sabah and won the EPCC contract for the development of those power plants. In February 2017, the Group acquired a 40% equity interest in Konsortium KAJV Sdn. Bhd. and participated in the development of a 120 MLD conventional water treatment plant and a 28 MLD membrane water treatment plant as part of the Kuala Terengganu Utara Water Supply Scheme for the State Government of Terengganu, Malaysia.

The rationale for such acquisitions was for the Group to gain access to and be awarded the EPCC and O&M contracts for the plant. In implementing this strategy, the Group applies a policy of acquiring a 20% to 45% equity interest in the target company if the acquisition is in line with the Group's intention to maximise value and enhance its core capabilities in its O&M services and EPCC business segments. For example, together with the acquisition of a 25.0% equity interest in Sufini Holdings Ltd., the owner of a chlor-alkali plant in Tanzania, in 2017, the Group was awarded the EPCC and O&M contracts for the plant. In 2019, the Group completed the acquisition of a 42.3% equity interest in E&E Gas Sdn Bhd to participate in the development of an onshore LNG distribution infrastructure facilities in Lumut, Perak, Malaysia and was awarded the EPCC contracts in 2018 for the facilities. Similarly, the Group acquired a 49.0% equity interest in OHP Ventures Incorporated to participate in the development of hydropower plants in Houaphan Province, Laos, and was also awarded the EPCC contracts for the plant.

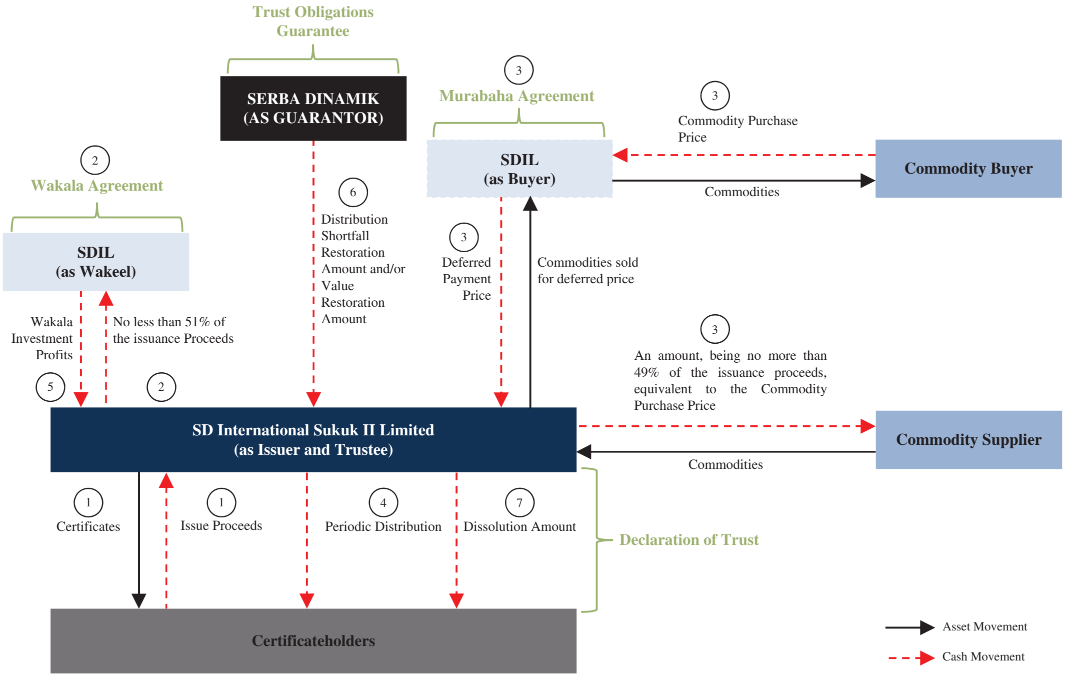
By implementing the Group's acquisition strategy and policy approach, the Group expects to be able to increase its resources, expand its product and service offerings and tap into new customer bases, industries and markets. The Group believes that this will provide it with new sources of income whilst leveraging its existing experience and expertise.

Issuer Information

The Issuer is a company incorporated in the Federal Territory of Labuan, Malaysia with limited liability under the Labuan Companies Act, 1990 with Company No. LL16193. The Issuer's registered office is at Level 6 (D), Main Office Tower, Financial Park, Jalan Merdeka, Post Office Box 80887, 87018 Labuan, Federal Territory of Labuan, Malaysia.

STRUCTURE DIAGRAM AND CASH FLOWS

Set out below is a simplified structure diagram and description of the principal cash flows relating to the Certificates. This does not purport to be complete and is qualified in its entirety by reference to, and must be read in conjunction with, the more detailed information appearing elsewhere in this Offering Circular. Potential investors are referred to the Conditions and the detailed descriptions of the relevant Transaction Documents set out elsewhere in this Offering Circular for a fuller description of certain cash flows. Potential investors should read this entire Offering Circular carefully, especially the considerations of investing in the Certificates discussed under "Risk Factors". Phrases and defined terms used in this section and not otherwise defined shall have the meanings given to them in the sections entitled "Terms and Conditions of the Certificates" or elsewhere in this Offering Circular.



Payments on the Issue Date:

1. On the Issue Date, the Trustee shall issue the Certificates. Each Certificate shall represent an undivided proportionate beneficial ownership in the Trust Assets. The investors shall subscribe for the Certificates by payment of the proceeds of the Certificates (the "**Proceeds**") to the Trustee.

2. On the Issue Date, the Trustee and the Wakeel shall enter into the Wakala Agreement pursuant to which the Trustee shall appoint the Wakeel to perform certain duties in respect of the Wakala Investment during the Wakala Investment Period in accordance with the Wakala Agreement and the Wakala Investment Plan set out therein. Pursuant to the Wakala Agreement, among other things, the Wakeel shall (a) ensure that on the Issue Date and prior to the Commodity Murabaha Investment being entered into, the Wakala Investment Value shall be equal to no less than 51 per cent. of the aggregate face amount of the Certificates and (b) invest the Initial Wakala Investment Amount in the *Shari'a* compliant business of the Obligor on an unrestricted basis as a *Wakala bil Istithmar* in accordance with the terms of the Wakala Agreement and the Wakala Investment Plan.

3. On the Issue Date, the Trustee and the Buyer shall enter into the Commodity Murabaha Investment Agreement pursuant to which the remaining portion of the Proceeds, which shall be no more than 49 per cent. of the aggregate face amount of the Certificates, shall be used by the Trustee to enter into the Murabaha Contract. Pursuant to the Commodity Murabaha Investment Agreement, the Buyer shall deliver to the Trustee a notice of request to purchase the Commodities in relation to the Murabaha Contract on the Issue Date. On receipt of such notice of request to purchase, the Trustee shall deliver to the Buyer an offer notice and sell the Commodities so purchased by the Commodity Agent from the Commodity Supplier on its behalf to the Buyer on the Issue Date in consideration for an amount equal to the aggregate of (i) the Commodity Purchase Price, (ii) an amount equal to the aggregate of (1) the amount by which the aggregate face amount of the Certificates exceeds the Commodity Purchase Price and (2) any other amount specified

as being payable on any Dissolution Date (which shall include any Dissolution Distribution Amount payable in excess of the aggregate face amount of the Certificates); and (iii) the Murabaha Profit, and specified as such in the offer notice (the "**Deferred Payment Price**") in accordance with the terms of the Commodity Murabaha Investment Agreement. Following the purchase of Commodities pursuant to the Murabaha Contract, the Buyer may (but is under no obligation to) authorise the Commodity Agent to on-sell any Commodities that it has purchased to a third party for an amount equal to the Commodity Purchase Price.

Periodic Distribution:

4. Pursuant to the Commodity Murabaha Investment Agreement, prior to each Periodic Distribution Date under the Certificates, the Buyer shall transfer to the Seller in cleared funds the Murabaha Profit Instalments by crediting the Transaction Account.

5. Pursuant to the Wakala Agreement, the Wakeel shall maintain a collection account (the "**Collection Account**") in its books, denominated in U.S. dollars and all Wakala Investment Profits generated by the Wakala Investment will be recorded in the Collection Account as and when received by the Wakeel and applied in accordance with the Wakala Agreement for each Wakala Distribution Period.

6. Pursuant to the Deed of Guarantee, among other things, the Guarantor shall irrevocably and unconditionally undertake to pay into the Transaction Account, immediately on receipt of a payment notice from the Trustee, the Distribution Shortfall Restoration Amount (as defined in the Deed of Guarantee) and/or the Value Restoration Amount (as defined in the Deed of Guarantee) (as the case may be) specified in that payment notice.

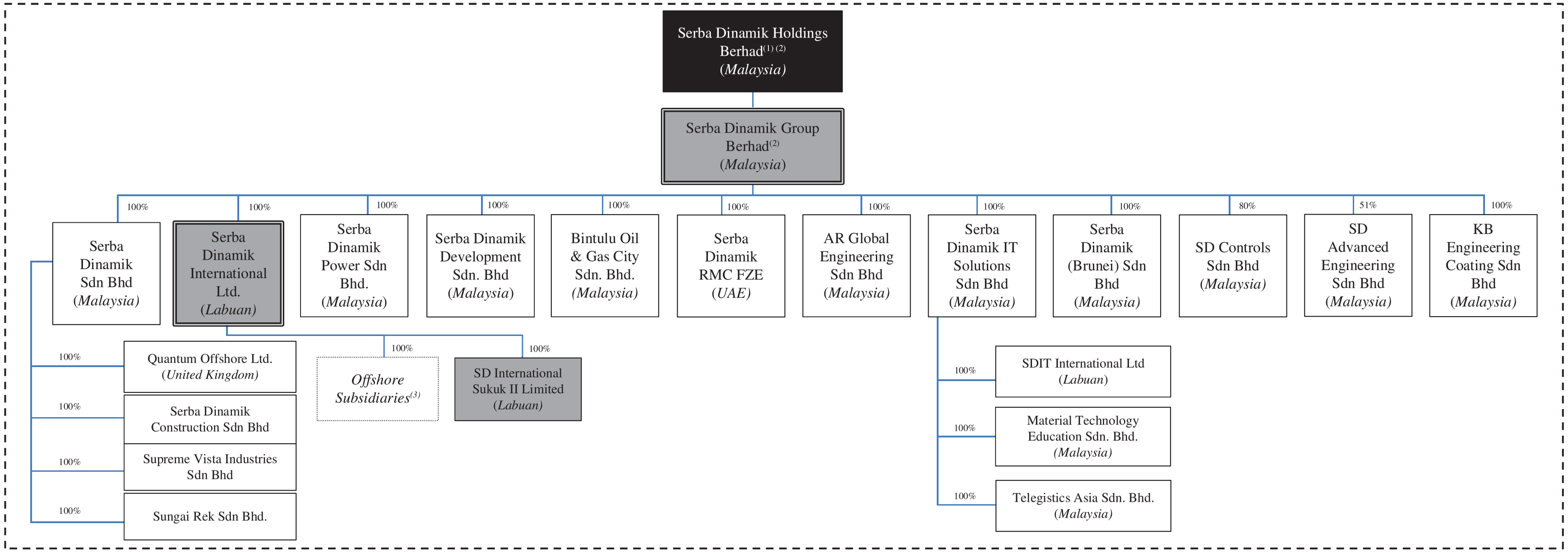
Dissolution payments:

7. On the Scheduled Dissolution Date or upon the occurrence of a Tax Event, a Trustee Optional Dissolution Event, an RM-denominated Sukuk Non-Redemption Event, or a Dissolution Event, as the case may be (a) the outstanding Deferred Payment Price shall be immediately due and payable under the Commodity Murabaha Investment Agreement and (b) the Wakeel will liquidate the Wakala Investment in accordance with the terms of the Wakala Agreement. The Trustee (failing which the Delegate on behalf of the Trustee) shall use the proceeds thereof to redeem the Certificates at the Dissolution Distribution Amount on the Scheduled Dissolution Date, the Early Tax Dissolution Date, the Trustee Optional Dissolution Date, the RM-denominated Sukuk Non-Redemption Event Dissolution Date or the Dissolution Event Redemption Date, as the case may be, and the Trust shall be dissolved on the day after the last outstanding Certificate has been so redeemed in full. Upon such dissolution as aforesaid, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations thereof.

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following diagram shows a simplified summary of the Group's corporate and financing structure as of the date of this Offering Circular. The following is provided for indicative and illustration purposes only and should be read in conjunction with the information contained in this Offering Circular as a whole. The diagram does not include all of the Guarantor's Subsidiaries (including, without limitation, any dormant subsidiaries) and does not disclose the Guarantor's associates, nor all of the debt obligations of the Group.

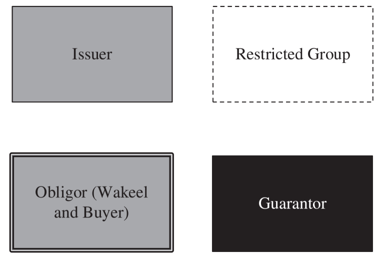
For a summary of the debt obligations of the Group, see the sections titled "Description of Certain Financing Arrangements" and "Capitalisation and Indebtedness".



(1) The Guarantor accounted for RM82.5 million (U.S.$19.9 million) and RM118.7 million (U.S.$28.6 million), or 20.8% and 20.6%, of the Group's Consolidated EBITDA for the six months ended 30 June 2019 and the financial year ended 31 December 2018, respectively, and RM2,209.6 million (U.S.$534.3 million) and RM2,199.7 million (U.S.$531.8 million), or 41.1% and 50.3%, of the Group's total assets, in each case as of 30 June 2019 and 31 December 2018, respectively. None of the Guarantor's subsidiaries will guarantee the obligations of the Obligor under the Sukuk Asset Agreements, and in future, only non-Malaysian subsidiaries of the Guarantor who guarantee any Indebtedness of the Guarantor or any other Restricted Subsidiaries which exceeds U.S.10.0 million will be required to provide a Trust Obligations Guarantee . See "*Risk Factors – Risks relating to the Certificates and the Trust Obligations Guarantee—The Trust Obligations Guarantee will be structurally subordinated to the obligations of the Guarantor's subsidiaries.*"

(2) The Guarantor was incorporated on 2 December 2015 as a private limited company and was subsequently converted to a public limited company on 13 May 2016 in preparation for its initial public offering on the Bursa Malaysia's main market. The Guarantor subsequently acquired SDGB and its subsidiaries on 25 May 2016 to form the Group.

(3) Includes SD International Sukuk Ltd (Labuan), Psicon AVV (Netherlands), EMCO Holdings S.A. (Switzerland), Serba Dinamik International Limited (London) (United Kingdom), Serba Dinamik International Petroleum Services Co WLL (Bahrain), PT Serba Dinamik Indonesia (Indonesia) and PT Kubic Gasco (Indonesia). SDIL serves as the holding company for the Group's non-Malaysian subsidiaries.



OVERVIEW OF THE OFFERING

The following summary is qualified in its entirety by the remainder of this Offering Circular. This summary must be read as an introduction to this Offering Circular and any decision to invest in the Certificates should be based on a consideration of the Offering Circular as a whole, including any information incorporated by reference. Phrases and defined terms used in this summary and not otherwise defined shall have the meanings given to them in the sections entitled "Terms and Conditions of the Certificates" or elsewhere in this Offering Circular.

Certificates	U.S.$200,000,000 Trust Certificates due 2025.
Trustee	SD International Sukuk II Limited, as trustee for and on behalf of the Certificateholders and in such capacity, as issuer of the Certificates.
Ownership of the Trustee	The authorised share capital of the Trustee is U.S.$1,000 consisting of 1,000 ordinary shares of U.S.$1 each, of which 1,000 shares are fully paid-up and issued. The Trustee's entire issued share capital is held by the Obligor.
Obligor	Serba Dinamik International Ltd.
Guarantor	Serba Dinamik Holdings Berhad.
Joint Global Coordinators	Credit Suisse (Singapore) Limited and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch.
Joint Bookrunners and Joint Lead Managers	Credit Suisse (Singapore) Limited, The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and Standard Chartered Bank (Singapore) Limited
Delegate	The Hongkong and Shanghai Banking Corporation Limited. Pursuant to the Declaration of Trust, the Trustee shall delegate to the Delegate certain of the present and future duties, powers, authorities and discretions vested in the Trustee by certain provisions of the Declaration of Trust.
Principal Paying Agent, Registrar and Transfer Agent	The Hongkong and Shanghai Banking Corporation Limited.
Account Bank	HSBC Amanah Malaysia Berhad.
Joint Shari'a Advisers	Amanie Advisors Sdn. Bhd and the Central Shariah Committee of HSBC Bank Middle East Limited
Summary of the transaction structure and Transaction Documents	An overview of the structure of the transaction and the principal cashflows is set out under "*Structure Diagram and Cash Flows*" and a description of the principal terms of certain of the Transaction Documents is set out under "*Summary of the Principal Transaction Documents*".
Issue Date	12 December 2019.
Issue Price	100 per cent.
Scheduled Dissolution Date	12 March 2025.
Periodic Distribution Date	12 March and 12 September every year, commencing on 12 March 2020, where only the first Periodic Distribution Amount payable on such Periodic Distribution Date will be on a short first profit distribution basis and Periodic Distribution Amounts payable on subsequent Periodic Distribution Dates shall be on a semi-annual basis, all as subject to Condition 7(c).
Periodic Distributions	Periodic Distribution Amounts shall be payable in arrear in respect of the Certificates on each Periodic Distribution Date, in respect of the Return Accumulation Period ending on such date and shall accrue at the rate of 6.9965 per cent. per annum.

Form of Certificates	The Certificates will be issued in registered form as described in "*Summary of provisions relating to the Certificates in Global Form*". The Certificates will be represented on issue by ownership interests in a Global Certificate which will be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream, Luxembourg. Ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by each relevant clearing system and its participants. Definitive Certificates evidencing holdings of Certificates will be issued in exchange for interests in the Global Certificate only in limited circumstances.
Clearance and Settlement	The Certificates have been accepted for clearance by Euroclear and Clearstream, Luxembourg under the following common code and ISIN: (a) Common Code: 208915576 (b) ISIN: XS2089155761 Certificateholders must hold their interest in the Global Certificate in book-entry form through Euroclear or Clearstream, Luxembourg. Transfers within and between Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing systems.
Denomination of the Certificates	The Certificates will be issued in registered form in face amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Status of the Certificates	The Certificates represent an undivided ownership interest in the Trust Assets and are limited recourse obligations of the Trustee. Each Certificate will constitute unsecured obligations of the Trustee and shall at all times rank *pari passu* and without any preference or priority with all other Certificates. The payment obligations of the Obligor (in any capacity) under the Transaction Documents are and will be direct, unconditional, unsubordinated and unsecured obligations of the Obligor and shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated obligations of the Obligor, present and future.
Trust Assets	Pursuant to the Declaration of Trust, the Trustee will hold the Trust Assets upon trust absolutely for and on behalf of the Certificateholders pro rata according to the face amount of Certificates held by each holder. The term "**Trust Assets**" means: (i) the cash proceeds of the issue of Certificates (including any addition of Certificates issued pursuant to Condition 18), pending application thereof in accordance with the terms of the Transaction Documents; (ii) any and all of the rights, title, interest, benefits and entitlements, present and future, of the Trustee in, to and under the Wakala Investment (including any further Wakala Instrument in respect of any additional Certificates issued pursuant to Condition 18); (iii) any and all of the interest, rights, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (including, without limitation, the right to receive the Deferred Payment Price under the Commodity Murabaha Investment Agreement and the Trust Obligations Guarantee under the Deed of Guarantee) (excluding any

representations given by the Obligor to the Trustee and/or the Delegate pursuant to any of the Transaction Documents);

(iv) any and all moneys standing to the credit of the Transaction Account from time to time; and

(v) and all proceeds of the foregoing.

For the avoidance of doubt, any Trust Assets in relation to the Certificates issued on the Issue Date and any Trust Assets in relation to any additional Certificates issued pursuant to Condition 18 shall be co-mingled and held jointly upon trust by the Trustee absolutely for and on behalf of the Certificateholders *pro rata* according to the face amount of Certificates held by each holder.

Trust Obligations Guarantee . . . . The Guarantor will grant the Trust Obligations Guarantee in favour of the Trustee and the Delegate pursuant to the Deed of Guarantee, from and including the RM-denominated Sukuk Redemption Event Date, under which the Guarantor will unconditionally and irrevocably undertake to pay into the Transaction Account, on receipt of a Payment Notice from the Trustee, for payment to the Certificateholders:

(i) the Distribution Shortfall Restoration Amount, if any, to the extent that there is a shortfall as at 12 noon (Kuala Lumpur time) on the Periodic Distribution Determination Date between: (i) the amounts standing to the credit of the Transaction Account and available for distribution to the Certificateholders on such Periodic Distribution Date; and (ii) the Periodic Distribution Amount scheduled for distribution to the Certificateholders on such Periodic Distribution Date; and

(ii) the Value Restoration Amount, if any, to the extent that there is a shortfall as at 12 noon (Kuala Lumpur time) on the Dissolution Distribution Determination Date between: (i) the amounts standing to the credit of the Transaction Account and available for distribution to the Certificateholders on such Dissolution Distribution Determination Date; and (ii) the Dissolution Distribution Amount scheduled for distribution to the Certificateholders on such Dissolution Distribution Determination Date.

Proceeds Account . . . . The Obligor shall ensure that: (i) all proceeds following the creation of the Initial Murabaha Contract in accordance with the Commodity Murabaha Investment Agreement (the "**CMIA Proceeds**") and (ii) all proceeds following the investment by the Wakeel of the Initial Wakala Investment Amount in accordance with the Wakala Agreement (the "**Wakala Proceeds**" and together with the CMIA Proceeds, the "**Transaction Proceeds**"), are upon receipt immediately paid into the Proceeds Account on the Issue Date. The Transaction Proceeds may be released from the Proceeds Account only in the limited circumstances as further described in Condition 6(c) (*Covenants*) and in accordance with the Agency Agreement.

Early Dissolution for Taxation Reasons . . . . The Conditions will contain a provision for optional redemption by the Trustee, at any time, in whole but not in part, if: (i) (A) the Trustee has or will become obliged to pay additional amounts as described under Condition 10 (*Taxation*) a result of any change in, or amendment to, the laws or regulations of Malaysia or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 5 December 2019, and (B) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; (ii) (A) the Obligor has or will become obliged to pay additional amounts pursuant to the terms of any Transaction Document as a result of any change in, or amendment to, the laws or regulations of Malaysia or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 5 December 2019, and (B) such obligation cannot be avoided by the Obligor taking reasonable measures available to it; or (iii) (A) (where the Trustee has exercised its rights under the Trust Obligations Guarantee) the Guarantor has or will become obliged to pay additional amounts pursuant to the Deed of Guarantee as a result of any change in, or amendment to, the laws or regulations of Malaysia or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 5 December 2019, and (B) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it. See Condition 8(b) (*Early Dissolution for Taxation Reasons*) for more details.

Early Dissolution at the Option of the Trustee . . . .

The Trustee may, at any time on or after 12 December 2022 (such date being a "**Trustee Optional Dissolution Date**"), on giving not more than 60 nor less than 30 days' irrevocable notice to the Delegate, the Principal Paying Agent and the Certificateholders, redeem all or any portion of the Certificates in whole, but not in part (the "**Trustee Optional Dissolution Event**") at the relevant dissolution distribution amounts (expressed as percentages of principal amount of the Certificates) set forth below, plus any due and unpaid Periodic Distribution Amounts (together, the "**Trustee Optional Dissolution Distribution Amount**") on the Certificates redeemed, to (but not including) the applicable Trustee Optional Dissolution Date, if redeemed during the periods indicated below, subject to the rights of the Certificateholders on the relevant Record Date to receive the Periodic Distribution Amounts on the relevant Periodic Distribution Dates:

Year	Dissolution Distribution Amounts
From 12 December 2022 to 11 December 2023	103.49825 per cent.
From 12 December 2023 to 11 March 2025 . . .	101.749125 per cent.

On the Business Day prior to a Dissolution Date where all of the outstanding Certificates are being redeemed in full, the Obligor (in its capacity as Wakeel) shall liquidate on a constructive basis the Wakala Investment for value (as determined by the Wakeel (acting reasonably)), and the proceeds of such liquidation shall be credited to the Collection Account together with any amounts already standing to the credit of the Collection Account. The amount equal to the Dissolution Distribution Amount payable on the relevant Dissolution Date will be transferred to the Transaction Account from the Collection Account. Following payment of all amounts due and payable under the Certificates, the Wakeel shall be entitled to retain any amounts that remain standing to the credit of the Collection Account for its own account as an incentive payment for acting as Wakeel.

Early Dissolution following an RM-denominated Sukuk Non-Redemption Event . . . . Upon the occurrence of a RM-denominated Sukuk Non-Redemption Event, the Trustee shall, on giving at least five business days' notice to the Delegate, the Principal Paying Agent and the Certificateholders (which notice shall be irrevocable) compulsorily redeem the Certificates in whole but not in part on or before 31 December 2019 (such date being the "**RM-denominated Sukuk Non-Redemption Event Dissolution Date**") at an amount equal to 102 per cent. of the principal amount of the Certificates, plus any due and unpaid Periodic Distribution Amounts on the Certificates redeemed, to (but not including) the applicable RM-denominated Sukuk Non-Redemption Event Dissolution Date (together, the "**RM-denominated Sukuk Non-Redemption Event Dissolution Distribution Amount**").

Prior to publication of any notice of dissolution pursuant to Condition 8(d) and in accordance with the Agency Agreement, the Guarantor and the Obligor shall deliver the RM-denominated Sukuk Non-Redemption Event Certificate and the Obligor Undertaking Certificate, respectively, to the Delegate and the Delegate shall be entitled to accept and rely on such certificates as sufficient evidence of the satisfaction of the condition precedent set out in Condition 8(d) in which event it shall be conclusive and binding on Certificateholders.

On the Business Day prior to a Dissolution Date where all of the outstanding Certificates are being redeemed in full, the Obligor (in its capacity as Wakeel) shall liquidate on a constructive basis the Wakala Investment for value (as determined by the Wakeel (acting reasonably)), and the proceeds of such liquidation shall be credited to the Collection Account together with any amounts already standing to the credit of the Collection Account. The amount equal to the Dissolution Distribution Amount payable on the relevant Dissolution Date will be transferred to the Transaction Account from the Collection Account. Following payment of all amounts due and payable under the Certificates, the Wakeel shall be entitled to retain any amounts that remain standing to the credit of the Collection Account for its own account as an incentive payment for acting as Wakeel.

Repurchase of Certificates upon a Change of Control Offer . . . . Pursuant to the schedule 2 of the Deed of Guarantee, upon the occurrence of a Change of Control (as defined in the Declaration of Trust), the Guarantor will notify each Certificateholder, the Trustee and the Delegate (the "**Change of Control Offer**") that a Change of Control has occurred and that such Certificateholder has the right to require the Guarantor to purchase such Certificateholder's Certificates at a purchase price in cash equal to 101 per cent. of the face amount thereof, plus any due and unpaid Periodic Distribution Amounts to the date of purchase.

Repurchase of Certificates upon an Asset Disposition Offer . . . . Pursuant to schedule 2 of the Deed of Guarantee, upon the occurrence of an Asset Sale where the aggregate amount of Excess Proceeds exceeds U.S.$10 million (or the Dollar Equivalent thereof), within 10 days thereof, the Guarantor must, or must procure that the Trustee must, make an Asset Disposition Offer to the Certificateholders in relation to the Certificates having a face amount equal to: (1) accumulated Excess Proceeds, multiplied by (2) a fraction (x) the numerator of which is equal to the outstanding face amount of the

	Certificates and (y) the denominator of which is equal to the outstanding face amount of the Certificates and all *pari passu* Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale, rounded down to the nearest U.S.$1,000. The offer price in any Asset Disposition Offer will be equal to 100 per cent. of the face amount of the relevant Certificates plus any due and unpaid Periodic Distribution Amounts to the date of purchase and will be payable in cash.
Dissolution Events	Subject to Condition 12 (*Dissolution Events*) and Condition 13 (*Realisation of Trust Assets*), upon the occurrence of a Dissolution Event, the Trustee and/or the Delegate shall take the actions referred to in Condition 12(b) (*Enforcement and Exercise of Rights*).
Withholding Tax	Subject to Condition 9(b) (*Payments subject to Fiscal Laws*) and Condition 10 (*Taxation*), all payments in respect of the Certificates shall be made in U.S. dollars without set-off or counterclaim of any kind and free and clear of, and withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Malaysia or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In such event, the Trustee will, save in the limited circumstances provided in Condition 10, pay such additional amounts as shall result in receipt by the Certificateholders of such amounts as would have been received by them had no such withholding or deduction been required. The Transaction Documents provide that payments thereunder by the Obligor shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, unless such withholding or deduction is required by law and, in such case, provide for the payment by the Obligor of additional amounts so that the full amount which would otherwise have been due and payable is received by the Trustee.
Trustee Covenants	The Trustee has agreed to certain restrictive covenants as set out in Condition 6 (*Covenants*).
Guarantor Covenants	The Guarantor has agreed to certain restrictive covenants as set out in schedule 2 of the Deed of Guarantee.
Ratings	The Certificates are expected to be assigned a rating of BB- and BB- by S&P and Fitch, respectively.
Certificateholder Meetings	A summary of the provisions for convening meetings of the Certificateholders to consider matters relating to their interests as such is set out in Condition 14 (*Meetings of Certificateholders, Modification, Waiver and Substitution*).
Tax Considerations	See "*Taxation*" for a description of certain tax considerations applicable to the Certificates.
Listing	Approval in-principle has been received from the Labuan International Finance Exchange Inc. (the "**LFX**"). The LFX does not take responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Offering Circular. Admission of the Certificates to the official list of the LFX is not to be taken as an indication of the merits of the Trustee, the Obligor, their respective subsidiaries and associated companies or the Certificates.

	Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing of, and quotation for, the Certificates on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission to the official list of the SGX-ST and quotation of the Certificates on the SGX-ST is not to be taken as an indication of the merits of the Trustee, the Obligor, their respective subsidiaries and associated companies or the Certificates. The Certificates will be traded on the SGX-ST in a minimum board lot size of not less than S$200,000 (or its equivalent in other currencies) for so long as the Certificates are listed on the SGX-ST.
Transaction Documents	The Declaration of Trust, the Certificates, the Deed of Guarantee, the Wakala Agreement, the Commodity Murabaha Investment Agreement and the Agency Agreement are referred to herein as the "**Transaction Documents**".
Governing Law and Jurisdiction	The Certificates, the Declaration of Trust, the Deed of Guarantee, the Agency Agreement, the Commodity Murabaha Investment Agreement, the Wakala Agreement and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law. The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Certificates and accordingly any legal action or proceedings arising out of or in connection with the Certificates ("**Proceedings**") may be brought in such courts. Pursuant to the Declaration of Trust, each of the Trustee and the Obligor has irrevocably submitted to the jurisdiction of such courts and has waived any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.
Limited Recourse	Save as otherwise provided in Condition 4(b) (*Limited Recourse and Agreement of Certificateholders*), the Certificates do not represent an interest in or obligation of any of the Trustee, the Delegate, the Obligor, any of the Agents or any of their respective affiliates. The proceeds of the Trust Assets are the sole source of payments on the Certificates. No Certificateholder shall be entitled to proceed directly against the Trustee, the Obligor or the Guarantor unless the Delegate, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing. Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee and the Obligor shall be to enforce their respective obligations under the Transaction Documents to which they are a party. See Condition 4(b) (*Limited Recourse and Agreement of Certificateholders*) and Condition 13(b) (*Realisation of Trust Assets*) for further details.
Selling Restrictions	There are restrictions on the distribution of this Offering Circular and the offer or sale of Certificates including the United States, the United Kingdom, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Qatar, Kuwait, Hong Kong, Malaysia and Singapore. See "*Subscription and Sale*".

SUMMARY FINANCIAL INFORMATION

The summary consolidated financial information of Serba Dinamik, as Guarantor, as at and for the financial years ended 31 December 2017 and 2018 and as at 30 June 2019 and for the six months ended 30 June 2018 and 2019 as set out below has been derived from Serba Dinamik's Consolidated Financial Statements. The summary consolidated financial information of SDGB as at and for the years ended 31 December 2016 and 2017 as set out below has been derived from SDGB's 2017 Audited Consolidated Financial Statements. Each of Serba Dinamik's Consolidated Financial Statements and SDGB's 2017 Audited Consolidated Financial Statements have been prepared in accordance with MFRS.

Serba Dinamik's Reviewed Consolidated Financial Statements should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. None of the Joint Bookrunners and the Joint Lead Managers or any of its affiliates, directors or advisers makes any representation or warranty, express or implied, regarding the sufficiency of Serba Dinamik's Reviewed Consolidated Financial Statements for an assessment of, and potential investors must exercise caution when using such data to evaluate, Serba Dinamik's financial condition, results of operations and results. Serba Dinamik's Reviewed Consolidated Financial Statements should also not be taken as an indication of the expected financial condition, results of operations and results of the Serba Dinamik for the full financial year ending 31 December 2019. Prospective investors should read the summary consolidated financial information below in conjunction with Serba Dinamik's Consolidated Financial Statements, SDGB's 2017 Audited Consolidated Financial Statements and the respective related notes included elsewhere in this Offering Circular.

Pursuant to the Pre-IPO Restructuring, Serba Dinamik's Audited Consolidated Financial Information presented in this Offering Circular is presented on the basis of a 12-month year for the financial years ended 31 December 2017 and 2018, and on the basis of a seven-month year for the financial year ended 31 December 2016 (reflecting the period from 25 May 2016 to 31 December 2016). See "Presentation of Financial Information and Other Data – Presentation and Comparability of Financial Information". A summary and explanation of the differences between Serba Dinamik's Consolidated Financial Information and SDGB's Consolidated Financial Information is presented in "Management's Discussion and Analysis of Financial Condition and Results of Operations – Differences between SDGB's and the Guarantor's results of operations". Accordingly, the period-to-period comparison of Serba Dinamik's Consolidated Financial Information and SDGB Audited Consolidated Financial Information may not be meaningful and caution should accordingly be exercised in using such comparisons as a basis for any investment decision or to predict the future performance of the Group.

With effect from 1 January 2018, Serba Dinamik adopted MFRS 9 and MFRS 15 where Serba Dinamik is required to reclassify and adjust certain of its financial line items in its financial statements. Please refer to Notes 2 and 34 of Serba Dinamik's 2018 Audited Consolidated Financial Statements and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Recent accounting pronouncements and changes in accounting policies" for a discussion on the impact of the adoption of MFRS 9 and MFRS 15. As Serba Dinamik has applied the transitional exemptions set out in MFRS 9 and the modified retrospective approach set out in MFRS 15, each with the date of initial application of 1 January 2018 and without requiring any restatement of the corresponding figures of the prior period before 1 January 2018, Serba Dinamik's consolidated financial information as at and for the year ended 31 December 2017 may not be directly comparable against Serba Dinamik's consolidated financial information after 1 January 2018, including the consolidated financial information of Serba Dinamik as at and for the year ended 31 December 2018 and as at 30 June 2019 and for the six months ended 30 June 2018 and 2019. Investors must therefore exercise caution when making comparisons to any financial figures after 1 January 2018 against Serba Dinamik's consolidated financial information prior to 1 January 2018 and when evaluating Serba Dinamik's financial condition, results of operations and cash flow.

With effect from 1 January 2019, Serba Dinamik has adopted MFRS 16. Please refer to Note A2 of Serba Dinamik's Reviewed Consolidated Financial Statements and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Recent accounting pronouncements and changes in accounting policies" for a discussion on the adoption of MFRS 16. Serba Dinamik's consolidated financial information as at and for the years ended 31 December 2017 and 2018 and for the six months ended 30 June 2018 may not be directly comparable against Serba Dinamik's consolidated financial information after 1 January 2019, including Serba Dinamik's consolidated financial information as at and for the six months ended 30 June 2019. Investors must therefore exercise caution when making comparisons to any financial figures after 1 January 2019 against Serba Dinamik's consolidated financial information prior to 1 January 2019 and when evaluating Serba Dinamik's financial condition, results of operations and cash flow.

The financial data below also includes certain non-MFRS measures used to evaluate the Group's financial performance, including EBITDA. These measures are not identified as accounting measures under MFRS and therefore should not be considered as alternative measures to evaluate the Group's performance. The non-MFRS financial measures are not measurements of performance or liquidity under MFRS. Therefore, investors should not place undue reliance on this data. See "Presentation of Financial Information and Other Data-Non-MFRS Financial Measures".

Summary Consolidated Statement of profit and loss of SDGB and Serba Dinamik

	SDGB		Serba Dinamik					
	For the financial year ended 31 December		For the financial year ended 31 December			For the six months ended 30 June		
	2016	2017	2017	2018		2018	2019	
	RM in millions	*RM in millions*	*RM in millions*	*RM in millions*	*U.S.$ in millions*	*RM in millions*	*RM in millions*	*U.S.$ in millions*
Revenue	2,168.3	2,722.3	2,722.3	3,283.2	793.8	1,535.0	2,156.8	521.5
Cost of sales/services	(1,794.6)	(2,245.0)	(2,238.4)	(2,700.9)	(653.0)	(1,265.0)	(1,773.4)	(428.8)
Gross profit	**373.7**	**477.3**	**483.9**	**582.3**	**140.8**	**270.0**	**383.4**	**92.7**
Other operating income	1.1	4.1	4.1	7.9	1.9	3.5	3.3	0.8
Other operating expense	—	(32.3)	(32.3)	(13.2)	(3.1)	(10.2)	(10.6)	(2.6)
Administrative expenses	(71.9)	(65.0)	(73.6)	(103.7)	(25.0)	(44.6)	(54.6)	(13.2)
Results from operating activities	**302.9**	**384.1**	**382.1**	**473.3**	**114.5**	**218.7**	**321.5**	**77.7**
Finance costs	(39.0)	(37.0)	(37.1)	(62.1)	(15.0)	(19.3)	(53.8)	(13.0)
Finance income	4.0	2.7	3.1	12.5	3.0	2.1	11.9	2.9
Net finance (costs)/income	**(35.0)**	**(34.3)**	**(33.9)**	**(49.6)**	**(12.0)**	**(17.1)**	**(41.9)**	**(10.1)**
Share of results of equity accounted associates	—	(2.1)	(2.1)	13.9	3.3	4.1	11.6	2.8
Profit before tax	**267.9**	**347.7**	**346.1**	**437.6**	**105.8**	**205.6**	**291.2**	**70.4**
Tax expense	(22.1)	(41.3)	(41.3)	(44.8)	(10.8)	(9.1)	(25.5)	(6.2)
Profit for the period	**245.8**	**306.4**	**304.8**	**392.8**	**95.0**	**196.5**	**265.7**	**64.2**
Other comprehensive income, net of tax								
Items that may be reclassified subsequently to profit or loss								
Share of other comprehensive income of equity accounted associates	—	—	—	3.4	0.8	—	(3.8)	(0.9)
Foreign currency translation differences for foreign operations	35.4	(64.0)	(61.2)	0.3	0.1	(5.9)	11.4	2.8
Total comprehensive income for the year/period	**281.2**	**242.4**	**243.6**	**396.5**	**95.9**	**190.7**	**273.4**	**66.1**

Summary Consolidated Statement of Financial Position of SDGB and Serba Dinamik

	SDGB		Serba Dinamik				
	For the financial year ended 31 December		For the financial year ended 31 December			For the six months ended 30 June	
	2016	2017	2017	2018		2019	
	RM in millions	*RM in millions*	*RM in millions*	*RM in millions*	*U.S.$ in millions*	*RM in millions*	*U.S.$ in millions*
Assets							
Property, plant and equipment	490.2	658.1	658.1	1,273.1	307.8	1,510.5	365.2
Investment in associates	12.2	44.1	44.1	305.9	73.9	321.8	77.8
Other investments	0.3	0.3	0.3	0.5	0.1	0.5	0.1
Intangible assets	3.8	7.0	7.0	6.4	1.5	5.3	1.3
Deferred tax assets	0.7	2.8	2.8	0.5	0.1	0.3	0.1
Total non-currents assets	**507.2**	**712.3**	**712.3**	**1,586.4**	**383.6**	**1,838.4**	**444.5**
Inventories	486.3	577.8	577.8	848.2	205.0	892.5	215.8
Trade and other receivables	742.8	838.4	839.8	957.3	231.4	1,223.0	295.7
Contract assets	—	40.5	40.5	61.2	14.7	188.6	45.6
Deposits and prepayments	9.9	40.2	40.2	67.3	16.2	136.0	32.9
Current tax assets	0.9	0.5	0.5	3.6	0.8	4.1	1.0
Other investments	52.4	48.5	48.5	70.0	16.9	50.3	12.2
Cash and cash equivalents	187.4	297.0	300.8	760.8	183.9	1,024.3	247.7
Asset held for sale	—	—	—	16.0	3.8	16.0	3.9
Total current assets	**1,479.7**	**1,842.9**	**1,848.1**	**2,784.4**	**673.2**	**3,534.8**	**854.8**
Total assets	**1,986.9**	**2,555.2**	**2,560.4**	**4,370.8**	**1,056.7**	**5,373.2**	**1,299.3**
Equity							
Share capital	74.0	97.1	928.2	1,344.3	325.0	1,344.3	325.0
Share premium	23.1	—	—	—	—	—	—
Merger reserve	—	—	(434.7)	(434.7)	(105.1)	(434.7)	(105.1)
Foreign Currency Translation Reserve	—	—	—	—	—	30.8	7.4
Other reserves	126.8	63.6	64.6	68.4	16.5	45.3	11.0
Retained earnings/ (Accumulated losses)	585.6	825.8	825.8	1,110.1	268.3	1,307.3	316.1
Total equity attributable to the owners of the Company	**809.5**	**986.5**	**1,383.9**	**2,088.1**	**504.8**	**2,293.0**	**554.4**
Non-controlling interests	7.9	3.9	3.9	4.1	0.9	5.6	1.4
Total equity	**817.4**	**990.4**	**1,387.7**	**2,092.2**	**505.8**	**2,298.6**	**555.8**
Liabilities							
Trade and other payables	—	—	—	55.2	13.34	32.2	7.8
Deferred tax liabilities	14.3	15.6	15.6	30.7	7.4	26.3	6.4
Loans and borrowings	16.2	46.3	24.8	1,107.5	267.7	2,178.2	526.6
Other financial liabilities	—	—	—	—	—	—	—
Employment benefits	0.5	0.6	0.6	0.6	0.1	0.7	0.2
Total non-current liabilities	**31.0**	**62.5**	**41.0**	**1,194.0**	**288.6**	**2,237.2**	**541.0**
Trade and other payables	500.9	806.4	423.4	426.5	103.1	480.9	116.3
Contract liabilities	—	—	—	18.6	4.4	12.5	3.0
Loans and borrowings	623.4	659.7	681.3	604.0	146.0	306.1	74.0
Current tax payable	14.2	36.2	27.1	35.4	8.5	37.9	9.2
Total current liabilities	**1,138.5**	**1,502.3**	**1,131.7**	**1,084.5**	**262.2**	**837.4**	**202.5**
Total liabilities	**1,169.5**	**1,564.8**	**1,172.7**	**2,278.5**	**550.8**	**3,074.6**	**743.5**
Total equity and liabilities	**1,986.9**	**2,555.2**	**2,560.4**	**4,370.8**	**1,056.7**	**5,373.2**	**1,299.3**

Summary Consolidated Cash Flow Information of SDGB and Serba Dinamik

	SDGB		Serba Dinamik					
	For the financial year ended 31 December		For the financial year ended 31 December			For the six months ended 30 June		
	2016	2017	2017	2018		2018	2019	
	RM in millions	*RM in millions*	*RM in millions*	*RM in millions*	*U.S.$ in millions*	*RM in millions*	*RM in millions*	*U.S.$ in millions*
Net cash flows from operating activities	90.8	468.5	85.3	83.2	20.1	28.6	68.4	16.5
Net cash flows from/(used in) investing activities	(242.7)	(344.6)	(354.1)	(858.6)	(207.5)	(444.6)	(365.6)	(88.4)
Net cash flows (used in)/from financing activities	114.4	(9.2)	387.2	1,242.7	300.4	603.4	648.9	156.9
Net increase/(decrease) in cash and cash equivalents	(37.5)	114.7	118.4	467.3	112.9	187.5	351.7	85.0
Effect of exchange rate fluctuations on cash held	3.7	(3.7)	(3.7)	5.7	1.3	—	—	—
Cash and cash equivalents at the beginning of year	77.5	43.7	43.7	158.5	38.3	158.5	631.5	152.7
Cash and cash equivalents at the end of year	**43.7**	**154.7**	**158.4**	**631.5**	**152.6**	**346.0**	**983.2**	**237.7**

Other key financial results

	SDGB		Serba Dinamik			
	For the year ended 31 December		For the year ended 31 December		For the six months ended 30 June	
	2016	2017	2017	2018	2018	2019
Revenue (RM in millions)	2,168.3	2,722.3	2,722.3	3,283.2	1,535.0	2,156.8
Revenue (U.S.$ in millions)(1)	524.3	658.2	658.2	793.8	371.1	521.5
Gross Profit (RM in millions)	373.7	477.3	483.9	582.3	270.0	383.4
Gross Profit (U.S.$ in millions)(1)	90.4	115.4	117.0	140.8	65.3	92.7
Gross Profit margin (%)(2)	17.2	17.5	17.8	17.7	17.6	17.8
EBITDA (RM in millions)(3)	355.9	451.0	449.0	579.0	262.1	396.6
EBITDA (U.S.$ in millions)(1)	86.0	109.0	108.6	140.0	63.4	95.9
EBITDA margin (%)(4)	16.4	16.6	16.5	17.6	17.1	18.4
Interest expense and financial charges (RM in millions)	39.0	37.0	37.1	62.1	19.3	53.8
Total debt (RM in millions)(5)	639.6	706.0	706.0	1,711.5	957.4	2,484.3
Net debt (RM in millions)(6)	452.2	409.0	405.2	950.7	515.0	1,460.0
Net debt (U.S.$ in millions)(1)	109.3	98.9	98.0	229.9	124.5	353.0
Total debt/EBITDA	1.8x	1.6x	1.6x	3.0x(7)	1.9x(8)	3.5x(8)
EBITDA/Interest expense and financial charges	9.1	12.2	12.1	9.3	12.3(8)(9)	7.4(8)(9)
Total debt/total assets	0.3x	0.3x	0.3x	0.4x	0.3x	0.5x

Note:

(1) Converted at an exchange rate of U.S.$1.00 to RM4.136, the closing exchange rate for Malaysian Ringgit against U.S. dollars quoted by BNM on 30 June 2019.

(2) Gross profit margin is calculated as gross profit divided by revenue for the respective periods.

(3) EBITDA is defined as profit before tax, less financing costs, depreciation and amortisation of intangible assets as set forth below:

	SDGB		Serba Dinamik			
	For the year ended 31 December		For the year ended 31 December		For the six months ended 30 June	
	2016	2017	2017	2018	2018	2019
	RM in millions	*RM in millions*	*RM in millions*	*RM in millions*	*RM in millions*	*RM in millions*
Profit before tax	**267.9**	**347.7**	**346.1**	**437.6**	**205.7**	**291.2**
Adjustments:						
Net Finance Costs	35.0	34.3	33.9	49.6	17.1	41.9
Depreciation	52.9	69.0	69.0	89.8	39.3	62.3
Amortisation of intangible assets	—	—	—	2.0	—	1.1
EBITDA	**355.9**	**451.0**	**449.0**	**579.0**	**262.1**	**396.6**

(4) EBITDA margin is calculated as EBITDA divided by total revenues for the respective periods.

(5) Total debt is calculated as the sum of loans and borrowings (current liabilities) and loans and borrowings (non-current liabilities).

(6) Net debt is calculated by subtracting cash and cash equivalents from total debt.

(7) Serba Dinamik's total debt/EBITDA increased from 1.6x for the year ended 31 December 2017 to 3.0x for the year ended 31 December 2018 due to the issuance of its RM sukuk in the amount of RM810 million (U.S.$195.8 million) in the fourth quarter of 2018.

(8) LTM EBITDA for the six month period ended 30 June 2019 is calculated by adding EBITDA for the six month period ended 30 June 2019 to the difference between EBITDA for the year ended 31 December 2018 and the six month period ended 30 June 2018. LTM EBITDA for the six month period ended 30 June 2018 is calculated by adding EBITDA for the six month period ended 30 June 2018 to the difference between EBITDA for the year ended 31 December 2017 and the six month period ended 30 June 2017.

(9) LTM Interest expense and financial charge for the six month period ended 30 June 2019 is calculated by adding interest expense and financial charges for the six month period ended 30 June 2019 to the difference between interest expense and financial charge for the year ended 31 December 2018 and the six month period ended 30 June 2018. LTM Interest expense and financial charge for the six month period ended 30 June 2018 is calculated by adding interest expense and financial charge for the six month period ended 30 June 2018 to the difference between interest expense and financial charge for the year ended 31 December 2017 and the six month period ended 30 June 2017.

EXCHANGE RATES AND EXCHANGE CONTROLS

Exchange Rates

The following table sets forth, for the periods indicated, information concerning the exchange rates between Ringgit and U.S. dollars since 2014 as reported by the Federal Reserve. The table illustrates how many Ringgit it would take to buy one U.S. dollar:

	Average[1]	High	Low	Period End
		(RM per U.S. dollar)		
Period Calendar year:				
2014	3.270	3.497	3.147	3.495
2015	3.904	4.456	3.515	4.290
2016	4.137	4.485	3.862	4.485
2017	4.298	4.496	4.044	4.044
2018	4.031	4.198	3.860	4.130
Month:				
January 2019	4.116	4.141	4.094	4.094
February 2019	4.076	4.094	4.064	4.065
March 2019	4.077	4.089	4.060	4.080
April 2019	4.113	4.141	4.077	4.132
May 2019	4.150	4.193	4.132	4.188
June 2019	4.160	4.183	4.136	4.136
July 2019	4.122	4.140	4.107	4.126
August 2019	4.186	4.219	4.142	4.205
September 2019	4.182	4.219	4.165	4.188
October 2019	4.187	4.195	4.176	4.176
November 2019 (up to 22 November 2019)	4.150	4.170	4.123	4.170

Source: Federal Reserve (https://www.federalreserve.gov/releases/h10/Hist/dat00_ma.htm)

(1) Annual averages are calculated using the average of month-end rates of the relevant year. Monthly averages are calculated using the average of the daily rates during the relevant month.

No representation is made that the Ringgit amounts stated in this Offering Circular could have been or could be converted into U.S. dollars at any particular rate, the above rates or at all.

Malaysian Exchange Controls

Pursuant to the notices issued by Bank Negara Malaysia under section 214 of the Financial Services Act 2013 and section 225 of the Islamic Financial Services Act 2013, the Trustee and the Obligor are deemed to be a non-resident in Malaysia for exchange control purposes.

Each of the Trustee and the Obligor shall not undertake or engage in any dealing or transaction with the State of Israel or its residents or any entity owned or controlled, directly or indirectly, by the State of Israel or its residents including any authority or agency of the State of Israel in whatever name of style. It shall also not undertake or engage with any person in any dealing or transaction using or involving the currencies of the State of Israel.

There are no restrictions on repatriation of capital, profits, dividends, interest, fees or rental by foreign direct investors or portfolio investors. However, all remittances abroad must be made in foreign currencies other than the currency of the State of Israel.

Malaysian Exchange Control Approvals required to be obtained by Serba Dinamik

Pursuant to Notice 2 issued by Bank Negara Malaysia under section 214 of the Financial Services Act 2013 and section 225 of the Islamic Financial Services Act 2013, the prior approval of Bank Negara Malaysia is required for Serba Dinamik to give a financial guarantee to secure borrowing obtained by a non-resident which obtains financing from a non-resident financial institution or any person which is not part of the resident entity's group of entities or not its direct shareholder. The prior approval of Bank Negara Malaysia is required for Serba Dinamik to provide the unconditional and irrevocable corporate guarantee in respect of all sums expressed to be payable from time to time by the Obligor (i) in its capacity as obligor under the Declaration of Trust, (ii) in its capacity as wakeel under the Wakala Agreement and (iii) in its capacity as buyer under the Commodity Murabaha Investment Agreement, and such approval has been obtained from Bank Negara Malaysia on 30 October 2019.

RISK FACTORS

An investment in the Certificates involves certain risks. Prospective investors should carefully consider, in the light of their own financial circumstances and investment objectives the following factors, in addition to the matters set forth elsewhere in this Offering Circular, prior to investing in the Certificates. Any of the risk factors described below could materially and adversely affect the Trustee, the Obligor and/or Serba Dinamik's ability to satisfy their respective obligations, including those under the Certificates, and have a material adverse effect on Serba Dinamik's or the Group's business, operations and prospects. In that event, the market price of the Certificates could decline, and investors may lose all or part of their investment in the Certificates. The risks and uncertainties described below are not the only risks and uncertainties that the Trustee, the Obligor, Serba Dinamik and the Group face. Each of the Trustee, the Obligor and Serba Dinamik believes that the factors described below represent the principal risks inherent in investing in the Certificates, but the Trustee, the Obligor and Serba Dinamik may be unable to pay any amounts on or in connection with any Certificate for other reasons and neither the Trustee, the Obligor nor Serba Dinamik represents that the statements below regarding the risks of holding any Certificate are exhaustive or that the statements below relate to any other risks not described therein. There may also be other considerations, including some which may not be presently known to the Trustee, the Obligor and Serba Dinamik or which the Trustee, the Obligor and Serba Dinamik currently deem immaterial, that may impact on any investment in the Certificates. The risk factors described below also include forward-looking statements and the Group's actual results may differ substantially from those discussed in these forward-looking statements. Sub-headings are for convenience only and risk factors that appear under a particular sub-heading may also apply to one or more other sub-headings.

Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision. Words and expressions defined elsewhere in this Offering Circular shall have the same meanings in this section.

Risks relating to the Trustee

The Trustee has no operating history and no material assets and will depend on receipt of payments from SDIL and/or Serba Dinamik to make payments to the Certificateholders.

At the date of this Offering Circular, the Trustee is a newly established special purpose vehicle in the form of a limited liability company incorporated in Labuan on 27 September 2019 pursuant to the Labuan Companies Act, 1990 of Malaysia and has no operating history. The Trustee will not engage in any business activity other than participating in the transactions contemplated by the Transaction Documents, which includes the issuance of the Certificates, the acquisition of the Trust Assets as described herein and as defined in the Conditions, acting in its capacity as Trustee, the issuance of shares in its capital and other activities incidental or related to the foregoing as required under the Transaction Documents.

The Trustee's only material assets, which will be held on trust for Certificateholders, will be the Trust Assets relating to the Certificates, including the right to receive the Deferred Payment Price under the Commodity Murabaha Investment Agreement and the Trust Obligations Guarantee under the Deed of Guarantee. Therefore, the Trustee is subject to all the risks to which SDIL and/or Serba Dinamik is subject to the extent that such risks could limit SDIL's ability to satisfy in full and on a timely basis its obligations under the Transaction Documents. See also "*– Risks relating to the Group's Business*" below for a further description of these risks.

The ability of the Trustee to pay amounts due on the Certificates will primarily be dependent upon receipt by the Trustee from SDIL (in its various capacities), of all amounts due under the Transaction Documents (which in aggregate may not be sufficient to meet all claims under the Certificates and the Transaction Documents), or in the event that such payments are insufficient, payments from Serba Dinamik under the Deed of Guarantee to make up the shortfall.

Risks relating to the Group's Business

The Group's business operations are subject to prevailing economic, political and regulatory conditions which may adversely affect the Group's business operations in Malaysia as well as abroad.

The Group's business, prospects, financial condition and/or results of operations may be adversely affected by political and social developments that are beyond its control. Such political and social uncertainties include, but are not limited to, the risks of changes in government and government policy, internal conflict, nationalism, expropriation, methods of taxation and tax policy, unemployment trends and other matters that influence continued and stable business operations and consumer confidence and spending.

For example, in 2018, Malaysia (which accounted for 28.1% and 30.0% of Serba Dinamik's total revenues for the financial year ended 31 December 2018 and for the six months ended 30 June 2019, respectively) concluded an election whereby a new prime minister was elected and a new government formed by a different political party for the first time since independence in 1957, resulting in considerable political and economic uncertainty.

In addition, on 5 June 2017, Saudi Arabia, the United Arab Emirates, Bahrain and Egypt officially cut diplomatic ties, trade and transport links with, and imposed sanctions on, Qatar (which accounted for 20.7% and 25.1% of Serba Dinamik's total revenues for the financial year ended 31 December 2018 and for the six months ended 30 June 2019, respectively). Measures taken by the boycotting countries included the closure of land, sea and air links to Qatar, and requesting certain Qatari officials, residents and visitors to leave the territories of the boycotting countries. In order to resolve the situation, the affected countries have expressed a willingness to discuss a restoration of ties and the lifting of the other boycott measures.

Though the effects of the uncertainty created by the change in government in Malaysia and the diplomatic crisis in the Middle East have been varied, it is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the Group would be able to sustain its current profit levels if adverse political events or circumstances were to occur.

Other economic and/or political factors which could adversely affect the Group's business, financial condition, results of operations and prospects include:

- regional geopolitical instability, including government or military regime change, riots or other forms of civil disturbance or violence, including through acts of terrorism;
- military strikes or the outbreak of war or other hostilities involving nations in the regions in which the Group operates, particularly in the Middle East region, which accounted for 61.5% and 59.6% of Serba Dinamik's total revenues for the financial year ended 31 December 2018 and for the six months ended 30 June 2019, respectively;
- a material curtailment of the industrial and economic infrastructure development that is currently underway in the regions in which the Group operates;
- government intervention, including expropriation or nationalisation of assets or increased levels of protectionism;
- trade barriers, such as sanctions and quotas;
- the ongoing fluctuation of international prices for crude oil, which affect the capital and operational expenditure of the Group's customers in the O&G industry (see "*– Many of the Group's customers operate in industries that are subject to the risk of fluctuation in O&G prices*");
- an increase in inflation and the cost of living, combined with a slowing of GDP growth in the Middle East, Africa and Malaysia;
- fluctuations in foreign exchange rates;
- cancellation of contractual rights, expropriation of assets and/or inability to repatriate profits and/or dividends;
- changes in government regulations, deregulation or adverse governmental activities, with respect to price, import and export controls, the environment, customs and immigration, capital transfers, foreign exchange and currency controls, labour policies, land and water use and foreign ownership;
- arbitrary, inconsistent or unlawful government action;
- changing tax regimes, including the imposition of taxes in tax favourable jurisdictions such as Malaysia and across the Middle East;
- difficulties and delays in renewing O&M services contracts or EPCC works contracts with the Group's customers, and in obtaining governmental and other approvals for the Group's operations or renewing existing ones; and
- potential lack of reliability as to title to real property in certain jurisdictions in which the Group operates.

There can be no assurance that either the economic performance of, or political stability in, the countries in which the Group currently operates or may in the future operate can or will be sustained. To the extent that economic growth or performance in these countries, the Middle East or as a whole slows or begins to decline, or political conditions become sufficiently unstable to adversely affect the Group's operations in those countries, the Group's business, financial condition, results of operations and prospects may be adversely affected.

The Group may not be able to execute some of its business strategies and/or future plans successfully which may adversely affect the Group's business prospects and growth.

The Group's business strategy and future plans include building on its existing strength in O&M and EPCC business operations, as well as expanding on the development, operation and ownership of assets in the O&G,

power generation and water utilities industries. As part of this strategy, the Group had adopted an asset ownership model which is based on the Group acquiring minority equity interests in companies within the Group's scope of expertise, with the ultimate objective of securing (i) short to mid-term income from the EPCC of the projects of the target company, (ii) the long-term O&M service provision to the assets of the companies it has invested in and (iii) additional income from the equity interest held by the Group. This asset ownership business model is relatively new by comparison to the Group's track records in the O&M and EPCC business segments. Although the types of investments that the Group will seek to make will be in companies within the industries in which the Group operates (which will help the Group will capitalise on its existing core expertise and capabilities), this expansion strategy may expose the Group to various specific business risks related to the expansion of its asset ownership business model.

For example, the Group believes that an asset-based business model would require significantly more financial resources as compared to its existing service-based business. As such, there is a risk that the Group's asset ownership model would increase the Group's need for financial resources. Such business expansion may result in an increase in the Group's borrowings if it is unable to fund its asset ownership business using the Group's internally generated funds. In this respect, the Group would be subject to financial risk if it is unable to service these loans.

Further, as a minority shareholder in the companies in which the Group will invest, the Group does not and will not have management control over these companies. In the event that these companies are not properly managed and/or are not running profitably, the Group may face the risk of not being able to recover its investments. For example, the Group has acquired a minority interest in small hydropower generation companies in East Malaysia and Northern region of Peninsular Malaysia. If these companies do not comply with all the relevant laws and regulations pertaining to the development and operation of hydropower generation plants (including, without limitation, obtaining relevant licences, permits and approvals to commence commercial operations of the hydropower plants and/or obtaining the rights to sell power), the hydropower plants may not be able to commence operations and the Group may face the risk of not being able to recover its investment. There can also be no assurance that the Group's partners who own a majority interest in the companies in which it invests as part of its asset ownership model strategy will continue to be able to complete their committed developments with that company or joint venture. Disputes may also arise between the Group and the majority shareholders of a company. If any of the majority shareholders discontinue their involvement in the relevant companies or are unable or unwilling to meet their obligations to the Group, either as a minority shareholder or O&M or EPCC services provider, the Group may not realise a return on its investment and fulfil its strategy, which could have a material adverse impact on the Group's business, financial condition, results of operations and prospects.

The Group is reliant on contractual agreements for its business including O&M services and EPCC works and any interruptions in terms of procurement, renewal and/or termination of contracts and/or securing work orders from contracts could adversely affect the Group's business operations and financial performance.

The Group's business operations are dependent on the performance of its contractual obligations under the respective contracts. Any material breach of the Group's obligations under these contracts and failure to remedy the contractual breach may lead to the customers having the right to early termination of these contracts and damages, as well as a loss of customers or material contracts which may materially and adversely affect the Group's revenue, profitability and growth. In some of the Group's contracts, the Group's customers may have the right to terminate or suspend such contracts, without cause with notice, and any compensation for the loss of these contacts may not be sufficient to fully compensate the Group for the loss of these contracts which may have an adverse effect on the Group's financial position, business results of operations and cash flow.

The Group's revenue is derived primarily from O&M services, specifically in Malaysia and the Middle East. For the financial years ended 31 December 2016 and 2017, revenue from O&M services accounted for 89.0% and 86.1% of SDGB's total revenue, respectively. For the financial years ended 31 December 2017 and 2018, O&M services accounted for 86.1% and 89.2% of Serba Dinamik's total revenue, respectively. For the six months ended 30 June 2018 and 2019, O&M services accounted for 88.4% and 85.5% of Serba Dinamik's total revenue, respectively.

For the financial years ended 31 December 2016 and 2017, revenue from EPCC works accounted for 10.7% and 13.7% of SDGB's total revenue, respectively. For the financial years ended 31 December 2017 and 2018, revenue from EPCC works accounted for 13.7% and 10.6% of Serba Dinamik's total revenue, respectively. For the six months ended 30 June 2018 and 2019, EPCC works accounted for 11.3% and 12.0% of Serba Dinamik's total revenue, respectively. The Group's O&M services and EPCC works were based on contractual agreements and work orders which together provide the Group with business continuity and growth.

The revenue from the O&M contracts is dependent on work orders. Revenue from these contracts is not generated at the time the contracts are awarded unless the work orders are requested by the customer and carried out in accordance with the terms of the contracts. The Group's results of operations and financial conditions may be materially and adversely affected if there is a decrease in the work orders issued.

Domestic revenue accounted for 35.6% and 31.9% of SDGB's total revenue for the financial years ended 31 December 2016 and 2017, respectively, and accounted for 31.9% and 28.1% of Serba Dinamik's total revenue for the financial years ended 31 December 2017 and 2018, respectively. For the six months ended 30 June 2018 and 2019, domestic revenue accounted for 28.4% and 30.0% of Serba Dinamik's total revenue, respectively. Domestic revenue was mainly derived from petroleum companies and oil and gas companies operating in Malaysia. Whilst the Group strives to increase its total business with petroleum companies and oil and gas companies, the Group also seeks to expand its business with other customers in other industries at the same time. However, the Group's results of operations and financial conditions may be materially and adversely affected if the volume of contracts awarded and the work orders issued by petroleum companies and oil and gas companies operating in Malaysia decreases and the Group is unable to increase its business from other customers to offset such decrease in business.

Revenue from outside Malaysia accounted for 64.4% and 68.1% of SDGB's total revenue for the financial years ended 31 December 2016 and 2017, and 68.1% and 71.9% of Serba Dinamik's total revenue for the financial years ended 31 December 2017 and 2018, respectively. For the six months ended 30 June 2018 and 2019, revenue from outside Malaysia accounted for 71.6% and 70.0% of Serba Dinamik's total revenue, respectively. Revenue from outside Malaysia was derived from various customers arising from the Group's operations, primarily in the Middle East (Qatar, KSA, the UAE and Bahrain), Indonesia and Central Asia. Accordingly, the Group's business is also dependant on the performance of the economy in these respective jurisdictions and the overall level of business activity. There is a risk that the Group's revenue and financial performance would be adversely affected in the event it loses a significant number of its customers outside of Malaysia or any of these customers' contracts are delayed, terminated, cancelled or postponed and the Group is unable to secure sufficient contracts to replenish such loss of revenue. The Group's revenue may also be adversely affected if it is unable to secure work orders from its customers' contracts as none of its contracts are exclusive.

The Group's order book is subject to unexpected adjustments and cancellations may not be indicative of its future results of operations.

The Group's order book represents its estimate of the value of work that remains to be completed as of a certain date and therefore remains to be received from its secured contracts. The contractual value of a project represents the amount that the Group expects to receive under the terms of the contract, assuming the contract is performed in accordance with its terms. However, the order book relies to a certain extent on management's estimates and forecasts as most of the Group's contracts do not explicitly set forth the contract value, and therefore does not rely entirely on the contract's terms and conditions. These contracts are primarily acquired through the normal tender and bidding process, as well as being awarded as a component of larger transactions as part of the Group's asset ownership business model. See "*Description of Serba Dinamik and the Group – Overview*" for further details of the Group's asset ownership business model.

In addition, the average contract duration of the Group's order book is three to five years. The termination or modification of any one or more major contracts may have a substantial and immediate effect on the Group's order book. The Group cannot guarantee that the amount estimated in its order book will be realised in full, in a timely manner, or at all, or that, even if it is realised, such order book will result in profits as expected. The Group's order book is not a measure defined by generally accepted accounting principles or financial reporting standards and may not be indicative of future results of operations.

As a result of the recent rapid growth of the Group's order book, it may not be able to deliver on all booked contracts.

Delays and/or defaults in customer payments may cause the Group to suffer liquidity problems or cause it to be unable to recover its expenditure.

Due to the nature of the Group's contracts, the Group sometimes commits resources to projects prior to receiving payments from customers in amounts sufficient to cover expenditure as it is incurred. As such, the Group depends on its customers and counterparties to remit payments on a timely basis. Any customer requests to extend payment terms or customer delay or default in payment may require the Group to make a working capital investment, which could impact its cash flows and liquidity, which in turn could have a material adverse effect on the Group's financial condition, result of operations and cash flows. In addition, adverse economic conditions affecting, or financial difficulties of, the Group's customers and counterparties could impair the ability of the Group's customers and counterparties to pay for the Group's services or fulfil their contractual obligations or cause them to delay those payments or obligations. If a customer fails to pay invoices on a timely basis or defaults in making its payments on a project in which the Group has devoted significant resources, there could be a material adverse effect on the Group's results of operations or liquidity.

Further, in certain cases, the Group's customers for its large projects are project-specific entities that do not have significant assets other than their interests in the project. From time to time, it may be difficult for the Group to collect payments owed to it by these customers, which may have a material adverse effect on the Group's financial performance and results of operations.

The Group's businesses could be materially and adversely affected by events outside of its control.

Extraordinary or force majeure events beyond the Group's control, such as natural or man-made disasters, could negatively impact the Group's ability to operate or increase its costs to operate. As an example, from time to time the Group faces unexpected severe weather conditions which may result in delays in its operations; evacuation of personnel and curtailment of services; increased labour and material costs or shortages; inability to deliver materials, equipment and personnel to job sites in accordance with contract schedules; and loss of productivity. The Group may remain obligated to perform its services after any such natural or man-made disasters, unless a contractual provision provides it with relief from such obligations. The extra costs incurred as a result of these events may not be reimbursed by the Group's customers. If the Group is not able to react quickly to such events, or if a high concentration of its projects are in a specific geographic region that suffers from a natural or man-made disaster, the Group's operations may be significantly affected, which could have a negative impact on its operations. In addition, if the Group cannot complete its contracts on time, it may be subject to potential liability claims by its customers which may reduce the Group's profits and result in losses.

Employee, agent or partner misconduct or the Group's overall failure to comply with laws or regulations could weaken its ability to win contracts, which could result in reduced revenues and profits.

Misconduct, fraud, non-compliance with applicable laws and regulations, or other improper activities by one of the Group's employees, agents or partners could have a significant negative impact on the Group's business and reputation. Such misconduct could include:

- the failure to comply with anti-corruption, export control and environmental regulations;
- relevant procurement regulations;
- regulations regarding the pricing of labour and other costs in government contracts and regulations regarding the protection of sensitive government information;
- regulations on lobbying or similar activities;
- regulations pertaining to the internal control over financial reporting; and
- various other applicable laws or regulations.

The precautions that the Group takes to prevent and detect fraud, misconduct or failures to comply with applicable laws and regulations may not be effective, and the Group could face unknown risks or losses. Failure to comply with applicable laws or regulations or acts of fraud or misconduct could subject the Group to fines and penalties, loss of security clearance and suspension or debarment from contracting with government agencies, which could weaken the Group's ability to win contracts and have a material adverse impact on the Group's business, financial condition and results of operations.

The Group's project execution activities may result in liability for faulty engineering or similar professional services.

As the Group's projects are often technically complex, any failure by the Group to make judgements and recommendations in accordance with applicable professional standards, including engineering standards, could result in damages. The Group's business involves professional judgements regarding the planning, design, development, construction, operations and management of complex projects such as industrial facilities and public infrastructure. While the Group has adopted a range of insurance, risk management and risk avoidance programmes designed to reduce potential liabilities, a catastrophic event at one of the Group's project sites or completed projects resulting from the services it has rendered could result in significant professional or product liability, warranty or other claims against the Group as well as reputational harm, especially if public safety is impacted. These liabilities could exceed the Group's insurance limits or the fees it generates, or could impact its ability to obtain insurance in the future. In addition, customers, subcontractors or suppliers who have agreed to indemnify the Group against any such liabilities or losses might refuse or be unable to pay the Group. An uninsured claim, if successful either in part or in whole, could have a substantial impact on the Group's business, financial condition, results of operations and prospects.

The Group is dependent on subcontractors and suppliers and the absence of reliable suppliers and subcontractors could have a material adverse effect on the Group's business operations and financial condition.

The Group has experience in O&M services in the MRO of rotating equipment and IRM of static equipment and structures, as well as EPCC works. However, there is a risk that the Group may not have sufficient expertise, experience and human resources to develop and operate new assets acquired as part of its asset ownership model. This may have a negative impact on the prospects of the Group's venture into asset ownership. The Group is aware that it may not have the full complement of expertise and experience to develop and operate a potentially wide range of assets. In such situations, the Group will complement its existing pool of talents by engaging and/ or employing the relevant experienced personnel or external parties.

In addition, where the Group does not possess the requisite skills, equipment and other resources for the projects for which it is contracted, it may engage subcontractors on a project-by-project basis. In particular, the Group will typically engage subcontractors for works or procedures such as, but not limited to, coring, drilling, drainage, electrical and mechanical work.

The performance and profitability of the Group's projects depend, to a substantial extent, on the quality, performance and reliability of suppliers and subcontractors appointed to provide materials and carry out specific work. The Group cannot guarantee the satisfactory performance of its suppliers and subcontractors as it may not be able to engage or retain such parties on satisfactory terms and, once engaged, the Group may not be able to monitor the operations of its subcontractors as directly and efficiently as it does with its own operations.

The Group's ability to engage or retain reliable subcontractors and suppliers on a cost effective basis also depends on the quality of its procurement processes.

Any failure by the Group to engage suppliers or contractors on satisfactory terms and the unsatisfactory performance of a supplier or subcontractor's obligations may have an adverse impact on the Group's business activities, financial condition, operating performance, reputation and business prospects.

The Group has limited control over the experience, availability and cost of subcontracted workers, and relies on a limited number of labour subcontracting agents.

As is customary in the Group's industry, aside from project management and engineers, the Group does not employ the labour force for its projects but relies on subcontracted workers, over which the Group has limited control. Given the large number of the Group's subcontracted workers and the high labour turnover in the industry, the Group may not be able to accurately screen and ascertain the level of skill and experience of its subcontracted workers. In the event that the Group's subcontracted workers are not as experienced or capable as initially assessed, or in the event of a material injury or accident involving the Group's subcontracted workers, its project schedule may be delayed and it may be liable for liquidated damages for such delays.

The Group may also be subject to claims brought against it by subcontracted workers. In such an event, the Group's reputation, business, financial condition and results of operations may be materially and adversely affected.

Further, the fact that the Group subcontracts part of its labour force affords it with less control over the related availability and cost, which is an important factor in the Group's ability to execute projects in a timely and cost-effective manner. The Group cannot guarantee that it will be protected from labour shortages or increased labour costs in the future, or that its project schedule or profitability will not be negatively affected as a result. In the event that the Group experiences a labour shortage, it may be forced to engage a labour force from alternative labour subcontracting agents on short notice at higher costs, thereby lowering its profitability. If the Group is unable to assemble the necessary labour force for its projects or at reasonable costs, the Group's business, financial condition and results of operations may be materially and adversely affected.

The Group is exposed to potential risks associated with participation in government- directed projects.

Many of the Group's O&M contracts and EPCC engagements are with government-directed and state-owned enterprises for large and high profile infrastructure projects, which can result in increased political and public scrutiny of the Group's work.

Changes in government budgets for infrastructure projects of related industries or factors such as public expenditures and policy considerations, changes in governmental officials or policy makers or other political factors could result in changes or delays to these projects because most of these projects are funded by the government, governmental authorities and public organisations. See "– *The Group's business operations are subject to prevailing economic, political and regulatory conditions which may adversely affect the Group's business operations in Malaysia as well as abroad*", above.

In addition, disputes with the entities established or directed by the government could potentially lead to contract termination if unresolved or may take a considerably longer period of time to resolve than disputes with the Group's private sector counterparties, and payments from such entities may be delayed as a result. Such entities may from time to time require the construction methods or equipment utilised to be changed, direct the Group to reconfigure its designs or purchase machinery and equipment for the relevant project, thereby subjecting the Group to additional costs. Changes to government budgets and policies relating to the Group's projects could also lead to delay in project completion, adverse changes to such projects or a withholding of, or delay in, payments to the Group. Government-directed companies generally exercise substantial bargaining power in the performance of their contracts with the Group. The occurrence of any of these risks may have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's cash flows may deteriorate due to potential mismatch in time between receipt of progress payments from customers, and payments to subcontractors and suppliers.

The Group incurs numerous expenses in the course of its business, including the cost of raw materials, equipment and machinery from suppliers and the cost of engaging subcontractors. As such, the Group's working capital requirements will increase significantly the more substantial projects the Group takes on during a particular period of time.

The Group relies on cash inflow from its customers to meet its payment obligations to its suppliers and subcontractors. The Group's cash inflow is dependent on prompt settlement of progress payments, and timely release of retention monies by its customers. Nevertheless, even if the Group's customers settle such payments on time and in full, there can be no assurance that the Group will not experience any significant cash flow mismatch. In addition, and as a component of the Group's asset ownership model, the Group relies on receiving dividends from the companies in which it invests. However, as a minority shareholder, the Group has no control over the timing or size of the dividends from its investments.

Further, there can be no assurance that the Group's cash flow management measures will function properly or at all. In addition, the timing of or failure to obtain contracts, delays in award of contracts, cancellations of contracts or delays in completion of contracts could all result in significant periodic fluctuations in the Group's cash flows. While the Group uses project financing to fund the working capital needs of several of its projects and to bridge the cash-flow gap, if there were any significant and substantial cash flow mismatch, the Group might have to raise funds by resorting to internal resources and/or other banking facilities in order to meet its payment obligations in full and on time.

The Group may experience reduced profits or losses under contracts if costs increase above estimates.

The Group's business is typically performed under contracts that include cost and schedule estimates in relation to the O&M services and EPCC works provided. Inaccuracies in these estimates may lead to cost overruns that may not be paid by the Group's customers, thereby resulting in reduced profits or losses. If a contract is significant or there are one or more events that impact a contract or multiple contracts, cost overruns could have a material impact on the Group's reputation or its financial results, negatively impacting the Group's financial condition, results of operations or cash flow. If the Group fails to accurately estimate the resources and time necessary for these types of contracts, or fails to complete these contracts within the timeframe and costs it has agreed upon with its customers, there could be a material impact on the Group's financial results as well as its business reputation.

These risks tend to be exacerbated for longer-term contracts because there is increased risk that the circumstances under which the Group based its original cost estimates or project schedules will change with a resulting increase in costs. In many of these contracts, the Group may not be able to obtain compensation for additional work performed or expenses incurred, and if a project is not executed on schedule, the Group may be required to pay liquidated damages. In addition, these losses may be material and can, in some circumstances, equal or exceed the full value of the contract. In such events, the Group's financial condition, results of operations or cash flow could be negatively impacted. See "*– The Group may guarantee a timely completion or provide a performance guarantee for some of its projects, which could result in additional costs, such as liquidated damages, to cover its obligations*" below.

The Group may guarantee a timely completion or provide a performance guarantee for some of its projects, which could result in additional costs, such as liquidated damages, to cover its obligations.

In some instances, the Group may guarantee a customer that it will complete a project by a scheduled date. Sometimes, the Group may also guarantee that a project, when completed, will achieve certain performance standards. If the Group fails to complete the project as scheduled or if the project fails to meet guaranteed performance standards, it may be held responsible for the impact to the customer resulting from any delay or for the cost of further work to achieve the performance standards, generally in the form of contractually agreed-upon penalty provisions. As a result, the project costs could exceed its original estimate, leading to reduced profits or a loss for that project.

The Group's project execution activities may result in reduced profits or losses that could have a material impact on its financial condition, results of operations or cash flow.

As the projects which the Group provides O&M and EPCC services to are often technically complex, with multiple phases occurring over several years, the Group incurs risks in its project execution activities. These risks could result in cost overruns, project delays or other problems and can include the following:

- unanticipated technical problems, including design or engineering issues;
- inaccurate representations of site conditions and unanticipated changes in the project execution plan;
- project modifications creating unanticipated costs or delays and failure to properly manage project modifications;
- inability to achieve guaranteed performance or quality standards with regard to engineering, construction, O&M or project management obligations;
- insufficient or inadequate project execution tools and systems needed to record, track, forecast and control costs and schedules;
- failure to accurately estimate the cost of projects;
- failure to properly make judgements in accordance with applicable professional standards, including engineering standards;
- failure to properly assess and update appropriate risk mitigation strategies and measures;
- incorrect assumptions related to productivity, scheduling estimates or future economic conditions including with respect to the impact of inflation on lump-sum or fixed-price contracts;
- difficulties related to the performance of its customers, partners, subcontractors, suppliers or other third parties;
- delays or productivity issues caused by unfavourable weather, landslides or other natural disasters which affect working conditions on the project site;
- restrictions on labour, such as changes in immigration laws and policies and restrictive rules and regulations regarding workforce;
- restricted access to projects and work sites due to protests or man-made obstacles; and
- changes in local laws or difficulties or delays in obtaining permits, rights of way or approvals.

These and other risks may result in the Group's failure to achieve contractual cost or schedule commitments, safety performance, overall customer satisfaction or other performance criteria. As a result, the Group may receive lower fees or lose its ability to earn incentive fees. In other cases, the fee will not change but the Group will have to continue to perform work without additional fees until the performance criteria is achieved. In both instances, this could result in lower than expected gross margins.

In addition, if the Group fails to meet guaranteed performance or quality standards, it may be held responsible under the guarantee or warranty provisions of its contract for the cost impact to the customer, generally in the form of contractually agreed-upon liquidated damages or an obligation to re-perform substandard work. The Group may also be required to pay liquidated damages if it fails to complete a project on schedule. To the extent these events occur, the total cost to the project (including any liquidated damages that the Group becomes liable to pay) could be material and could, in some circumstances, equal or exceed the full value of the contract. If such events occur, the Group's financial condition, results of operations or cash flow could be negatively impacted.

Competition from existing competitors and new entrants could have a material adverse effect on the Group's business operations and financial condition.

The Group operates in a competitive market. In particular, the Group's O&M business segment has a large number of existing competitors and there is the potential for new entrants into the market. A number of factors including pricing, quality of work and reputation will affect the competitiveness of the contractors. As a result of the competitive environment in which the Group does business, it cannot guarantee that it will be able to replenish its order book, having an adverse effect on the sustainability of its performance and profitability of the Group's business. In addition, intense competition may result in highly competitive pricing in order to secure a project, which may consequently affect the Group's financial performance.

Negative publicity or damage to the Group's business reputation may have a potential adverse impact on its business.

Reputation is a key factor for project owners in engaging a contractor and the Group values and relies on its reputation to maintain and grow its business operations, and to make investments in pursuance of its asset ownership model. Accordingly, any negative publicity associated with the quality of the Group's work or otherwise and whether justified or not could have a number of adverse consequences, such as:

- a reduced demand for the Group's services;
- lack of investor confidence;
- the inability to attract and retain qualified employees;
- a loss of or reduction in scope of current project contracts and fewer contract awards;
- less favourable contract terms;
- increased litigation and costs; and
- heightened regulatory scrutiny.

These and other consequences resulting from damage to the Group's reputation could adversely affect the Group's brand and commercial reputation and result in a loss of business.

The Group is subject to compliance with laws and regulations applicable to the O&G and power generation industries, including HSE laws and regulations.

The O&G and power generation industries are subject to various laws and regulations, including HSE laws and regulations, administered by local, national and overseas governmental authorities. These laws and regulations address, among other things, occupational safety and health of employees and other aspects of the operation of the Group's business. Failure to comply with any relevant laws and regulations, as well as injuries or other harm caused by such failure, may result in financial penalties, and/or administrative or legal proceedings against the Group, including the termination or suspension of the Group's businesses.

In addition, the Group must obtain various licences, permits and approvals to operate its businesses. Even though the Group has obtained the required licences, permits and approvals, the Group is subject to continuous review under the applicable laws and regulations, the implementation of which is subject to change from time to time.

Further, the Group has incurred and expects to continue to incur operating costs to comply with government regulations, and the Group has incurred, and expects to continue to incur operating costs on an on-going basis to comply with HSE laws and regulations.

There can be no assurance that the Group will be able to remain in compliance with applicable HSE laws and regulations, neither that the Group will be able to obtain, maintain or renew the required licences, permits and approvals nor that the Group will not be involved in future litigation or proceedings (or be held responsible in any future litigation or proceedings) relating to HSE matters or other regulatory matters of which the cost could be material.

In addition, there can be no assurance that the adoption of new HSE laws and regulations, new interpretations of existing laws and regulations or other similar developments will not result in the Group's operations being subjected to suspension or the imposition of fines and penalties.

The Group's failure to comply with any or all applicable government regulations, or a change in any or all such regulations, may disrupt the Group's operations and could have material adverse effect on the Group's business, financial condition, results of operations and cash flows.

Systems and information technology interruption, as well as new systems implementation, could adversely impact the Group's ability to operate and its operating results.

The Group is heavily reliant on computer, information and communications technology and related systems, some of which are hosted by third party providers, in order to operate. From time to time, the Group experiences system interruptions and delays that may be planned for upgrades or that may be unplanned. Unplanned interruptions include natural disasters, power loss, telecommunications failures, acts of war or terrorism, acts of God, computer malware, physical or electronic break-ins and similar events or disruptions.

Any of these or other events could cause system interruption, delays, loss of critical or sensitive data (including personal or financial data) or loss of funds; could delay or prevent operations (including the processing of transactions and reporting of financial results); and could adversely affect the Group's reputation or its operating results. While the Group has and requires the maintenance of reasonable safeguards designed to protect against unavailability or loss of data, these safeguards may not be sufficient. The Group may be required to expend significant resources to protect against or alleviate damage caused by systems interruptions and delays, which could have a material adverse effect on its business, financial condition and results of operations.

The Group continues to evaluate the need to upgrade and/or replace its systems and network infrastructure to protect its computing environment, to stay current on vendor supported products, to improve the efficiency of its systems and for other business reasons. The implementation of new systems and information technology could adversely impact the Group's operations by imposing substantial capital expenditure, demands on management time and risks of delays or difficulties in transitioning to new systems.

In addition, the Group's systems implementation may not result in improvements in productivity at the levels anticipated. Systems implementation disruption and any other information technology disruption, if not anticipated and appropriately mitigated, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws.

The U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act of 2010 and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to officials or others for the purpose of obtaining or retaining business. While the Group's policies mandate compliance with these anti-bribery laws, the Group operates in many parts of the world that have experienced corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices.

The Group trains its personnel concerning anti-bribery laws and issues, and also informs its partners, subcontractors, suppliers, agents and others who work for it or on its behalf that they must comply with anti-bribery law requirements. The Group also has procedures and controls in place to monitor compliance. No assurance can be given that the Group's internal controls and procedures will always protect it from the possible reckless or criminal acts committed by its employees or agents. If the Group is found to be liable for anti-bribery law violations (either due to its own acts or inadvertence, or due to the acts or inadvertence of others including its partners, agents, subcontractors or suppliers), the Group could suffer from criminal or civil penalties or other sanctions, including contract cancellations or debarment, and loss of reputation, any of which could have a material adverse effect on the Group's business, financial condition and results of operations. Litigation or investigations relating to alleged or suspected violations of anti-bribery laws, even if ultimately such litigation or investigations demonstrate that the Group did not violate anti-bribery laws, could be costly and could divert management's attention away from other aspects of the Group's business.

The Group depends on its Executive Directors, key management and on the expertise of skilled and qualified personnel for the continuing success of its business and the loss of their services could, in the short term, have an adverse effect on the Group's business operations and financial performance.

The continued success of the Group's business is, to a significant extent, dependent on the ability, commitment and efforts of the Group's Executive Directors, key management and the Group's ability to retain skilled and qualified personnel. The loss of such skilled or qualified personnel may lead to operating challenges and increased cost in the Group's operations. In addition, the Group is likely to continue to rely significantly on the collective contribution of its management team and there can be no assurance that the Group will be able to retain any of its Executive Directors or key management. Further, the failure to develop a succession plan effectively or to hire suitable replacements and adequately train the replacement employees in a timely manner may adversely affect the Group's ability to manage and operate its business.

Although the Group has employment contracts and incentives-based remuneration in place to retain the services of employees, there can be no assurance that the unexpected departure or loss of the service of any of the Executive Directors, members of the Group's key management or a significant number of skilled and qualified personnel, without any suitable and prompt replacement, would not have an adverse effect on the Group's business and financial performance.

The Group is subjected to foreign regulatory and operational risks faced by the Group's operations outside Malaysia.

The Group has overseas operations and expects to continue expanding its business activities outside of Malaysia. The Group is required to comply with foreign laws and regulations in the countries in which it operates including, but not limited to, trade laws, investment sanction laws, environmental laws, tax laws, industry laws and capital control regulations. Prior to extending its operations outside of Malaysia, the Group conducts an internal management assessment on the legal and regulatory operating environment and the political, economic and competitive conditions of a particular country, both when commencing work in that country and on an ongoing basis. The Group cannot ensure, however, that the local legal, regulatory, political, economic or competitive developments in the countries in which it operates will not have a material adverse effect on its business, financial condition or results of operations.

The Group has expanded its business through investments outside of Malaysia and the Group may continue to make similar investments in the future, including seeking opportunities in the O&G, power generation and water and utilities industries, in regions such as Southeast Asia, Central and South Asia, the Middle East and the United Kingdom. Recent such investments include the 2018 acquisition of a 49.0% stake in Al Sagar Engineering Group LLC and Al Sagar National Establishment, which have licences in the O&G, power generation and water utility segments, and operate across the UAE. The Group also acquired a 49.0% equity interest in OHP Ventures Incorporated, to participate in the development of hydropower plants in Houaphan Province, Laos, and acquired a 20% stake in La Rapida SA, a Swiss turbine blade manufacturer. More recently in May 2019, the Group completed the acquisition of a 25.0% stake in Psicon BV and is completing the acquisition of a 100.0% stake in Psicon AVV (Psicon AVV together with Psicon BV, "**Psicon**"), companies which focus on rotating equipment performance upgrading, process module engineering, and the trading and supply of steam turbines and spare parts within Europe, Africa, the Middle East and Asia. These transactions subject the Group to different risks than those the Group faces in growing its operations in Malaysia, including foreign legal and regulatory risks associated with cross-border transactions and operational risks related to managing transactions outside of Malaysia, such as those arising from dealing with entrenched domestic competitors in overseas markets. These risks may complicate the Group's efforts to complete these transactions and impede the Group's efforts to integrate the overseas businesses into the Group's global operations, which the Group has mainly focused on in 2019 and aims to continue in the future. For example, as part of the Group's integration plan, Psicon will assist in ensuring that the Group's facilities in the Bintulu Integrated Energy Hub will be in line with and according to the standards of other high-end maintenance facilities. Any failure by the Group to address these issues, including difficulties by the Group to effectively integrate its associates, could delay or prevent the Group from completing any future overseas expansions or could make such transactions substantially more expensive to complete than the Group had anticipated, any of which could have a material adverse effect on the Group's business, financial condition or results of operations.

New or changing legal requirements, including those relating to climate change, could adversely affect the Group's business, financial condition and results of operations.

The Group's business, operations, financial condition and results of operations could be affected by laws relating to climate change, defence, environmental, infrastructure and trade and other laws, policies and regulations. For example, growing concerns about climate change may result in the imposition of additional environmental regulations. Legislation, international protocols or treaties, regulation or other restrictions on emissions could affect the Group's customers, including those who:

- are involved in the exploration, production or refining of fossil fuels such as the Group's energy (including oil and gas) and chemicals customers;
- emit greenhouse gases through the combustion of fossil fuels, including some of the Group's power business customers; or
- emit greenhouse gases through the mining, manufacture, utilisation or production of materials or goods.

Such legislation or restrictions could increase the costs of projects for the Group and its customers or, in some cases, prevent a project from going forward, thereby potentially reducing the need for the Group's services which could in turn have a material adverse effect on the Group's business, financial condition and results of operations. The implementation of trade barriers, countervailing duties, or border taxes, or the addition, relaxation or repeal of laws, policies and regulations regarding the industries and sectors in which the Group works could result in a decline in demand for the Group's services, or may make the manner in which the Group performs its services less cost efficient.

Furthermore, changes to existing trade agreements may impact the Group's business operations. The Group cannot predict when or whether any of these various legislative and regulatory proposals may become law or what their effect will be on the Group and its customers.

The Group's insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with its operations.

The Group is subject to operational and environmental risks such as fire, flood, accidents and other risks that may affect its business operations. The Group maintains insurance at levels that it believes are customary in the industries in which the Group operates to protect against various losses and liabilities. The Group maintains insurance to cover, among other things, damage to equipment, all risks and workers compensation. The operations of the Group's facilities involve many risks and hazards, and if the Group were to incur a significant loss or liability for which the Group were not fully insured, it could have a material adverse effect on the Group's business, financial condition, results of operations and cash flows.

The Group's insurance coverage is also subject to periodic renewal. If premium levels for the insurance coverage required for these facilities increase significantly, the Group could incur substantially higher costs for such coverage or may decide to reduce the coverage amount, either of which could have an adverse effect on the Group's business, financial condition, results of operations and cash flows.

While the Group has insurance coverage for various aspects of its business, its insurance coverage may be insufficient to cover all losses that the Group suffers. If the Group incurs substantial liability and the damages are not covered by insurance or exceed policy limits, or if the Group is not able to obtain liability insurance for its business, it may have a material adverse impact on its operations and financial condition.

Adverse credit and financial market conditions could impair the Group's, its customers' and its partners' borrowing capacity, which could negatively affect the Group's business operations, profits and growth objectives.

The Group's ongoing ability to generate cash is important for the funding of its continuing operations, making investments in minority interests in companies pursuant to its asset ownership model strategy, investing in joint ventures, the servicing of the Group's indebtedness, paying dividends to stockholders and making acquisitions. To the extent that existing cash balances and cash flow from operations, together with borrowing capacity under the Group's existing credit facilities, are insufficient to make investments or acquisitions or provide needed working capital, the Group may require additional financing from other sources. The Group's ability to obtain such additional financing in the future will depend in part upon prevailing capital market conditions, as well as conditions in the Group's business and its operating results; and those factors may affect the Group's efforts to arrange additional financing on terms that are acceptable to it. Furthermore, if global economic, political or other market conditions adversely affect the financial institutions which provide credit to the Group, it is possible that the Group's ability to draw upon its credit facilities may be impacted. If adequate funds are not available, or are not available on acceptable terms, the Group may not be able to make future investments, take advantage of acquisitions or other opportunities, or respond to competitive challenges.

In addition, adverse credit and financial market conditions could also adversely affect the Group's customers' and its partners' borrowing capacity, which support the continuation and expansion of projects worldwide, and could result in contract cancellations or suspensions, project award and execution delays, payment delays or defaults by the Group's customers. These disruptions could materially impact the Group's order book and profits. If the Group extends a significant portion of credit to its customers or projects in a specific geographic region or industry, it may experience higher levels of collection risk or non-payment if those customers are impacted by factors specific to their geographic industry or region. Finally, the Group's business has traditionally lagged recoveries in the general economy, and therefore may not recover as quickly as the economy as a whole.

The Group may be unable to win new contract awards if it cannot provide customers with letters of credit, bonds or other security or credit enhancements.

In certain of the Group's business segments it is industry practice for customers to require surety bonds, letters of credit, bank guarantees or other forms of credit enhancement. Surety bonds, letters of credit or guarantees indemnify the Group's customers if the Group fails to perform its obligations under its contracts. Historically, the Group has had strong surety bonding capacity, but, bonding is provided at the surety's sole discretion. In addition, because of the overall limitations in worldwide bonding capacity, the Group may find it difficult to find sufficient surety bonding capacity to meet its total surety bonding needs. With regard to letters of credit, while the Group has historically had adequate capacity under its existing credit facilities, any capacity that may be required in excess of its credit limits would be at the Group's lenders' sole discretion and therefore is not certain. Failure to provide credit enhancements on terms required by a customer may result in an inability to compete for or win a project.

The Group is exposed to risks arising from foreign exchange fluctuations which may adversely affect its financial performance.

Owing to the global economic crisis in 2008, a number of currencies, including the Malaysian Ringgit and U.S. dollar, have experienced significant volatility and depreciation, and in particular, the Malaysian Ringgit has depreciated significantly against the U.S. dollar. See "*Exchange Rates and Exchange Controls*". The Group is exposed to translation foreign exchange risk because assets, liabilities and transactions for Serba Dinamik's subsidiaries outside of Malaysia are measured in the currency of the primary economic environment in which the entity operates (the functional currency) and are then translated to Malaysian Ringgit for presentation of the Group's consolidated operating results.

The Group is predominantly exposed to fluctuations in the Malaysian Ringgit against the U.S. dollar. Part of the Group's income and expenses, particularly those relating to the Group's overseas investments and operations, are denominated in foreign currencies, primarily in U.S. dollars. One of Serba Dinamik's subsidiaries, Serba Dinamik International, uses U.S. dollars as its functional currency, while the Group's reporting currency is the Malaysian Ringgit.

Changes in the exchange rate between the Malaysian Ringgit and U.S. dollar may not have a material impact on the Group's foreign currency denominated cash flows, but may have an adverse impact on the Group's reported income and expenses as they are required to be stated in Malaysian Ringgit in the Group's consolidated financial statements. For example, for the financial year ended 31 December 2016, the Malaysian Ringgit depreciated against the U.S. dollar resulting in a favourable foreign exchange impact in that year. For the financial year ended 31 December 2016, SDGB experienced a net foreign currency translation gain of RM35.4 million and for the financial year ended 31 December 2018, Serba Dinamik experienced a net foreign currency translation gain of RM0.3 million. For the financial year ended 31 December 2017, SDGB experienced a net foreign currency translation loss of RM64.0 million and Serba Dinamik experienced a net foreign currency translation loss of RM61.2 million. For the six months ended 30 June 2018 and 2019, Serba Dinamik experienced a net foreign currency translation loss of RM5.9 million and a net foreign currency translation gain of RM11.4 million, respectively. For further information on the foreign exchange gain/loss recognised by the Group for the financial years ended 31 December 2016, 2017 and 2018 and for the six months ended June 2018 and 2019, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant factors affecting the Group's results of operations – Foreign currency and interest rate fluctuations*".

Fluctuations in interest rates may have an adverse impact on the Group's cash flows and results of operations.

As at 30 June 2019, Serba Dinamik has RM2,484.3 billion (U.S.$600.7 million) of consolidated borrowings. Out of Serba Dinamik's total borrowings, RM353.1 million or 14.2% are floating-rate loans. Therefore, any movement in the base rates of the relevant financial institutions may increase the Group's interest expense and therefore adversely affect the Group's profitability.

The Group is also exposed to interest rate risk on term deposits placed with financial institutions. The Group monitors its exposure to changes in interest rates on a regular basis. Borrowings are negotiated with a view to securing the best possible terms including rates of interest to the Group. However, there can be no assurance that such measures are sufficient to mitigate the interest rate risk exposure, and interest rate risk exposure may as a consequence materially and adversely affect the Group's business, financial condition, results of operations and cash flow.

Many of the Group's customers operate in industries that are subject to the risk of fluctuation in O&G prices.

Due to the nature of the Group's services, the Group's operations are not sensitive to O&G prices. However, many of the Group's customers operate in the O&G industry or operate in industries which are affected by fluctuations in the price of O&G. In turn, the operations of the Group's clients and the decisions that they make may be affected by fluctuations in the price of O&G and continuously depressed O&G prices may cause the Group's customers to shut down a significant portion of their operations.

O&G prices are subject to significant fluctuations. Since 2014, the average monthly price of Brent crude oil declined from a high of U.S.$112 per barrel in June 2014 to a low of U.S.$48 per barrel in January 2015. It rebounded to U.S.$64 per barrel in mid-2015 before falling further to U.S.$30 per barrel in the beginning of 2016. To stabilise oil prices, OPEC and key non-OPEC producers entered into an agreement to cut back crude oil production starting from January 2017. This production cut drove oil prices upwards and as at June 2018, the average monthly Brent crude oil price was U.S.$74 per barrel. That same month, the U.S. reinstated sanctions against Iran, forbidding allies to import oil from Iran commencing November 2018. The intended effect of such news was to lower global oil stockpiles and push prices to increase. However, just before the sanctions were set to go into effect, the U.S. granted waivers to several countries including China, Japan, India and South Korea, which allowed them to keep buying oil from Iran. This sudden change resulted in global oil prices falling below U.S.$60 per barrel as the year ended. In response, in December 2018, OPEC and Russia, among other countries, agreed to further extend production cuts until at least June 2019. By the end of March 2019 to early April 2019, Brent crude oil prices were approximately U.S.$70 per barrel. As at August 2019, the average price of Brent crude oil was U.S.$59 per barrel. (*Source: Bloomberg*)

O&G prices are subject to variables including, but not limited to, demand and supply of oil, gas and petroleum products, level of production, ability of OPEC to maintain oil production levels and pricing, worldwide economic and financial market conditions and prospects, geopolitical factors, competition from alternative sources of energy, technological advancements in exploration, development and production, government regulations and policies, natural disasters, escalation of armed hostilities or outbreak of war.

Prolonged depressed O&G prices will generally lead to a curtailment in O&G activities and spending in the O&G industry. However certain sectors such as maintenance of assets, particularly in the production of crude oil and natural gas and downstream refineries, processing and petrochemical plants, are to a certain extent less affected as operations would still have to continue.

Although the provision of maintenance services is regarded as critical in extending the life of both onshore and offshore rotating and static equipment as well as structures, there is no certainty that the Group's financial performance or prospects of the Group's business would not be materially affected by prolonged depressed O&G prices.

The Group operates in an industry that is competitive and the Group's inability to compete effectively could adversely affect the results of its operations and its financial conditions.

As an independent service provider that provides maintenance services on various brands of rotating equipment, the Group generally faces competition from OEMs and/or their respective authorised service providers as well as other independent service providers. The Group also collaborates with some of the OEMs to bid for O&M projects, particularly in countries where the OEM does not have any physical operational facilities or in Malaysia where only operators that are licensed or registered by PETRONAS are allowed to bid directly for work awarded by PETRONAS, PSC and Risk Service Contract operators and contractors in the O&G industry.

It is a common business practice for an OEM of rotating equipment and static equipment or their authorised service providers to carry out maintenance at least once during the warranty period. There is therefore a risk that the Group may not be able to compete with them effectively until such time as the warranty expires. Service providers undertaking asset maintenance for the O&G and power generation industries, including the Group, compete on service differentiations and other factors of competition. Some of these factors of competition or service differentiation include quality of products and services offered, track record and market reputation, cost competitiveness and operational facilities including service centres.

The Group's contracts are awarded on a competitive bid basis and the Group's ability to compete in Malaysia and overseas will be dependent on, among other factors, the Group's pricing, service quality and responsiveness, ability to provide total solutions, safety record, technical capabilities and track record. Although the Group works in collaboration with some OEMs for the Group's O&M services where required, there is no assurance that the Group would be able to compete effectively with its peers, which may adversely affect the Group's business performance and financial conditions.

Further, for the O&M segment, the Group participates in tender bids for maintenance contracts to provide MRO and IRM services to potential customers within the O&G, power generation and water and utilities industries. These contracts may be for either scheduled or unscheduled engineering and maintenance work. Where the Group is successful in securing a tender bid, the contracts secured are typically for a period of two to five years. For the EPCC segment, the Group participates in tender bids for EPCC contracts such as fabrication and other EPCC works, mechanical and piping, instrumentation, electrical engineering as well as electrical and instrumentation design. These may be related to plants, facilities, road infrastructure and buildings, as well as other related systems and solutions including design and installation of process control and instrumentation, auxiliary power generation and firefighting systems for the O&G and power generation industries. The EPCC contracts that the Group secures may typically be for a period of one to three years depending on the scale and specifications of the contract. In this respect, owing to the short to medium-term nature of the contracts, there is no assurance that the Group is able to compete effectively with its peers to sufficiently replenish its contracts upon their expiry or termination. Accordingly, this may also adversely affect the Group's business performance and financial conditions.

The Group may not be able to source or retain its skilled and experienced personnel which could adversely affect its business operations and financial conditions.

The Group is dependent on skilled and experienced personnel such as engineers, technicians and service personnel to carry out its business operations in the maintenance of rotating and static equipment, plants, structures as well as EPCC works. As at 30 June 2019, the Group employs a total of 1,356 technical and supervisory skilled personnel namely engineers, technicians, quality control/HSE personnel and other technical and supervisory personnel, which accounted for approximately 72.4% of the Group's total employees.

The Group faces competition for the engagement of skilled and experienced personnel in the O&G industry which has placed upward pressure on wages. In the event of a rebound in O&G prices or exploration, development and production activities, the Group may face difficulties in sourcing or retaining skilled and experienced personnel for its business operations. As a result, any loss of the Group's skilled and experienced personnel may adversely affect the Group's business operations and financial conditions.

The lack of certainty relating to performance of minority interests may render the assumptions used by the Group when making investment decisions as part of its asset ownership model inappropriate or inaccurate.

Investments in minority interests in companies within the Group's scope of industry expertise is a key component of the Group's asset ownership model strategy and is important to its future business expansion. While the Group typically tries to ensure that it secures the EPCC and/or O&M contracts related to the asset before the acquisition, there is no guarantee that, once the investment is made, the Group will secure the long-term income from the EPCC of the projects of the companies it has invested in, the long-term O&M service provision to the assets of the target company and the additional income from the equity interest held by the Group, all of which are central to the adoption and implementation of the Group's asset ownership model strategy. Making such strategic investments involves numerous risks, including those relating to market conditions, policies and regulations, potential financing, diversion of management's attention and other resources, insufficient or lack of experience and knowledge in the industry and market in which the acquired business operates and availability of technology.

In deciding whether to invest in a particular asset or business, the Group considers multiple factors, including its ability to secure the EPCC and O&M contracts associated with the company's projects, the growth of the demand for such assets and related services in the place where the relevant asset or business is located, the availability of supply of similar services in that area, the competition and detailed information on local competitors, sources of raw material supply and the location of the local dispatch station. However, there can be no assurance that the factors and assumptions considered by the Group in performing its analysis are appropriate or accurate. If the projections that the Group makes for the companies it intends to invest in are significantly different from actual results, the Group's business, financial position and results of operations may be materially and adversely affected.

The companies that the Group invests in as part of its asset ownership model may not be as profitable as it expects, or may be loss making, and may subject the Group to additional risks and liabilities.

The companies that the Group invests in as part of its asset ownership model may not be as profitable as it expects or may be loss making. Investments that the Group carries out in the future may cause the Group to incur liabilities or result in the impairment of goodwill or other intangible assets or other related expenses. In addition, strategic investments could also expose the Group to successor liability and litigation resulting from the actions of the company in which it has made an investment before or after investment.

The due diligence that the Group conducts in connection with an investment may not be sufficient to discover unknown liabilities, and any contractual guarantees or indemnities that the Group receives from the sellers of the companies the Group has invested in may not be sufficient to protect it from, or compensate it for, actual liabilities that it incurs. Any material liability associated with an investment could adversely affect its reputation, reduce the benefits of the investment and materially impair the implementation of its strategy, any of which could have a material and adverse effect on the Group's business, financial position, results of operations and prospects.

Risks relating to Malaysia

There can be no assurance that the Malaysian government will not re-impose capital controls.

There are foreign exchange control policies in Malaysia which support the monitoring of capital flows into and out of the country in order to preserve its financial and economic stability. The foreign exchange control framework in Malaysia is governed by the Financial Services Act 2013 and the Foreign Exchange Administration Rules. These regulations regulate both residents and non-residents of Malaysia.

As part of the package of policy responses to the 1997 economic crisis in Southeast Asia, the Malaysian government and BNM introduced, on 1 September 1998, selective capital control measures to stabilise the Ringgit exchange rates. On 2 September 1998, Ringgit was fixed at an exchange rate of RM3.80 to U.S.$1.00. The Malaysian government subsequently liberalised such selective capital control measures in 1999 to allow foreign investors to repatriate principal capital and profits, subject to a graduated levy depending on when the funds were brought into Malaysia and the duration of investment. On 1 February 2001, the Malaysian government revised the levy to apply only to profits made from portfolio investments retained in Malaysia for less than one year. On 2 May 2001, the Malaysian government lifted all such controls in respect of the repatriation of foreign portfolio funds.

Subsequently on 21 July 2005, the BNM adopted a managed float system for the Ringgit exchange rate, which benchmarked the Ringgit to a currency basket to ensure that the Ringgit remains close to its fair value.

Under the current Foreign Exchange Administration Rules issued by BNM, non-residents are free to repatriate capital, profits, dividends, rental, fees and interest arising from investments in Malaysia, **provided that** such repatriation is made in foreign currency except in the currency of Israel. The repatriation of funds is subject to the applicable reporting requirements and any withholding tax. In the event BNM introduces any restrictions in the future, there can be no assurance that the Malaysian government will or will not re-impose these or other forms of capital controls in the future. If the Government re-imposes or introduces foreign exchange controls, investors may not be able to repatriate the proceeds of the sale of the Certificates and coupon and principal paid on the Certificates from Malaysia for a specified period of time or may only be able to do so after paying a tax or levy.

The insolvency laws of Malaysia and other local insolvency laws may differ from those of another jurisdiction with which the investors in the Certificates are familiar.

As Serba Dinamik, the Obligor and the Issuer are incorporated under the laws of Malaysia (see "*Summary Corporate and Financing Structure*"), any insolvency proceedings relating to Serba Dinamik, the Obligor and the Issuer would likely involve Malaysian insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the investors of the Certificates are familiar with.

Certain foreign judgments may not be enforceable against the Trustee, the Obligor or Serba Dinamik in Malaysia.

Foreign judgments obtained in the superior courts of reciprocating countries as listed in the First Schedule of the Reciprocal Enforcement of Judgments Act 1958 (the "**REJA**") (other than a judgment of such a court given on appeal from a court which is not a superior court) in respect of any sum payable by the Trustee, the Obligor or Serba Dinamik incorporated in Malaysia be recognised and enforced in Malaysia by applying to register the said foreign judgment with the Malaysian courts. The process of registration for a foreign judgment dispenses the need to re-litigate or re-examine the issues in dispute, as long as:

- the enforcement of the foreign judgment would not be contrary to public policy in Malaysia;
- the foreign judgment was not given or obtained by fraud or in a manner contrary to natural justice;
- the foreign judgment was by a court of competent jurisdiction in such jurisdiction and was not obtained in proceedings in which the foreign judgment debtor being the defendant in the original court did not receive notice of those proceedings in sufficient time to enable it to defend the proceedings and did not appear;
- the foreign judgment has not been wholly satisfied or is enforceable by execution in the original court;
- the foreign judgment is final and conclusive between the parties thereto;
- the foreign judgment is for a liquidated sum;
- the liquidated sum payable under the judgment (if any) is not directly or indirectly for the payment, satisfaction or enforcement of any penal or revenue laws or sanctions imposed by the authorities of such jurisdiction;
- the foreign judgment is not preceded by a final and conclusive judgment by a court having jurisdiction in that matter; and
- the rights under the foreign judgment are vested in the person by whom the application for registration was made.

The judgment creditor under a judgment to which the REJA applies, may apply to the High Court at any time in accordance with the provisions of the REJA within six years after the date of the judgment or, where there have been proceedings by way of appeal against the judgment, after the date of the last judgment given in those proceedings, to have the judgment registered. A person who has obtained a judgment against the Obligor, Trustee and/or Serba Dinamik in a court which is not listed in the First Schedule of the REJA will have to rely entirely on the principles of common law to enforce the judgment, that is, by instituting a fresh suit in Malaysia based either on the judgment or on the original cause of action.

Accounting and corporate disclosure standards in Malaysia may vary from those in other jurisdictions.

There may be different publicly available information about Malaysian public companies, such as Serba Dinamik, than is regularly made available by public companies in other jurisdictions. These differences include (i) the timing and content of disclosure of beneficial ownership of equity securities of officers, directors and significant shareholders; (ii) officer certification of disclosure and financial statements in periodic public reports; and (iii) disclosure of off-balance sheet transactions in management's discussion of results of operations in periodic public reports.

Changes in accounting standards may impact Serba Dinamik's financial condition.

Serba Dinamik prepares and presents its financial statements in accordance with MFRS, and there may be new and revised accounting standards and interpretations in the future requiring the adoption of new accounting policies. There can be no assurance that the adoption of new accounting policies or any change or amendment to or any interpretation of MFRS will not have a significant impact on Serba Dinamik's financial condition and results of operations.

For example, with effect from 1 January 2018, Serba Dinamik adopted MFRS 9 and MFRS 15. Under MFRS 9, financial assets are measured at either fair value through profit or loss/other comprehensive income or amortised cost and the Group's "other investments", which relate to investments in unquoted shares, are measured at fair value through profit or loss. Other investments, such as fixed deposits placed with licensed banks with original maturities exceeding three months, trade and other receivables, and cash and cash equivalents, are reclassified from loans and receivables, under MFRS 139, to amortised cost, under MFRS 9. Under MFRS 15, the Group's revenue recognition for its O&M revenue, EPCC works and other works are different as compared to previous accounting standards. For more information, please refer to Notes 2 and 34 of Serba Dinamik's consolidated financial statements for the financial year ended 31 December 2018 and the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent accounting pronouncements and changes in accounting policies*" for a discussion on the impact of the adoption of MFRS 9 and MFRS 15.

As Serba Dinamik has applied the transitional exemption set out in MFRS 9 and the modified retrospective approach set out in MFRS 15, each with the date of initial application of 1 January 2018 and without requiring any restatement of the corresponding figures of the prior period before 1 January 2018, Serba Dinamik's consolidated financial information as at and for the year ended 31 December 2017 may not be directly comparable against Serba Dinamik's consolidated financial information after 1 January 2018, including the consolidated financial information of Serba Dinamik as of, and for, the year ended 31 December 2018 and for the six months ended 30 June 2018 and 30 June 2019. Investors must therefore exercise caution when making comparisons to any financial figures after 1 January 2018 against Serba Dinamik's consolidated financial information prior to 1 January 2018 and when evaluating Serba Dinamik's financial condition, results of operations and results.

In addition, with effect from 1 January 2019, Serba Dinamik has adopted MFRS 16. Please refer to Note A2 of Serba Dinamik's Reviewed Consolidated Financial Statements and the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Recent accounting pronouncements and changes in accounting policies*" for a discussion on the adoption of MFRS 16. Serba Dinamik's consolidated financial information as at and for the years ended 31 December 2017 and 2018 and for the six months ended 30 June 2018 may not be directly comparable against Serba Dinamik's consolidated financial information after 1 January 2019, including Serba Dinamik's consolidated financial information as at and for the six months ended 30 June 2019. Investors must therefore exercise caution when making comparisons to any financial figures after 1 January 2019 against Serba Dinamik's consolidated financial information prior to 1 January 2019 and when evaluating Serba Dinamik's financial condition, results of operations and cash flow.

Serba Dinamik's interim financial information as at 30 September 2019 and for the nine months ended 30 September 2018 and 2019 contained in this Offering Circular has not been audited or reviewed.

The consolidated financial information as at 30 September 2019 and for the nine months ended 30 September 2018 and 2019 included in this Offering Circular has not been audited or reviewed by any auditors and such financial information should not be relied upon by potential investors to provide the same type or quality of information associated with information that has been subject to an audit or review. Potential investors must exercise caution when using such data to evaluate Serba Dinamik's financial condition, results of operations and performance.

Risks relating to the Certificates and the Trust Obligations Guarantee

The Certificates may be subject to early dissolution, including in respect of an early dissolution upon the occurrence of the RM-denominated Sukuk Non-Redemption Event, for tax reasons or at the option of the Trustee.

In certain circumstances, the Certificates may be subject to early dissolution. Pursuant to Condition 8(d) (*Early Dissolution following an RM-denominated Sukuk Non-Redemption Event*), in the event the Guarantor is not able to redeem in full all outstanding securities issued under the Sukuk Wakalah Programmes by 19 December 2019, the Trustee shall exercise its rights under the Wakala Agreement and the Commodity Murabaha Investment Agreement to redeem the Certificates in whole but not in part at the RM-denominated Sukuk Non-Redemption Event Dissolution Distribution Amount. Pursuant to Condition 8(b) (*Early Dissolution for Taxation Reasons*), in the event that the amount payable on the Certificates is required to be increased to include additional amounts in certain circumstances and/or the Trustee or the Obligor is required to pay additional amounts pursuant to the Certificates as a result of any change in, or amendment to, the laws or regulations of Malaysia or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, the Trustee may redeem all but not some only of the outstanding Certificates upon giving notice in accordance with the Conditions. Pursuant to Condition 8(c) (*Early Dissolution at the Option of the Trustee*), the Trustee may, at any time on or after 12 December 2022, redeem all or any portion of the Certificates at the Trustee Optional Dissolution Distribution Amount upon giving notice in accordance with the Conditions. In each such case, dissolution and redemption will take place in accordance with the Conditions and the Transaction Documents.

An early dissolution feature of any Certificates is likely to limit its market value. During any period when the Trustee may elect to redeem the Certificates, the market value of those Certificates generally will not rise substantially above the dissolution amount payable. In addition, the date on which the Trustee elects to redeem the Certificates may not accord with the preference of the particular Certificateholders. Further, a Certificateholder may not be able to reinvest the redemption proceeds in comparable securities at the same rate of return of the Certificates.

The Group has in the past breached covenants in certain of its financing agreements and future non-compliance with restrictions and breaches of covenants in its financing agreements and/or restructurings could constitute a default under the terms of those agreements, which could cause repayment of loans made to the Group under those agreements and repayment of the Certificates to be accelerated or for the Obligor to otherwise not be able to satisfy its obligations under the Certificates and/or the Guarantor to satisfy its obligations under the Deed of Guarantee.

Certain of the Group's financing agreements contain financial covenants that require it to provide compliance certificates on pre-determined dates setting forth its compliance with certain financial ratios. See "*Description of Certain Financing Arrangements*". While the Group is, as of the date of this Offering Circular, in compliance with such financial covenants, in the event of any future breach or default under any of the Group's financing agreements, the Group cannot assure investors that it will be able to obtain waivers with respect to such breach or default or that such breach or default would not cause enforcement actions to be taken under its financing agreements or the Certificates, including but not limited to the acceleration of repayment under the financing agreements or the Certificates.

The Group may fail to or may be unable to comply with the restrictions and covenants in other financing documents with respect to its current or future debt obligations, including the Certificates which may result in a default under the terms of such obligations. Although the Group has in the past obtained waivers in relation to certain restrictions and covenants in certain of its debt obligations, it cannot assure investors that it will be able to obtain such waivers for other current or future debt obligations. In the event of a default under these financing agreements, the holders or creditors of the debt could terminate their commitments to lend to the Group, accelerate repayment of such debt and declare all outstanding amounts due and payable or terminate the relevant financing agreements, as the case may be. This could also trigger a cross-default under the Certificates. In the event of such a default, the Group's ability to make payments due under the Certificates may be adversely impacted.

The Guarantor may breach certain financial covenants under the Sukuk Wakalah Programmes following the issuance of the Certificates which may lead to cross defaults in the Group's other borrowings.

As of the date of this Offering Circular, the Guarantor has outstanding securities (the "**RM-Sukuk**") issued under the Sukuk Wakala Programmes. Pursuant to the terms and conditions of the RM-Sukuk, the Group is required to maintain compliance of a debt to equity ratio not exceeding 1.25 times (the "**DE Ratio Covenant**"). The Group intends to redeem the RM-Sukuk and pursuant to the extraordinary general meeting held on 26 November 2019, an extraordinary resolution of the holders of the RM-Sukuk was passed in favour of redemption of the RM-Sukuk prior to 31 December 2019. The DE Ratio Covenant is tested based on the latest consolidated management accounts made available (i.e. on a quarterly basis based on published results). In the event the DE Ratio Covenant is next tested prior to the redemption of the RM-Sukuk but post the issuance of the Certificates, the Guarantor may be in breach of such covenant. Any failure on the part of the Guarantor to redeem the RM-Sukuk in full prior to such testing date could lead to a default under the terms of the RM-Sukuk and consequently to other cross defaults in the Group's other borrowings which would have a material adverse effect on the financial condition and prospects of the Group.

The Guarantor will only be liable for any payment obligations under the Guarantee following the occurrence of the RM-denominated Sukuk Redemption Event and in the absence of the Guarantee, the Trustee will not have recourse to the Guarantor under the Deed of Guarantee and will have to rely solely on Serba Dinamik International Limited, in its respective capacities, to honour its obligations under the Wakala Agreement and the Commodity Murabaha Investment Agreement.

The Guarantor shall only be liable for any payment obligations under the Guarantee following the occurrence of the RM-denominated Sukuk Redemption Event. Consequently, for so long as the Certificates are outstanding from the Issue Date and until the occurrence of such RM-denominated Sukuk Redemption Event, Certificateholders will not have the benefit of the Guarantee. The Obligor has undertaken to ensure that the Transaction Proceeds are immediately paid into the Proceeds Accounts on the Issue Date and has pre-authorised the Delegate to promptly instruct the Account Bank for transfer of the Transaction Proceeds to the Collection Account to be utilised solely for the purposes of funding the redemption of the Certificates pursuant to Condition 8(d) on a RM-denominated Sukuk Non-Redemption Event. Notwithstanding, there can be no assurance that such Transaction Proceeds will actually be utilised for redemption pursuant to Condition 8(d) upon the occurrence of a RM-denominated Sukuk Non-Redemption Event. In the absence of the Guarantee, the Trustee will not have recourse to the Guarantor pursuant to the Deed of Guarantee and will have to rely solely on Serba Dinamik International Limited, in its respective capacities, to honour its obligations under the Wakala Agreement and/or the Commodity Murabaha Investment Agreement.

The Trust Obligations Guarantee will be structurally subordinated to the obligations of Serba Dinamik's subsidiaries.

None of Serba Dinamik's subsidiaries will guarantee the obligations of the Obligor under the Wakala Agreement and the Commodity Murabaha Investment Agreement (together, the "**Sukuk Asset Agreements**"). Certificateholders will therefore not have any direct claim on the cash flows or assets of Serba Dinamik's subsidiaries and Serba Dinamik's subsidiaries have no obligation, contingent or otherwise, to pay amounts due under the Trust Obligations Guarantee, or to make funds available to Serba Dinamik for those payments or for payments under the Certificates.

Generally, claims of creditors of Serba Dinamik's subsidiaries, including lenders and trade creditors, will have priority with respect to the assets and earnings of the subsidiary over the claims of its ordinary shareholders, including the claims of Serba Dinamik. Accordingly, claims of creditors of Serba Dinamik's subsidiaries will also generally have priority over the claims of creditors of Serba Dinamik. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganisation, administration or other bankruptcy or insolvency proceedings of any of Serba Dinamik's subsidiaries, holders of their debt and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to Serba Dinamik. As such, the Trust Obligations Guarantee will be structurally subordinated to the claims of creditors (including lenders and trade creditors) of Serba Dinamik's subsidiaries.

The Certificateholders do not have the benefit of any security interest with respect to the Certificates and will rank behind the claims of the Trustee, the Obligor or Serba Dinamik's secured creditors.

Neither the Declaration of Trust nor the Certificates create any security interest in favour of the Certificateholders to secure the payment obligations arising under the Certificates or the Transaction Documents. Accordingly, investors should be aware that if the Trustee, the Obligor, Serba Dinamik or any other member of the Group becomes insolvent, any of the Group's assets which are the subject of a valid security arrangement will not be available to satisfy the claims of any of the Group's unsecured creditors, including the Trustee or the Delegate (on behalf of holders of the Certificates), and the claims of the Group's secured creditors will rank ahead of the claims of such parties accordingly.

The Certificates are limited recourse obligations.

The Certificates do not represent an interest in any of and are not debt obligations of the Trustee, the Obligor, the Delegate, any of the Agents or any of their respective affiliates. Notwithstanding anything to the contrary contained herein or in any Transaction Document, no payment of any amount whatsoever shall be made in respect of the Certificates by the Trustee, the Obligor, the Delegate or the Agents or any of their respective directors, officers, representatives, employees, affiliates, advisers or agents except to the extent that funds are available for such purpose from the Trust Assets. The proceeds of the Trust Assets are the sole source of payments on the Certificates.

The Trust Assets include, among others, any and all of the rights, title, interest, benefits and entitlements, present and future, of the Trustee in, to and under the Wakala Investment and any and all of the interest, rights, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (including, without limitation, the right to receive the Deferred Payment Price under the Commodity Murabaha Investment Agreement and the Trust Obligations Guarantee under the Deed of Guarantee) (excluding any representations given by the Obligor to the Trustee and/or the Delegate pursuant to any of the Transaction Documents), which when any amount is due and payable thereunder, constitutes an obligation of SDIL in respect of which a claim may be made by the Trustee and/or the Delegate and which ranks equally with all the other present and future unsecured and unsubordinated obligations of SDIL.

By subscribing for or acquiring the Certificates, the Certificateholders acknowledge that no recourse may be had for the payment of any amount owing in respect of the Certificates against the Trustee, the Delegate or the Agents or any of their respective directors, officers or agents and, to the extent that all claims in respect of the Trust Assets have been exhausted, all claims in respect of the Certificates shall be extinguished. In addition, no Certificateholder will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, arrangement, liquidation, bankruptcy, winding up or receivership or other proceedings under any bankruptcy or similar law of any of the Trustee, the Delegate or the Agents or of any of their respective affiliates, officers, representatives, directors, agents, advisers or employees if there is a shortfall after claims in respect of the Trust Assets have been exhausted or otherwise. The Obligor is obliged to make certain payments under the Transaction Documents directly to the Trustee and the Trustee and Delegate will have direct recourse against the Obligor to recover payments due to the Trustee from the Obligor pursuant to the Transaction Documents. There can be no assurance that the net proceeds of the realisation of, or enforcement with respect to, the Trust Assets will be sufficient to make all payments due in respect of the Certificates.

Serba Dinamik may not be able to repurchase the Certificates upon a Change of Control event or following certain dispositions of assets by Serba Dinamik and/or Restricted Subsidiaries.

If Serba Dinamik experiences a change in control specified in the Deed of Guarantee, it (or the Trustee, as the case may be) must make an offer to repurchase all outstanding Certificates at 101 per cent. of the face amount thereof plus any due and unpaid Periodic Distribution Amounts to the date of purchase. Under the terms of the Deed of Guarantee if Serba Dinamik or any Restricted Subsidiary disposes of assets, Serba Dinamik is required, in certain circumstances, to apply the proceeds of such sale to make an offer to repurchase all outstanding Certificates at a purchase price of 100 per cent of their aggregate outstanding face amount, plus accrued and unpaid Periodic Distribution Amounts to the date of purchase.

There can be no assurances that Serba Dinamik (or the Trustee, as the case may be) will have enough available funds at the time of any such change of control or asset disposition to make repurchases of tendered outstanding Certificates. Furthermore, a failure to make an offer to repurchase or to repurchase tendered Certificates would constitute a Dissolution Event under the Certificates, which could cause an acceleration of Serba Dinamik's payment obligations under the Deed of Guarantee and other outstanding financing arrangements. If Serba Dinamik's payment obligations under the Deed of Guarantee or other financing arrangements were to be accelerated, there can be no assurance that Serba Dinamik's assets and cash flow would be sufficient to repay in full all such payment obligations, or that Serba Dinamik would be able to obtain alternative financings, or if it were to obtain alternative financings, that they would be on terms that are favourable or acceptable to Serba Dinamik.

Investors should also note that an offer by Serba Dinamik (or the Trustee, as the case may be) to repurchase any or all outstanding Certificates made pursuant to a change of control or an asset disposition offer will not be made in any jurisdiction where it would be unlawful to do so at the time of the relevant tender offer. Accordingly, investors who, at the time of the tender offer, are located in a jurisdiction in which it would not be lawful for Serba Dinamik to make such an offer will be excluded from participating in the tender offer. Securities laws are complex and can change from time to time and, as a result, investors should not rely on the fact that, as at the date of this Offering Circular, tender offers are generally made within their jurisdiction as an assurance that they would be able to participate in any tender offer made in the future by Serba Dinamik pursuant to the terms of the Deed of Guarantee.

Performance of contractual obligations.

The ability of the Trustee to make payments in respect of the Certificates will depend upon the due performance by the other parties to the Transaction Documents of their obligations thereunder, and in particular the performance by the Obligor of its purchase and/or payment obligations. Specifically, the ability of the Trustee to make payments in respect of the Certificates will depend on, *inter alia*, the receipt by it of the Deferred Sale Price from the Buyer under the Commodity Murabaha Investment Agreement.

Substantial leverage and debt service obligations could adversely affect the Group's business and prevent the Obligor and Serba Dinamik from fulfilling their obligations under the Certificates and the Trust Obligations Guarantee respectively.

Subject to limitations under the Conditions and the Declaration of Trust, the Group will be permitted to incur additional indebtedness in the future. The degree to which the Group will be leveraged in the future, on a consolidated basis, could have important consequences for the Certificateholders, including but not limited to:

- making it more difficult for the Obligor and Serba Dinamik to satisfy their respective obligations with respect to the Certificates and the Trust Obligations Guarantee respectively;
- increasing vulnerability to, and reducing the Group's flexibility to respond to, general adverse economic and industry conditions;
- limiting flexibility in planning for, or reacting to, changes in the Group's businesses, the competitive environment and the industry in which the Group operates; and
- limiting the Group's ability to borrow additional funds and increasing the cost of any such borrowing.

Any of these or other consequences or events could materially and adversely affect the Obligor's ability to satisfy debt obligations under the Certificates and Serba Dinamik's ability to satisfy debt obligations under the Trust Obligations Guarantee.

The Group is subject to restrictive debt covenants that may limit the Group's ability to finance its future operations and capital needs and to pursue business opportunities and activities.

The Conditions and the Declaration of Trust will, among other things, restrict the Obligor's ability to:

- incur or guarantee additional indebtedness;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of Serba Dinamik or its restricted subsidiaries;
- prepay or redeem subordinated debt or equity;
- make certain investments and capital expenditures;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to Serba Dinamik or any of its restricted subsidiaries;
- sell, lease or transfer certain assets, including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- enter into unrelated businesses or engage in prohibited activities; and
- consolidate or merge with other entities.

In addition, certain of the Group's other indebtedness provide for restrictions and limitations on the Group's ability to pay dividends or make other distributions on the occurrence of certain events. All of these limitations will be subject to significant exceptions and qualifications. These covenants could limit the Obligor's and Serba

Dinamik's ability to finance their future operations and capital needs and their ability to pursue business opportunities and activities that may be in the Group's interest in order to maintain compliance.

There is no automatic entitlement to a relief of specific performance.

In the event that SDIL fails to perform its obligations under any Transaction Document to which it is a party, the potential remedies available to the Trustee and the Delegate include obtaining an order for specific enforcement of SDIL's obligations or a claim for damages. Given that specific performance is an equitable relief and a discretionary exercise of the powers of a court, there is no automatic entitlement to a relief of specific performance notwithstanding that it may have been contractually provided for by the parties. For example, specific performance will not be granted where the circumstances have rendered it impossible for the performance of the act which such relief is being sought for. In such instance, a court has the power to award damages to the innocent party in lieu of specific performance. The amount of damages which a court may award in respect of a breach will depend on the ability of the innocent party to prove actual losses suffered. Additionally, there is also an obligation on the Trustee and the Delegate to mitigate any loss arising as a result of the breach where it is possible to do so. Hence, it would not be possible to provide any assurance on the actual quantum of damages which a court may award in the event of a failure by SDIL to perform its obligations set out in the Transaction Documents to which it is a party.

There is currently no secondary market for the Certificates and there may be limited liquidity for Certificateholders.

There is no assurance that a secondary market for the Certificates will develop or, if it does develop, that it will provide the Certificateholders with liquidity of investment or that it will continue for the life of the Certificates. Accordingly, a Certificateholder may not be able to find a buyer to buy its Certificates readily or at prices that will enable the Certificateholder to realise a desired yield. The market value of the Certificates may fluctuate and a lack of liquidity, in particular, can have a material adverse effect on the market value of the Certificates. Accordingly, the purchase of the Certificates is suitable only for investors who can bear the risks associated with a lack of liquidity in the Certificates and the financial and other risks associated with an investment in the Certificates. An investor in the Certificates must be prepared to hold the Certificates for any period of time up until their maturity.

The Certificates may be subject to restrictions on transfer which may adversely affect the value of the Certificates.

The Certificates have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and the Trustee has not undertaken to effect any exchange offer for the Certificates in the future. The Certificates may not be offered in the United States except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Certificates and the Agency Agreement will contain provisions that will restrict the Certificates from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Regulation S, or other exemptions, under the Securities Act. Furthermore, the Trustee has not registered the Certificates under any other country's securities laws. Investors must ensure that their offers and sales of the Certificates within the United States and other countries comply with applicable securities laws.

The Delegate may request the Certificateholders to provide an indemnity and/or security and/or pre-funding to its satisfaction.

In certain circumstances (including without limitation the giving of notice to the Trustee pursuant to Condition 12 (*Dissolution Events*)), the Delegate may (at its sole discretion) request Certificateholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes actions on behalf of Certificateholders. The Delegate will not be obliged to take any such actions if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Delegate may not be able to take actions, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Declaration of Trust or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Certificateholders to take such actions directly.

The Certificates are subject to modification by a majority of Certificateholders without the consent of all Certificateholders.

The Conditions of the Certificates contain provisions for calling meetings of Certificateholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all

Certificateholders including Certificateholders who did not attend and vote at the relevant meeting or otherwise exercise their voting rights and Certificateholders who voted in a manner contrary to the majority. The Delegate and the Trustee may agree to modify the Conditions of the Certificates without the consent of the Certificateholders in cases of, *inter alia*, manifest error. For further details of such matters and the relevant majorities required at meetings of Certificateholders, see Condition 14 (*Meetings of Certificateholders, Modification, Waiver and Substitution*) and the corresponding provisions of the Declaration of Trust.

The Declaration of Trust may be modified without notice to Certificateholders.

The Declaration of Trust contains provisions permitting the Delegate from time to time and at any time without any consent or sanction of the Certificateholders to make any modification to the Declaration of Trust if, in the opinion of the Delegate, (i) such modification is of a formal, minor or technical nature, or (ii) such modification is made to correct a manifest error or to comply with any mandatory provisions of law, or (iii) such modification, waiver, authorisation or determination is not materially prejudicial to the interest of Certificateholders and is other than in respect of certain reserved matters. Unless the Delegate otherwise decides, any such modification shall as soon as practicable thereafter be notified by the Trustee to the Certificateholders and shall in any event be binding upon the Certificateholders.

The trading market for the Certificates may be volatile and may be adversely impacted by many events.

The market for the Certificates is expected to be influenced by economic and market conditions and, to varying degrees, interest rates, currency exchange rates and inflation rates in Malaysia, the United States, Europe and other industrialised countries. There can be no assurance that events in Malaysia, the United States, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Certificates or that economic and market conditions will not have any other adverse effect.

The Certificates are subject to Singapore taxation risk.

The Certificates are, pursuant to the Income Tax Act, Chapter 134 of Singapore (the "**Income Tax Act**") and the MAS Circular FOO Cir 11 /2018 entitled "Extension of Tax Concessions for Promoting the Debt Market" issued by the Monetary Authority of Singapore ("**MAS**") on 31 May 2018, intended to be "qualifying debt securities" for the purposes of the Income Tax Act, subject to the fulfilment of certain conditions more particularly described in the section "*Taxation—Singapore Taxation*". However, there is no assurance that such Certificates will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

The liquidity and price of the Certificates following the offering may be volatile.

The price and trading volume of the Certificates may be highly volatile. Factors such as variations in the Group's revenue, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, prevailing interest rates and dividend rates of comparable securities, the market for similar securities and general economic conditions nationally or internationally could cause the price of the Certificates to change. Any such developments may result in large and sudden changes in the trading volume and price of the Certificates.

The Certificates are complex instruments and may not be a suitable investment for all investors.

The Certificates may not be a suitable investment for all investors. Each potential investor in the Certificates must determine the suitability of its investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Certificates, the merits and risks of investing in the Certificates and the information contained in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Certificates and the impact the Certificates will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Certificates, including where the currency of payment is different from the potential investor's currency;
- understand thoroughly the terms of the Certificates and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

In addition, the investment activities of certain investors are subject to legal investment laws and regulations, or the review of such laws and regulations by certain governmental or regulatory authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Certificates constitute legal investments for it; (ii) the Certificates can be used as collateral for various types of borrowings; and (iii) other restrictions apply to any purchase or pledge of any Certificate by the investor. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Certificates under any applicable risk-based capital or similar rules and regulations.

Certificates which have a denomination that is not an integral multiple of U.S.$200,000 may be illiquid and difficult to trade.

The denomination of the Certificates is U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. Therefore, it is possible that the Certificates may be traded in amounts in excess of U.S.$200,000 that are not integral multiples of U.S.$200,000. In such a case, a Certificateholder who, as a result of trading such amounts, holds a principal amount of less than U.S.$200,000 would need to purchase a principal amount of Certificates such that it holds an amount equal to at least U.S.$200,000 to be able to trade such Certificates. Certificateholders should be aware that Certificates which have a denomination that is not an integral multiple of U.S.$200,000 may be illiquid and difficult to trade.

Credit ratings may not reflect all risks.

The Certificates are expected to be assigned a rating of BB- and BB- by S&P and Fitch, respectively. The ratings represent the opinions of the rating agencies and their assessment of the ability of the Trustee and SDIL to perform their respective obligations under the Certificates and credit risks in determining the likelihood that payments will be made when due under the Certificates. A rating is not a recommendation to buy, sell or hold the Certificates and may be subject to suspension, reduction or withdrawal at any time. Neither the Trustee nor SDIL is obliged to inform holders of the Certificates if the ratings are lowered or withdrawn. A reduction or withdrawal of the ratings may adversely affect the market price of the Certificates. In addition, the ratings may not reflect the potential impact of all risks related to the transaction structure, the additional factors discussed in this section "*Risk Factors*" or any other factors that may affect the value of the Certificates.

The insolvency laws of Malaysia, Labuan and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Certificates are familiar.

As the Trustee, the Obligor and Serba Dinamik are incorporated under the laws of Labuan and/or Malaysia, any insolvency proceedings relating to the Trustee, the Obligor or Serba Dinamik would likely to involve Malaysian insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Certificates are familiar.

Certificateholders may be adversely affected by a change of English law.

The structure of the issue of the Certificates is based on English law and administrative practices in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible change to English law or administrative practices after the date of this Offering Circular, nor can any assurance be given as to whether any such change could adversely affect the ability of the Trustee to make payments under the Certificates or of SDIL to comply with its obligations under the Transaction Documents to which it is a party.

Certificateholders will be reliant on Euroclear and/or Clearstream, Luxembourg procedures to exercise certain rights under the Certificates.

The Certificates will be represented on issue by a Global Certificate that will be registered in the name of a common depositary on behalf of Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive Certificates in definitive form. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Certificate. While the Certificates are represented by the Global Certificate, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Certificates are represented by the Global Certificate, the Trustee will discharge its payment obligation under the Certificates by making payments through the relevant clearing systems. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the relevant Certificates. The Trustee has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interest in the Global Certificate.

Holders of beneficial interests in a global certificate will not have a direct right to vote in respect of the relevant Certificates. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Certificate will not have a direct right thereunder to take enforcement action against the Trustee, the Obligor, Serba Dinamik in the event of a default under the Certificates but will have to rely upon their rights under the Declaration of Trust.

There is no assurance that the Certificates will be Shari'a compliant.

The Amanie Shariah Supervisory Board and the Central Shariah Committee of HSBC Bank Middle East Limited have confirmed that the Certificates are *Shari'a* compliant. However, there can be no assurance that the transaction structure or the issue and trading of the Certificates will be deemed to be *Shari'a* compliant by any other *Shari'a* board or *Shari'a* scholar. None of the Trustee, the Obligor, Serba Dinamik, the Joint Bookrunners and the Joint Lead Managers, the Delegate or the Agents makes any representation as to the *Shari'a* compliance of the Certificates and potential investors are reminded that, as with any *Shari'a* views, differences in opinion are possible. In addition, there may be changes in *Shari'a* interpretations and rulings in the future, whereby currently *Shari'a* compliant transaction structures may no longer be viewed as compliant in the future. Potential investors should obtain their own independent *Shari'a* advice as to whether the structure meets their individual standards of compliance and make their own determination as to the future tradability of the Certificates on any secondary market. Questions as to the *Shari'a* permissibility of the structure or the issue and the trading of the Certificates may limit the liquidity and adversely affect the market value of the Certificates.

In addition, prospective investors are reminded that the enforcement of any obligations of any of the parties in the transaction could be, if in dispute, the subject of court proceedings under the laws of England and Wales. In such circumstances, the judge may first apply the relevant law rather than *Shari'a* principles in determining the obligation of the parties.

Shari'a requirements in relation to interest awarded by a court.

In accordance with applicable *Shari'a* principles, each of the Trustee, the Obligor, Serba Dinamik, the Delegate and any Agent will waive all and any entitlement it may have to interest awarded in its favour by any arbitral tribunal or court in connection with any dispute under any of the Transaction Documents. Should there be any delay in the enforcement of a judgment given against the Trustee, the Obligor, Serba Dinamik or the Delegate, judgment interest may accrue in respect of that delay and, as a result of the waiver referred to above, Certificateholders will not be entitled to receive any part of such interest.

Certificateholders may be adversely affected by certain exchange rate risks and exchange controls.

The Trustee will make payments to Certificateholders in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of U.S. dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls (as some have done in the past) that could adversely affect an applicable exchange rate. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease (i) the Investor's Currency-equivalent yield on the Certificates, (ii) the Investor's Currency-equivalent value of the amounts payable on the Certificates and (iii) the Investor's Currency-equivalent market value of the Certificates. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect the availability of a specified foreign currency at the time of payment of amounts on a Certificate. As a result, the payments received by investors may be adversely affected.

CAPITALISATION AND INDEBTEDNESS

The following table sets out Serba Dinamik's consolidated capitalisation and indebtedness (i) as at 30 June 2019 on an actual basis and (ii) as adjusted to give effect to the issue of the Certificates offered hereby. This table should be read in conjunction with Serba Dinamik's Consolidated Financial Statements and the respective accompanying notes included elsewhere in this Offering Circular.

	As at 30 June 2019	
	(RM in millions)	
	Actual	*As adjusted for the issue of the Certificates*
Current Loans & Borrowings[1]	306.1	306.1
Non-Current Loans & Borrowings	2,178.2	2,178.2
Certificates offered hereby[2]	—	827.2
Total Borrowings	2,484.3	3,311.5
Equity		
Share Capital	1,344.3	1,344.3
Merger Reserve	(434.7)	(434.7)
Foreign Currency Translation Reserve	30.8	30.8
Other Reserves	45.3	45.3
Retained Earnings	1,307.3	1,307.3
Equity attributable to owners of the company	—	—
Non-controlling interest	5.6	5.6
Total Equity	2,298.6	2,298.6
Total Capitalisation & Indebtedness	4,782.9	5,610.1

(1) This amount does not include the Serba Dinamik Murabaha Facility to be obtained by Serba Dinamik amounting to RM900,000,000 (U.S.$217.6 million), with an option to increase the facility limit to up to RM1,000,000,000 (U.S.$247.5 million), See "*Description of Certain Financing Arrangements*".

(2) This amount does not deduct fees, commissions and expenses of the offering of the Certificates payable by the Issuer.

As at the date of this Offering Circular, except as otherwise disclosed above and elsewhere in the Offering Circular, there has been no material change in the consolidated capitalisation and indebtedness of Serba Dinamik since 30 June 2019.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following is the text of the terms and conditions that, subject to amendment, shall be applicable to the Certificates in definitive form (if any) issued in exchange for the Global Certificate. These terms and conditions as so amended shall be endorsed on such definitive Certificates.

SD International Sukuk II Limited (in its capacity as issuer and as trustee, the "**Trustee**") has authorised the issue of trust certificates (the "**Certificates**", which term shall include, unless the context requires otherwise, any additional Certificates issued in accordance with Condition 18 and consolidated and forming a single series with the Certificates) in an aggregate face amount of U.S.$200,000,000.

The Certificates are constituted by a declaration of trust dated 12 December 2019 (the "**Issue Date**") between the Trustee, Serba Dinamik International Ltd. (the "**Obligor**") and The Hongkong and Shanghai Banking Corporation Limited as the Trustee's delegate (the "**Delegate**", which expression shall include all persons for the time being the delegate or delegates under the Declaration of Trust) (the "**Declaration of Trust**").

An Agency Agreement (the "**Agency Agreement**") dated the Issue Date has been entered into in relation to the Certificates between the Trustee, the Obligor, the Delegate, HSBC Amanah Malaysia Berhad as the account bank, The Hongkong and Shanghai Banking Corporation Limited as the initial principal paying agent and the registrar and the other agents named in it. The account bank, the principal paying agent, the other paying agents, the registrar and the transfer agents are referred to below respectively as the "**Account Bank**", the "**Principal Paying Agent**", the "**Paying Agents**" (which expression shall include the Principal Paying Agent), the "**Registrar**" and the "**Transfer Agents**" (which expression shall include the Registrar), and together the "**Agents**".

These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Declaration of Trust, which includes the form of Certificates referred to below, the Deed of Guarantee (as defined below), the Agency Agreement and the remaining Transaction Documents (as defined below). The Certificateholders are bound by, and are deemed to have notice of, all the provisions applicable to them in the Transaction Documents. Copies of the Transaction Documents are available for inspection at all reasonable times during usual business hours at the principal office of the Delegate and at the specified office of the Principal Paying Agent following prior written request and proof of holding to the satisfaction of the Delegate or the Principal Paying Agent, as the case may be.

Each initial Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed to authorise and direct the Trustee, on behalf of the Certificateholders: (a) to apply the proceeds of the issue of the Certificates (i) in an amount equal to the Initial Wakala Investment Amount to be invested by the Wakeel in the Wakala Investment; and (ii) in an amount equal to the Commodity Murabaha Investment Amount for the purchase and subsequent sale of Commodities to the Buyer pursuant to the Commodity Murabaha Investment Agreement; and (b) to enter into each Transaction Document to which it is a party, subject to the provisions of the Declaration of Trust and these Conditions.

1 Interpretation

Unless defined herein or the context otherwise requires, capitalised words and expressions used but not defined herein shall have the meaning given to them in the Declaration of Trust, the Deed of Guarantee and the Agency Agreement. In addition, for the purposes of these Conditions, the following expressions have the following meanings:

"**Asset Disposition Offer**" has the meaning given to it in schedule 2 of the Deed of Guarantee;

"**Authorised Representative**" means, in relation to the Trustee, the Obligor or the Guarantor, any person who (i) is a director of the Trustee, the Obligor or the Guarantor, as applicable; or (ii) is duly authorised and in respect of whom a certificate has been provided to the Delegate signed by a director, secretary or another duly authorised person of the Trustee, the Obligor or the Guarantor, as applicable, setting out (in each case) the name and signature of such person and confirming such person's authority to act;

"**Business Day**" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in U.S. dollars;

"**Buyer**" means Serba Dinamik International Ltd. in its capacity as buyer of the Commodities pursuant to the Commodity Murabaha Investment Agreement;

"**Calculation Amount**" means U.S.$1,000;

"**Capital Stock**" has the meaning given to it in schedule 2 of the Deed of Guarantee;

"**Certificateholder**" or "**holder**" has the meaning given to it in Condition 2;

"**Change of Control Offer**" has the meaning given to it in schedule 2 of the Deed of Guarantee;

"**Collection Account**" has the meaning given to it in the Wakala Agreement;

"**Commodities**" has the meaning given to it in the Commodity Murabaha Investment Agreement;

"**Commodity Murabaha Investment Agreement**" means the commodity murabaha investment agreement dated the Issue Date between the Trustee (in its capacity as seller of the Commodities) and the Buyer (and any further commodity murabaha investment agreement entered into between the Trustee and the Buyer in connection with any issuance of additional Certificates pursuant to Condition 18);

"**Commodity Murabaha Investment Amount**" has the meaning given to it in the Commodity Murabaha Investment Agreement;

"**Day Count Fraction**" has the meaning given to it in Condition 7(b);

"**Deed of Guarantee**" means the deed of guarantee dated the Issue Date and granted by the Guarantor for the benefit of the Trustee and the Delegate of which the guarantee provided therein is subject to the occurrence of the RM-denominated Sukuk Redemption Event;

"**Deferred Payment Price**" has the meaning given to it in the Commodity Murabaha Investment Agreement;

"**Delegation**" has the meaning given to it in Condition 15(a);

"**Dissolution Date**" means, as the case may be:

(a) the Scheduled Dissolution Date;

(b) any Early Tax Dissolution Date;

(c) any Trustee Optional Dissolution Date;

(d) any RM-denominated Sukuk Non-Redemption Event Dissolution Date; or

(e) any Dissolution Event Redemption Date;

"**Dissolution Distribution Amount**" means, as the case may be, in relation to each Certificate to be redeemed on the relevant Dissolution Date:

(a) on the Scheduled Dissolution Date, any Early Tax Dissolution Date or any Dissolution Event Redemption Date, the sum of (i) the outstanding face amount of such Certificate and (ii) any due and unpaid Periodic Distribution Amounts for such Certificate;

(b) on any Trustee Optional Dissolution Date, the Trustee Optional Dissolution Distribution Amount; or

(c) on any RM-denominated Sukuk Non-Redemption Event Dissolution Date, the RM-denominated Sukuk Non-Redemption Event Dissolution Distribution Amount.

"**Dissolution Event**" means an Obligor Event or a Trustee Event;

"**Dissolution Event Redemption Date**" has the meaning given to it in Condition 12(a);

"**Dissolution Notice**" has the meaning given to it in Condition 12(a);

"**Dollar Equivalent**" has the meaning given to it in schedule 2 of the Deed of Guarantee;

"**Early Tax Dissolution Date**" has the meaning given to it in Condition 8(b);

"**Extraordinary Resolution**" has the meaning given to it in the Declaration of Trust;

"**guarantee**" has the meaning given to it in schedule 2 of the Deed of Guarantee;

"**Guarantor**" means Serba Dinamik Holdings Berhad;

"**Indebtedness**" has the meaning given to it in schedule 2 of the Deed of Guarantee;

"**Initial Murabaha Contract**" has the meaning given to "Murabaha Contract" in the Commodity Murabaha Investment Agreement dated 12 December 2019;

"**Initial Wakala Investment Amount**" has the meaning given to it in the Wakala Agreement;

"**Liability**" means any loss, damage, cost, charge, claim, demand, expense, fee, judgment, action, proceeding or other liability whatsoever (including, without limitations, in respect of taxes) and including any value added tax or similar tax charged or chargeable in respect thereof and legal or other fees and expenses on a full indemnity basis and references to "Liabilities" shall mean all of these;

"**Obligor Event**" means any of the following events:

(a) the Obligor (acting in any capacity) or the Guarantor fails to pay an amount payable by it pursuant to any Transaction Document to which it is a party which corresponds to all or a part of a Dissolution Distribution Amount payable by the Trustee on a Dissolution Date and the failure continues for a period of seven days, or the Obligor (acting in any capacity) or the Guarantor fails to pay an amount payable by it pursuant to any Transaction Document to which it is a party which corresponds to all or a part of a Periodic Distribution Amount payable by the Trustee on a Periodic Distribution Date and the failure continues for a period of 30 days; or

(b) the Guarantor does not perform or comply with the provisions of the covenants described under clauses 1.7 or 1.10 of schedule 2 of the Deed of Guarantee, or the failure by the Guarantor to make or consummate an offer to purchase in the manner described under clause 1.9 of schedule 2 of the Deed of Guarantee or clause 1.20 of schedule 2 of the Deed of Guarantee; or

(c) the Obligor (acting in any capacity) or the Guarantor does not perform or comply with any one or more of its covenants or other obligations in the Transaction Documents to which it is a party (other than a default specified in paragraph (a) or (b) above), which failure is, in the opinion of the Delegate, incapable of remedy or, if in the opinion of the Delegate is capable of remedy, is not, in the opinion of the Delegate, remedied within the period of 30 days after written notice of such failure shall have been given to the Obligor by the Trustee (or the Delegate) requiring the same to be remedied; or

(d) (A) any Indebtedness or Sukuk Obligation of the Guarantor or any Restricted Subsidiary is not paid when due or (as the case may be) within any originally applicable grace period; or (B) an event of default has occurred and is continuing which has caused the creditor(s) thereof to declare such Indebtedness or Sukuk Obligation of the Guarantor or any Restricted Subsidiary to be due and payable prior to its Stated Maturity by reason of any actual or potential default, event of default or the like (howsoever described); or (C) the Guarantor or any Restricted Subsidiary fails to pay when due any amount payable by it under any guarantee of any Indebtedness or Sukuk Obligation; provided that the amount of Indebtedness or Sukuk Obligation referred to in sub-paragraphs (A) and (B) above, and/or the amount payable under any guarantee referred to in sub-paragraph (C) above, in the aggregate, exceeds U.S.$10.0 million (or the Dollar Equivalent thereto); or

(e) one or more final judgment(s) or order(s) for the payment of an amount which in the aggregate exceeds U.S.$10.0 million (or the Dollar Equivalent thereto) is rendered against the Guarantor or any Restricted Subsidiary and continue(s) unsatisfied and unstayed for a period of 60 days after the date(s) thereof or, if later, the date therein specified for payment; or

(f) (A) the Guarantor or any Restricted Subsidiary becomes (or is declared by a court of competent jurisdiction to be) insolvent or is or is deemed unable to pay its debts (or any class of its debts) as they fall due pursuant to or for the purposes of applicable law; (B) an administrator, liquidator, bankruptcy trustee (or other similar official), is appointed in respect of the Guarantor or any Restricted Subsidiary or in relation to the whole or any substantial part of the undertaking, assets and revenues of the Guarantor or any Restricted Subsidiary (or application for any such appointment is made); (C) the Guarantor or any Restricted Subsidiary takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or Sukuk Obligation or any guarantee of any Indebtedness or Sukuk Obligation given by it; (D) the Guarantor or any Restricted Subsidiary ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent) or the Guarantor or any Restricted Subsidiary stops or threatens to stop payment of any of its debts; or

(g) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Guarantor or any Restricted Subsidiary and is not discharged within 30 days of having been so levied, enforced or sued; or

(h) a secured party takes possession, or a receiver, manager or other similar officer is appointed in respect of the whole or any substantial part of the undertaking, assets and revenues of the Guarantor or any Restricted Subsidiary; or

(i) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Guarantor or any Restricted Subsidiary (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or

(j) any action, condition or thing at any time required to be taken, fulfilled or done in order: (A) to enable the Obligor or the Guarantor lawfully to enter into, exercise its rights and perform and comply with its duties, obligations and undertakings under and in respect of the Transaction Documents to which it is a party; or (B) to ensure that those duties, obligations and undertakings are legal, valid, binding and enforceable is not taken, fulfilled or done; or

(k) if the Obligor or the Guarantor repudiates or challenges the valid, legal, binding and enforceable nature of any, or any part of a, Transaction Document to which it is a party or does or causes to be done any act or thing evidencing an intention to repudiate or challenge the valid, legal, binding and enforceable nature of any, or any part of a, Transaction Document to which it is a party, or if the validity of the Obligor's obligations or the Guarantor's obligations under the Transaction Documents is contested by the Obligor or the Guarantor, as the case may be, or the Obligor or the Guarantor denies any of its obligations under the Transaction Documents; or

(l) if at any time it is or will become unlawful or impossible for the Obligor or the Guarantor to perform or comply with any or all of its obligations under the Certificates or the Transaction Documents or any of the obligations of the Obligor or the Guarantor under the Certificates or the Transaction Documents are not or cease to be legal, valid, binding and enforceable; or

(m) any governmental authority shall take any action to condemn, seize, nationalise or appropriate all or a substantial part of the assets of the Guarantor or any Restricted Subsidiary, or any of the Capital Stock of the Guarantor or any Restricted Subsidiary, or shall take any action that prevents or will prevent the Obligor or the Guarantor from performing and complying with its duties, obligations and undertakings under and in respect of the Transaction Documents to which it is a party, or the Guarantor or any Restricted Subsidiary shall be prevented from exercising normal control over all or a substantial part of its property; or

(n) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (e) to (i) above;

"**outstanding**" shall have the meaning given to it in the Declaration of Trust;

"**Periodic Distribution Amount**" has the meaning given to it in Condition 7(a);

"**Periodic Distribution Date**" means 12 March and 12 September in each year, commencing on 12 March 2020 where only the first Periodic Distribution Amount payable on such Periodic Distribution Date will be on a short first profit distribution basis and Periodic Distribution Amounts payable on subsequent Periodic Distribution Dates shall be on a semi-annual basis, all as subject to Condition 7(c);

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Potential Dissolution Event**" means any condition, event or act which, with the giving of notice, lapse of time, declaration, demand, determination or fulfilment of any other applicable condition (or any combination of the foregoing) could constitute a Dissolution Event;

"**Power of Attorney**" shall have the meaning given to it in the Declaration of Trust;

"**Proceeds Account**" shall have the meaning given to it in the Agency Agreement;

"**Profit Rate**" means 6.9965 per cent. per annum;

"**Record Date**" has the meaning given to it in Condition 9(a);

"**Register**" has the meaning given to it in Condition 2;

"**Relevant Date**" has the meaning given to it in Condition 10;

"**Relevant Powers**" has the meaning given to it in Condition 15(a);

"**Restricted Subsidiary**" has the meaning given to it in schedule 2 of the Deed of Guarantee;

"**Return Accumulation Period**" means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Periodic Distribution Date and each successive period beginning on (and including) a Periodic Distribution Date and ending on (but excluding) the next succeeding Periodic Distribution Date;

"**RM-denominated Sukuk Non-Redemption Event**" means the failure by the Guarantor to redeem in full all outstanding securities issued under the Sukuk Wakalah Programmes by 19 December 2019;

"**RM-denominated Sukuk Redemption Event**" means the redemption by the Guarantor in full of all outstanding securities issued under the Sukuk Wakalah Programmes by 19 December 2019;

"**RM-denominated Sukuk Redemption Event Date**" means the date on which an RM-denominated Sukuk Redemption Event occurs;

"**RM-denominated Sukuk Non-Redemption Event Dissolution Date**" has the meaning given to it in Condition 8(d);

"**RM-denominated Sukuk Non-Redemption Event Dissolution Distribution Amount**" has the meaning given to it in Condition 8(d);

"**Scheduled Dissolution Date**" means 12 March 2025;

"**Stated Maturity**" has the meaning given to it in schedule 2 of the Deed of Guarantee;

"**Subsidiary**" has the meaning given to it in schedule 2 of the Deed of Guarantee;

"**Sukuk Obligation**" means any undertaking or other obligation to pay any money given in connection with the issue of trust certificates or other instruments intended to be issued in compliance with the principles of Shari'a, whether or not in return for consideration of any kind;

"**Sukuk Wakalah Programmes**" means the Guarantor's (i) multi-currency Islamic medium term note programme of up to RM1,500,000,000 (the "**IMTN Programme**") and (ii) multi-currency Islamic commercial paper programme of up to RM500,000,000 (the "**ICP Programme**"), with a combined aggregate limit of both the IMTN Programme and the ICP Programme of up to RM1,500,000,000 in nominal value, each established on 5 September 2018;

"**Transaction Account**" means the account in the Trustee's name held with the Principal Paying Agent, into which the Obligor will deposit all amounts due to the Trustee under the Transaction Documents;

"**Transaction Documents**" means:

(i) the Certificates;

(ii) the Declaration of Trust;

(iii) the Agency Agreement;

(iv) the Wakala Agreement;

(v) the Commodity Murabaha Investment Agreement (together with all documents, notices of request to purchase, offer notice, acceptance and any confirmation delivered or entered into as contemplated by the Commodity Murabaha Investment Agreement); and

(vi) the Deed of Guarantee;

"**Trust**" means the trust constituted by the Declaration of Trust;

"**Trust Assets**" has the meaning given to it in Condition 5(a);

"**Trustee Event**" means any of the following events:

(i) default is made for more than seven days in the payment of the Dissolution Distribution Amount (or any other amount in the nature of principal) on the date fixed for payment thereof or default is made for more than 30 days in the payment of any Periodic Distribution Amount on the due date for payment thereof; or

(ii) the Trustee does not perform or comply with any one or more of its other duties, obligations or undertakings in the Certificates or the Transaction Documents to which it is a party, which failure is, in the opinion of the Delegate, incapable of remedy or, if in the opinion of the Delegate is capable of remedy, is not, in the opinion of the Delegate, remedied within the period of 30 days after written notice of such failure shall have been given by the Delegate to the Trustee requiring the same to be remedied; or

(iii) any distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Trustee and is not discharged or stayed within 30 days of having been so levied, enforced or sued; or

(iv) the Trustee becomes (or is, or could be, declared by a court of competent jurisdiction to be) insolvent or bankrupt or is or is deemed unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or any part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Trustee; or

(v) an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Trustee, or the Trustee shall apply or petition for a winding-up or administration order in respect of itself or cease or through an official action of its board of directors threaten to cease to carry on all or a substantial part of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Delegate or by an Extraordinary Resolution of Certificateholders; or

(vi) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order: (x) to enable the Trustee lawfully to enter into, exercise its rights and perform and comply with its duties, obligations and undertakings under the Certificates and the Transaction Documents; (y) to ensure that those duties, obligations and undertakings are legally binding and enforceable; or (z) to make the Certificates and the Transaction Documents to which it is a party admissible in evidence in the courts of Malaysia and/or England and Wales is not taken, fulfilled or done; or

(vii) it is or will become unlawful for the Trustee to perform or comply with any one or more of its duties, obligations and undertakings under any of the Certificates or the Transaction Documents or any duties, obligations or undertakings of the Trustee under the Transaction Documents are not or cease to be legal, valid, binding and enforceable; or

(viii) the Trustee repudiates any Certificate or any Transaction Document or does or causes to be done any act or thing evidencing an intention to repudiate any Certificate or any Transaction Document; or

(ix) the entire issued share capital of the Trustee ceases to be wholly-owned, directly or indirectly, by the Obligor; or

(x) any event occurs that under the laws of Malaysia has an analogous effect to any of the events referred to in paragraphs (iii), (iv) or (v) above.

For the purpose of sub-paragraph (i) above, all amounts payable in respect of the Certificates shall be considered due and payable (including any amounts expressed to be payable under Condition 7) notwithstanding that the Trustee has at the relevant time insufficient funds or Trust Assets to pay such amounts (whether as a result of the application of Condition 5(b) or otherwise);

"**Trustee Optional Dissolution Distribution Amount**" has the meaning given to it in Condition 8(c);

"**Trustee Optional Dissolution Date**" has the meaning given to it in Condition 8(c);

"**Wakala Agreement**" means the wakala agreement dated the Issue Date between the Trustee and the Wakeel;

"**Wakala Investments**" has the meaning given to it in the Wakala Agreement; and

"**Wakeel**" means Serba Dinamik International Ltd. in its capacity as wakeel pursuant to the Wakala Agreement.

All references to the face amount of a Certificate shall be deemed to include the Dissolution Distribution Amount, any additional amounts (other than relating to Periodic Distribution Amounts) which may be payable under Condition 10 and any other amount in the nature of face amounts payable pursuant to these Conditions.

All references to Periodic Distribution Amounts shall be deemed to include any additional amounts in respect of profit distributions which may be payable under Condition 10 and any other amount in the nature of a profit distribution payable pursuant to these Conditions.

All references to "**U.S.$**" and "**U.S. dollars**" are to the lawful currency of the United States of America and all references to "**RM**" are to the lawful currency of Malaysia.

2 Form, Denomination and Title

The Certificates are issued in registered form in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

Certificates are represented by registered certificates and, save as provided in Condition 3(b), each Certificate shall represent the entire holding of Certificates by the same holder.

Title to the Certificates shall pass by registration in the register that the Trustee shall procure to be kept by the Registrar outside the United Kingdom in accordance with the provisions of the Agency Agreement (the

"**Register**"). Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the Register. Except as ordered by a court of competent jurisdiction or as required by law, the registered holder of any Certificate shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder. The registered holder of a Certificate will be recognised by the Trustee as entitled to his Certificate free from any equity, set-off or counterclaim on the part of the Trustee against the original or any intermediate holder of such Certificate.

In these Conditions, "**Certificateholder**" or "**holder**" means the person in whose name a Certificate is registered.

*Upon issue, the Certificates will be represented by a Global Certificate which will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg (as applicable), and their respective participants. The Conditions are modified by certain provisions contained in the Global Certificate. Except in limited circumstances, owners of interests in the Global Certificate will not be entitled to receive definitive Certificates representing their holdings of Certificates. See "Global Certificate".*

3 Transfers

(a) **Transfer of Registered Certificates**: Subject to Condition 3(d), one or more Certificates may be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Certificates to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Trustee), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Certificates represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Certificates to a person who is already a holder of Certificates, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Certificates and entries on the Register will be made subject to the detailed regulations concerning transfers of Certificates scheduled to the Agency Agreement. The regulations may be changed by the Trustee, with the prior written approval of the Registrar and the Delegate, provided that any such change is not materially prejudicial to the interests of the Certificateholders or is required to be made to comply with applicable law or regulation. A copy of the current regulations will be made available by the Registrar to any Certificateholder upon request.

(b) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Condition 3(a) shall be available for delivery within five business days of receipt of the form of transfer and surrender of the existing Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 3(b), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) **Transfers Free of Charge**: Transfers of Certificates on transfer in respect of some but not all of a holding of Certificates shall be effected without charge by or on behalf of the Trustee, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(d) **Closed Periods**: No Certificateholder may require the transfer of a Certificate to be registered during the period of (i) 15 days (as defined in Condition 9(d)) ending on (but excluding) the due date for payment of any Dissolution Distribution Amount, (ii) ten days ending on (and including) any Periodic Distribution Date or (iii) seven days ending on (and including) the date any such Certificate has been called for redemption pursuant to Condition 8(b), Condition 8(c) or Condition 8(d).

4 Status

(a) **Status of Certificates**: The Certificates represent an undivided ownership interest in the Trust Assets and are limited recourse obligations of the Trustee. Each Certificate will constitute unsecured obligations of the Trustee and shall at all times rank *pari passu* and without any preference or priority with all other Certificates. The payment obligations of the Obligor (in any capacity) under the Transaction Documents are and will be direct, unconditional, unsubordinated and unsecured obligations of the Obligor and shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated obligations of the Obligor, present and future.

(b) **Limited Recourse and Agreement of Certificateholders**: Save as provided in this Condition 4(b), the Certificates do not represent an interest in or obligation of any of the Trustee, the Delegate, the Obligor, any of the Agents or any of their respective affiliates.

The proceeds of the Trust Assets are the sole source of payments on the Certificates. The net proceeds of the realisation of, or enforcement with respect to, the Trust Assets may not be sufficient to make all payments due in respect of the Certificates. Certificateholders, by subscribing for or acquiring the Certificates, acknowledge and agree that notwithstanding anything to the contrary contained in these Conditions or any Transaction Document:

(i) no payment of any amount whatsoever shall be made by the Trustee or the Delegate or any of their respective directors, officers, employees or agents on their behalf except to the extent funds are available therefor from the Trust Assets and further acknowledge and agree that no recourse shall be had for the payment of any amount due and owing hereunder or under any Transaction Document, whether for the payment of any fee, indemnity or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee to the extent the Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished. The Trust Assets include all of the Trustee's rights, title, benefit and interest, present and future, in, to and under the Guarantee, which when any amount is due and payable thereunder, constitutes a general unsecured obligation of the Guarantor in respect of which a claim may be made by the Trustee or the Delegate, and which ranks *pari passu* with any other unsecured (subject to clause 1.7 of schedule 2 of the Deed of Guarantee) obligations of the Guarantor. The Guarantee is granted in favour of the Trustee and the Delegate (and does not include any limited recourse provisions);

(ii) no Certificateholder will be able to petition for, institute against, or join with any other person in instituting proceedings for, the reorganisation, arrangement, liquidation, bankruptcy, winding-up or receivership or other proceedings under any bankruptcy or similar law in any jurisdiction against the Trustee (and/or its directors), the Delegate, the Agents or any of their respective affiliates, officers, directors or employees as a consequence of such shortfall or otherwise;

(iii) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Trustee or the Delegate arising under or in connection with the Certificates or the Transaction Documents by virtue of any customary law, statute or otherwise shall be had against any shareholder, officer, director, employee, agent, or corporate service provider in their capacity as such. The obligations of the Trustee and the Delegate under the Transaction Documents are corporate or limited liability obligations of the Trustee and/or the Delegate, as the case may be, and no personal liability shall attach to or be incurred by the shareholders, members, officers, employees, agents, directors or corporate service providers of the Trustee and/or the Delegate (in each of their respective capacities as such), save in the case of their wilful default or actual fraud. Reference in these Conditions to wilful default or actual fraud means, in each case, a finding to such effect by a court of competent jurisdiction in relation to the conduct of the relevant party; and

(iv) it shall not be entitled to claim or exercise any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Certificate or any part of these Conditions. No collateral is or will be given for the payment obligations under the Transaction Documents or the Certificates (without prejudice to clause 1.7 of schedule 2 of the Deed of Guarantee).

Pursuant to the terms of the Transaction Documents, the Obligor is obliged to make payments directly to or to the order of the Trustee. Such payment obligations form part of the Trust Assets and the Trustee and the Delegate will thereby have direct recourse against the Obligor to recover payments due to the Trustee from the Obligor pursuant to such Transaction Documents notwithstanding any other provision of this Condition 4(b). Such right of the Trustee and the Delegate shall (subject to clause 1.7 of schedule 2 of the Deed of Guarantee) constitute an unsecured claim against the Obligor. None of the Certificateholders, the Trustee and the Delegate shall be entitled to claim any priority right in respect of any specific assets of the Obligor in connection with the enforcement of any such claim.

5 The Trust

(a) **Trust Assets**: Pursuant to the Declaration of Trust, the Trustee holds the Trust Assets upon trust absolutely for and on behalf of the Certificateholders *pro rata* according to the face amount of Certificates held by each holder. The term "**Trust Assets**" means:

(i) the cash proceeds of the issue of Certificates (including any additional Certificates issued pursuant to Condition 18), pending application thereof in accordance with the terms of the Transaction Documents;

(ii) any and all of the rights, title, interest, benefits and entitlements, present and future, of the Trustee in, to and under the Wakala Investment (including any further Wakala Investment in respect of any additional Certificates issued pursuant to Condition 18);

(iii) any and all of the interest, rights, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (including, without limitation, the right to receive the Deferred Payment Price under the Commodity Murabaha Investment Agreement and the Guarantee under the Deed of Guarantee) (excluding any representations given by the Obligor to the Trustee and/or the Delegate pursuant to any of the Transaction Documents);

(iv) any and all moneys standing to the credit of the Transaction Account from time to time; and

(v) and all proceeds of the foregoing.

For the avoidance of doubt, any Trust Assets in relation to the Certificates issued on the Issue Date and any Trust Assets in relation to any additional Certificates issued pursuant to Condition 18 shall be co-mingled and held jointly upon trust by the Trustee absolutely for and on behalf of the Certificateholders *pro rata* according to the face amount of Certificates held by each holder.

(b) **Application of Proceeds from Trust Assets**: On each Periodic Distribution Date and on any Dissolution Date, the Principal Paying Agent shall apply the monies standing to the credit of the Transaction Account in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) **first**, (to the extent not previously paid) to the Delegate in respect of all amounts owing to it under the Transaction Documents in its capacity as Delegate and to any receiver, manager or administrative receiver or any other analogous officer and any agent appointed in respect of the Trust by the Delegate in accordance with the Declaration of Trust;

(ii) **second**, only if such payment is due on a Periodic Distribution Date (to the extent not previously paid) to pay *pro rata* and *pari passu* (i) the Trustee in respect of all amounts properly incurred and documented owing to it under the Transaction Documents in its capacity as Trustee; and (ii) each Agent in respect of all amounts owing to such Agent on account of its fees, properly incurred costs, charges and expenses and the payment or satisfaction of any liability incurred by such Agent pursuant to the Agency Agreement or the other Transaction Documents in its capacity as Agent, in both cases, as long as such amount has been notified to the Principal Paying Agent in writing not less than 10 business days prior to the Periodic Distribution Date, Scheduled Distribution Date or other Distribution Date (as the case may be);

(iii) **third**, only if such payment is due on a Periodic Distribution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due but unpaid;

(iv) **fourth**, only if such payment is due on a Dissolution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Dissolution Distribution Amounts; and

(v) **fifth**, only on a Dissolution Date on which all Certificates are to be redeemed in full and provided that all amounts required to be paid on the Certificates hereunder have been discharged in full, in payment of any residual amount to the Wakeel as an incentive fee payable for its performance under the Wakala Agreement.

If, on a Periodic Distribution Determination Date or a Dissolution Distribution Determination Date, there is a shortfall between: (i) the amounts standing to the credit of the Transaction Account and available for distribution to the Certificateholders on such Periodic Distribution Date or such Dissolution Date (as the case may be); and (ii) the Periodic Distribution Amount or the Dissolution Distribution Amount (as the case may be) scheduled for distribution to the Certificateholders on such Periodic Distribution Date or such Dissolution Date (as the case may be), the Trustee shall immediately serve, or shall procure the service of, a Payment Notice on the Guarantor specifying the Distribution Shortfall Restoration Amount or Value Restoration Amount (as the case may be) to be paid in accordance with the terms of the Guarantee.

Pursuant to the Deed of Guarantee, the Guarantor shall only be liable for any payment obligations under the Guarantee from and including the RM-denominated Sukuk Redemption Event Date, from and after which the Guarantor shall unconditionally and irrevocably guarantee such payments due from Serba Dinamik International Limited in its respective capacities under the Wakala Agreement and the Commodity Murabaha Investment Agreement in accordance with the Deed of Guarantee.

*Certificateholders have the benefit of certain restrictive covenants (the "**Guarantor Covenants**") entered into by the Guarantor under the Guarantee. See "Supplemental Covenants Applicable to the Certificates" and "Summary of the Principal Transaction Documents – Deed of Guarantee". For the avoidance of doubt, the Guarantor's obligations in respect of the Guarantor Covenants shall take effect from the Issue Date, irrespective of the Guarantor not being liable for any payment obligations under the Guarantee as of and from such date unless and only until the occurrence of the RM-denominated Sukuk Redemption Event.*

Prior to the RM-denominated Sukuk Redemption Event Date, the payment obligations of Serba Dinamik International Limited under the Wakala Agreement and the Commodity Murabaha Investment Agreement will not be guaranteed by the Guarantor. See "Risk Factors – Risks relating to the Certificates – The Guarantor will only be liable for any payment obligations under the Guarantee following the occurrence of the RM-denominated Sukuk Redemption Event and in the absence of the Guarantee, the Trustee will not have recourse to the Guarantor under the Deed of Guarantee and will have to rely solely on Serba Dinamik International Limited, in its respective capacities, to honour its obligations under the Wakala Agreement and the Commodity Murabaha Investment Agreement."

6 Covenants

(a) The Trustee covenants that, for so long as any Certificate is outstanding, it shall not (without the prior written consent of the Delegate):

(i) incur any indebtedness in respect of borrowed money or in respect of financing raised in accordance with the principles of Shari'a, or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) except, in all cases, as contemplated in the Transaction Documents;

(ii) secure any of its present or future indebtedness by any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law (if any) and other than under or pursuant to any of the Transaction Documents);

(iii) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its interest in any of the Trust Assets except pursuant to any of the Transaction Documents;

(iv) except as provided in Condition 14, amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof) or its constitutional documents;

(v) except as provided in the Declaration of Trust, act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Certificateholders;

(vi) have any subsidiaries or employees;

(vii) redeem any of its shares or pay any dividend or make any other distribution to its shareholders;

(viii) use the proceeds of the issue of the Certificates for any purpose other than as stated in the Transaction Documents;

(ix) put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding-up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; or

(x) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or as expressly contemplated, permitted or required thereunder or engage in any business or activity other than:

(A) as contemplated, provided for or permitted in the Transaction Documents;

(B) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and

(C) such other matters which are incidental thereto.

(b) Pursuant to the Declaration of Trust, the Obligor shall ensure that:

(i) all proceeds following the creation of the Initial Murabaha Contract in accordance with the Commodity Murabaha Investment Agreement (the "**CMIA Proceeds**"); and

(ii) all proceeds following the investment by the Wakeel of the Initial Wakala Investment Amount in accordance with the Wakala Agreement (the "**Wakala Proceeds**" and together with the CMIA Proceeds, the "**Transaction Proceeds**"),

are upon receipt immediately paid into the Proceeds Account on the Issue Date;

(c) Pursuant to the Agency Agreement:

(i) upon the occurrence of an RM-denominated Sukuk Redemption Event:

(A) the Guarantor shall deliver to the Delegate, a certificate (the "**RM-denominated Sukuk Redemption Event Certificate"**) signed by two Authorised Representatives of the Guarantor (which certificate shall be copied to the Trustee and the Obligor at the same time as being sent to the Delegate) stating that the RM-denominated Sukuk Redemption Event has occurred, and setting out a description of the circumstances and the relevant facts; and

(B) upon receipt of the RM-denominated Sukuk Redemption Event Certificate, the Delegate shall (a) deliver to the Guarantor a certificate acknowledging receipt of the RM-denominated Sukuk Redemption Certificate (which certificate shall be copied to the Trustee and the Obligor) and (b) deliver to the Account Bank a certificate (the "**RM-denominated Sukuk Redemption Event Instruction**") signed by an authorised representative of the Delegate (which instruction shall be copied to the Trustee, the Obligor and the Guarantor at the same time as being sent to the Account Bank) confirming that the Transaction Proceeds in the Proceeds Account are permitted to be released and utilised by the Obligor in its discretion and such Proceeds Account is to be closed thereafter upon the release of the Transaction Proceeds, each in accordance with the instructions set out in such RM-denominated Sukuk Redemption Event Instruction;

(ii) in the event the Delegate does not receive the RM-denominated Sukuk Redemption Event Certificate on or before 19 December 2019:

(A) such failure will constitute an RM-denominated Sukuk Non-Redemption Event and the Trustee shall be obligated to redeem the Certificates in accordance with Condition 8(d); and

(B) the Delegate shall exercise its powers pursuant to the Power of Attorney and deliver to the Account Bank a certificate (the "**RM-denominated Sukuk Non-Redemption Event Instruction**") signed by an authorised representative of the Delegate (which instruction shall be copied to the Trustee, the Obligor and the Guarantor at the same time as being sent to the Account Bank) instructing the Account Bank to transfer the Transaction Proceeds in the Proceeds Account to the Transaction Account for the purposes of funding the redemption of the Certificates pursuant to Condition 8(d) and such Proceeds Account is to be closed thereafter upon the release of the Transaction Proceeds, each in accordance with the instructions set out in such RM-denominated Sukuk Non-Redemption Event Instruction.

7 Periodic Distribution Amounts

(a) **Periodic Distribution Amounts**: A profit distribution shall be payable in arrear in respect of the Certificates on each Periodic Distribution Date, in respect of the Return Accumulation Period ending on such date, shall accrue at the Profit Rate and the amount of which shall be calculated as provided in Condition 7(b) (each such distribution being referred to in these Conditions as a "**Periodic Distribution Amount**"). Periodic Distribution Amounts shall be distributed to Certificateholders by the Principal Paying Agent on behalf of the Trustee, *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account and subject to Condition 5(b) and Condition 9.

(b) **Calculations**: The amount of profit payable per Calculation Amount in respect of any Certificate for any period shall be equal to the product of: (i) the Profit Rate; (ii) the Calculation Amount; and (iii) the Day Count Fraction for such period, with the result being rounded to the nearest U.S.$0.01, U.S.$0.005 being rounded upwards. For these purposes, "**Day Count Fraction**" means, in respect of the calculation of an amount of profit on any Certificate for any period (whether or not constituting a Return Accumulation Period, the "**Calculation Period**"), the number of days in the Calculation Period divided by 360 (the number of days in such period to be calculated on the basis of a year of 360 days with 12 30-day months and, in the case of an incomplete month, the number of days elapsed).

(c) **Entitlement to Profit**: Provided that, upon due presentation, payment is not improperly withheld or refused, no further amounts will be payable on any Certificate from and including the relevant Dissolution Date. For the avoidance of doubt, in the event that the relevant Dissolution Date falls after the Scheduled Dissolution Date, no profit shall accrue from and including the Scheduled Dissolution Date.

8 Dissolution of the Trust

(a) **Dissolution on the Scheduled Dissolution Date**: Unless previously redeemed, or purchased and cancelled, in full, as provided below, each Certificate shall be finally redeemed on the Scheduled Dissolution Date at its Dissolution Distribution Amount and the Trust shall be dissolved by the Trustee following the payment of all such amounts in full. Upon such dissolution as aforesaid, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

(b) **Early Dissolution for Taxation Reasons**: If:

(i) (A) the Trustee has or will become obliged to pay additional amounts as described under Condition 10 as a result of any change in, or amendment to, the laws or regulations of Malaysia or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 5 December 2019, and (B) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or

(ii) (A) the Obligor has or will become obliged to pay additional amounts pursuant to the terms of any Transaction Document as a result of any change in, or amendment to, the laws or regulations of Malaysia or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 5 December 2019, and (B) such obligation cannot be avoided by the Obligor taking reasonable measures available to it; or

(iii) (A) (where the Trustee has exercised its rights under the Guarantee) the Guarantor has or will become obliged to pay additional amounts pursuant to the Deed of Guarantee as a result of any change in, or amendment to, the laws or regulations of Malaysia or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 5 December 2019, and (B) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it,

(the occurrence of an event described in Condition 8(b)(i) or Condition 8(b)(ii) or Condition 8(b)(iii) being a "**Tax Event**"), the Trustee shall, on giving not less than 30 nor more than 60 days' notice to the Delegate, the Principal Paying Agent and the Certificateholders (which notice shall be irrevocable) redeem the Certificates in whole but not in part at any time (such date being an "**Early Tax Dissolution Date**") at their Dissolution Distribution Amount provided that no such notice of dissolution may be given earlier than 90 days prior to the earliest date on which the Trustee or the Obligor or the Guarantor, as the case may be, would be obliged to pay such additional amounts were a payment in respect of the Certificates (in the case of the Trustee) or pursuant to any Transaction Document (in the case of the Obligor) or pursuant to the Deed of Guarantee (in the case of the Guarantor) then due.

Prior to the publication of any notice of dissolution pursuant to this Condition 8(b), the Trustee or the Obligor or the Guarantor, as the case may be, shall deliver to the Delegate:

(aa) a certificate signed by two Authorised Representatives of the Trustee (in the case of Condition 8(b)(i)) or the Obligor (in the case of Condition 8(b)(ii)) or the Guarantor (in the case of Condition 8(b)(iii)), as the case may be, in each case stating that the obligation referred to in Condition 8(b)(i) or Condition 8(b)(ii) or Condition 8(b)(iii), as the case may be, has arisen and cannot be avoided by the Trustee or the Obligor or the Guarantor, as the case may be, taking reasonable measures available to it; and

(bb) an opinion of independent legal or tax advisers of recognised standing to the effect that the Trustee or the Obligor or the Guarantor, as the case may be, has or will become obliged to pay additional amounts as a result of such change or amendment,

and the Delegate shall be entitled to accept and rely on such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out in Condition 8(b)(i) or Condition 8(b)(ii) or Condition 8(b)(iii), as the case may be, in which event it shall be conclusive and binding on Certificateholders.

Upon expiry of any such notice given in accordance with this Condition 8(b) and payment in full of the Dissolution Distribution Amount to Certificateholders, the Trustee shall be bound to dissolve the Trust. Upon such dissolution as aforesaid, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

(c) **Early Dissolution at the Option of the Trustee**: The Trustee may, at any time on or after 12 December 2022 (such date being a "**Trustee Optional Dissolution Date**"), on giving not more than 60 nor less than 30 days' irrevocable notice to the Delegate, the Principal Paying Agent and the Certificateholders, redeem the Certificates in whole but not in part (the "**Trustee Optional Dissolution Event**") at the relevant dissolution distribution amount (expressed as percentages of principal amount of the Certificates) set forth below, plus any due and unpaid Periodic Distribution Amounts (together, the "**Trustee Optional Dissolution Distribution Amount**") on the Certificates redeemed, to (but not including) the applicable Trustee Optional Dissolution Date, if redeemed during the periods indicated below, subject to the rights of the Certificateholders on the relevant Record Date to receive the Periodic Distribution Amounts on the relevant Periodic Distribution Dates:

Year	Dissolution Distribution Amount
From 12 December 2022 to 11 December 2023	103.49825 per cent.
From 12 December 2023 to 11 March 2025	101.749125 per cent.

Upon expiry of any such notice given in accordance with this Condition 8(c) and payment in full of the Dissolution Distribution Amount to Certificateholders, the Trustee shall be bound to dissolve the Trust. Upon such dissolution as aforesaid, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

On the Business Day prior to a Dissolution Date where all of the outstanding Certificates are being redeemed in full, the Obligor (in its capacity as Wakeel) shall liquidate on a constructive basis the Wakala Investment for value (as determined by the Wakeel (acting reasonably)), and the proceeds of such liquidation shall be credited to the Collection Account together with any amounts already standing to the credit of the Collection Account. The amount equal to the Dissolution Distribution Amount payable on the relevant Dissolution Date will be transferred to the Transaction Account from the Collection Account. Following payment of all amounts due and payable under the Certificates, the Wakeel shall be entitled to retain any amounts that remain standing to the credit of the Collection Account for its own account as an incentive payment for acting as Wakeel.

(d) **Early Dissolution following an RM-denominated Sukuk Non-Redemption Event**: Upon the occurrence of an RM-denominated Sukuk Non-Redemption Event, the Trustee shall, on giving at least five business days' notice to the Delegate, the Principal Paying Agent and the Certificateholders (which notice shall be irrevocable) compulsorily redeem the Certificates in whole but not in part on or before 31 December 2019 (such date being an "**RM-denominated Sukuk Non-Redemption Event**

Dissolution Date") at an amount equal to 102 per cent. of the principal amount of the Certificates, plus any due and unpaid Periodic Distribution Amounts on the Certificates redeemed, to (but not including) the applicable RM-denominated Sukuk Non-Redemption Event Dissolution Date (together, the "**RM-denominated Sukuk Non-Redemption Event Dissolution Distribution Amount**").

Prior to publication of any notice of dissolution pursuant to this Condition 8(d) and in accordance with the Agency Agreement, the Delegate shall exercise its powers pursuant to the Power of Attorney and deliver to the Account Bank the RM-denominated Sukuk Non-Redemption Event Instruction and any action taken by the Account Bank in accordance with the RM-denominated Sukuk Non-Redemption Event Instruction shall be binding on the Certificateholders.

Upon expiry of any such notice given in accordance with this Condition 8(d) and payment in full of the Dissolution Distribution Amount to Certificateholders, the Trustee shall be bound to dissolve the Trust. Upon such dissolution as aforesaid, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

On the Business Day prior to a Dissolution Date where all of the outstanding Certificates are being redeemed in full, the Obligor (in its capacity as Wakeel) shall liquidate on a constructive basis the Wakala Investment for value (as determined by the Wakeel (acting reasonably)), and the proceeds of such liquidation shall be credited to the Collection Account together with any amounts already standing to the credit of the Collection Account. The amount equal to the Dissolution Distribution Amount payable on the relevant Dissolution Date will be transferred to the Transaction Account from the Collection Account. Following payment of all amounts due and payable under the Certificates, the Wakeel shall be entitled to retain any amounts that remain standing to the credit of the Collection Account for its own account as an incentive payment for acting as Wakeel.

(e) **Dissolution following a Dissolution Event**: Upon the occurrence of a Dissolution Event, the Certificates may be redeemed at the Dissolution Distribution Amount and the Trustee shall dissolve the Trust, in each case as more particularly specified in Condition 12.

(f) **Purchases**: Each of the Trustee, the Obligor, the Guarantor and the Subsidiaries of the Guarantor may at any time purchase Certificates in the open market or otherwise at any price. Any Certificates held by the Trustee, the Obligor, the Guarantor or any of the Subsidiaries of the Guarantor shall not entitle the holder to exercise any voting rights and shall not be deemed to be outstanding for the purposes of calculating quorums, meetings or for passing Extraordinary Resolutions for the purposes of Condition 14(a).

(g) **Cancellation**: Certificates purchased by or on behalf of the Trustee, the Obligor, the Guarantor or any of the Subsidiaries of the Guarantor may in the Trustee's, the Obligor's, the Guarantor's or such Subsidiary's sole discretion be surrendered for cancellation in accordance with the terms of the Declaration of Trust and the Agency Agreement.

Notwithstanding the foregoing, any Certificates purchased by the Guarantor pursuant to a Change of Control Offer in accordance with clause 1.20 of schedule 2 of the Deed of Guarantee or an Asset Disposition Offer in accordance with clause 1.9 of schedule 2 of the Deed of Guarantee shall be surrendered to the Principal Paying Agent for cancellation in accordance with the terms of the Declaration of Trust, the Deed of Guarantee and the Agency Agreement.

Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Trustee in respect of any such Certificates shall be discharged. If all (and not some only) of the Certificates are cancelled in accordance with this Condition 8(g), the Trustee shall be bound to dissolve the Trust.

(h) **No other Dissolution**: The Trustee shall not be entitled to redeem the Certificates or dissolve the Trust other than as provided in this Condition 8 and Condition 12.

Under the terms of the Guarantee, the Guarantor undertakes that:

(i) no later than 30 days following a Change of Control, the Guarantor or the Trustee shall make an offer to repurchase all Certificates then outstanding at a purchase price equal to 101 per cent of the face amount thereof, plus accrued and unpaid Periodic Distribution Amounts, if any, to the date of repurchase; and

(ii) if the Guarantor or any Restricted Subsidiary makes an Asset Disposition, in certain circumstances prescribed in the Guarantee, the Guarantor must use all or part of the proceeds of such Asset

Disposition to make an offer to purchase Certificates at a purchase price equal to 100 per cent. of their face amount, plus accrued and unpaid Periodic Distribution Amounts, if any.

See "Supplemental Covenants Applicable to the Certificates" and "Summary of the Principal Transaction Documents – Deed of Guarantee".

9 Payments

(a) **Method of Payment**:

(i) Payments of the Dissolution Distribution Amount shall be made (subject to surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar if no further payment falls to be made in respect of the Certificates) in the manner provided in paragraph (ii) below.

(ii) Payments of Periodic Distribution Amounts and the Dissolution Distribution Amount in respect of each Certificate shall be paid to the person shown on the Register (or, in the case of a Certificate held by two or more persons, to the person whose name appears first on the Register) at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of Periodic Distribution Amounts and the Dissolution Distribution Amount in respect of each Certificate shall be made in U.S. dollars by transfer to an account in U.S. dollars maintained by the payee with a bank that processes payments in U.S. dollars notified by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date.

(iii) If the Dissolution Distribution Amount being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Trustee or a Certificateholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the Periodic Distribution Amount being paid is less than the amount then due, the Registrar will annotate the Register with the amount so paid.

(b) **Payments subject to Fiscal Laws**: All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 10 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 10) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Certificateholders in respect of such payments.

*So long as the Certificates are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear Bank SA/NV or Clearstream Banking S.A. or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday inclusive) except 25 December and 1 January.*

(c) **Appointment of Agents**: The Principal Paying Agent, the Paying Agent, the Registrar and the Transfer Agent initially appointed by the Trustee and their respective specified offices are listed below. The Principal Paying Agent, the Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Trustee and do not assume any obligation or relationship of agency or trust for or with any Certificateholder. The Trustee reserves the right at any time with the approval of the Delegate to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent, the Registrar or any Transfer Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Trustee shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent and (iv) such other agents as may be required by any stock exchange on which the Certificates may be listed.

Notice of any such change or any change of any specified office shall promptly be given to the Certificateholders.

(d) **Non-Business Days**: If any date for payment in respect of any Certificate is not a business day, the holder shall not be entitled to payment until the next following business day nor to any profit or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the place in which the specified office of the Registrar or the relevant Paying Agent is located and, where payment is to be made by transfer to an account maintained with a bank in U.S. dollars, on which foreign exchange transactions may be carried on in U.S. dollars in New York.

10 Taxation

All payments in respect of the Certificates shall be made in U.S. dollars without set-off or counterclaim of any kind and free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Malaysia or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Trustee shall pay such additional amounts as shall result in receipt by the Certificateholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Certificate:

(a) **Other connection**: to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Certificate by reason of his having some connection with Malaysia other than the mere holding of the relevant Certificate; or

(b) **Presentation and Surrender more than 30 days after the Relevant Date**: if the relevant Certificate is presented and surrendered for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting and surrendering the Certificate for payment on the last day of such period of 30 days assuming that day to have been a business day (as defined in Condition 9(d)).

As used in these Conditions, "**Relevant Date**" in respect of any Certificate means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Certificateholders that, upon further presentation of the Certificate being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to Periodic Distribution Amounts and the Dissolution Distribution Amount shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Declaration of Trust.

Notwithstanding any other provision in these Conditions, in no event will the Trustee, the Obligor or the Agents be required to pay any additional amounts in respect of the Certificates for, or on account of, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

The Transaction Documents each provide that payments thereunder by the Obligor shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, unless such withholding or deduction is required by law and, in such case, provide for the payment by the Obligor of additional amounts so that the full amount which would otherwise have been due and payable is received by the Trustee.

Further, the Obligor has undertaken in the Declaration of Trust to pay such additional amounts as may be necessary pursuant to this Condition 10 so that the full amount due and payable by the Trustee in respect of the Certificates to the Certificateholders is received by the Trustee for the purposes of payment to the Certificateholders in accordance with and subject to the provisions of this Condition 10.

11 Prescription

Claims against the Trustee for payment in respect of the Certificates shall be prescribed and become void unless made within 10 years (in the case of the Dissolution Distribution Amount) or five years (in the case of Periodic Distribution Amounts) from the appropriate Relevant Date in respect of them.

12 Dissolution Events

(a) **Dissolution Event**: Upon the occurrence of a Dissolution Event:

(i) the Delegate, upon receiving express notice thereof under the Declaration of Trust, shall (subject to its being indemnified, secured and/or prefunded to its satisfaction) promptly give notice of the occurrence of the Dissolution Event to the Certificateholders in accordance with Condition 17 with a request to the Certificateholders to indicate to the Trustee and the Delegate if they wish the Certificates to be redeemed and the Trust to be dissolved; and

(ii) the Delegate in its sole discretion may, and shall if so requested in writing by the holders of at least 25 per cent. of the then aggregate face amount of the Certificates outstanding or if so directed by an Extraordinary Resolution, subject in each case to its being indemnified, secured and/or prefunded to its satisfaction, give notice (a "**Dissolution Notice**") to the Trustee, the Obligor, the Guarantor and the Certificateholders in accordance with Condition 17 that the Certificates are immediately due and payable at the Dissolution Distribution Amount, whereupon they shall become so due and payable. A Dissolution Notice may be given pursuant to this sub-paragraph (ii) whether or not notice has been given to Certificateholders as provided in sub-paragraph (i) above.

Upon receipt of such Dissolution Notice, (a) the outstanding Deferred Payment Price shall be immediately due and payable under the Commodity Murabaha Investment Agreement, (b) the Wakeel will liquidate the Wakala Investment in accordance with the terms of the Wakala Agreement and (if required) (c) the Trustee shall exercise its rights under the Guarantee and the Trustee (failing which the Delegate on behalf of the Trustee) shall use the proceeds thereof and (if required) the sums received under the Guarantee to redeem the Certificates at the Dissolution Distribution Amount on the date specified in the relevant Dissolution Notice (the relevant "**Dissolution Event Redemption Date**") and the Trust shall be dissolved on the day after the last outstanding Certificate has been so redeemed in full.

Upon payment in full of such amounts and dissolution of the Trust as aforesaid, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

(b) **Enforcement and Exercise of Rights**: Upon the occurrence of a Dissolution Event, to the extent that any amount payable in respect of the Certificates has not been paid in full (notwithstanding the provisions of Condition 12(a)), the Trustee or the Delegate, subject to its being indemnified and/or secured and/or prefunded to its satisfaction, shall (acting for the benefit of the Certificateholders) take one or more of the following steps:

(i) enforce the Obligor's obligations under the Transaction Documents to which the Obligor is a party; and/or

(ii) enforce the Guarantor's obligations under the Deed of Guarantee; and/or

(iii) take such other steps as the Trustee or the Delegate may consider necessary to recover amounts due to the Certificateholders.

13 Realisation of Trust Assets

(a) The Delegate shall not be bound in any circumstances to take any action to enforce or to realise the Trust Assets or take any action or steps or proceedings against the Trustee and/or the Obligor and/or the Guarantor under any Transaction Document to which any of the Trustee or the Obligor or the Guarantor is a party unless directed or requested to do so: (i) by an Extraordinary Resolution; or (ii) in writing by the holders of at least 25 per cent. of the then outstanding aggregate face amount of the Certificates and in either case then only if it shall be indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

(b) No Certificateholder shall be entitled to proceed directly against the Trustee, the Obligor or the Guarantor unless the Delegate, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing. Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee and the Obligor shall be to enforce their respective obligations under the Transaction Documents to which they are a party.

(c) The foregoing paragraphs in this Condition 13 are subject to this paragraph. After enforcing or realising the Trust Assets and distributing the net proceeds of the Trust Assets in accordance with Condition 5(b), the obligations of the Trustee in respect of the Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee (or any steps against the Delegate) to recover any further sums in respect of the Certificates and the right to receive any such sums unpaid shall be extinguished. In particular, no Certificateholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee.

14 Meetings of Certificateholders, Modification, Waiver and Substitution

(a) **Meetings of Certificateholders**: The Declaration of Trust contains provisions for convening meetings of Certificateholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Declaration of Trust. Such a meeting may be convened by the Trustee, the Obligor or the Delegate at any time and, shall be convened by the Trustee or the Delegate at a written request by Certificateholders holding not less than 10 per cent. in face amount of the Certificates for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing more than 50 per cent. in face amount of the Certificates for the time being outstanding, or at any adjourned meeting two or more persons being or representing Certificateholders whatever the face amount of the Certificates held or represented, unless the business of such meeting includes consideration of proposals, inter alia: (i) to amend the Scheduled Dissolution Date or any date on which Certificates are to be redeemed or any date for payment of Periodic Distribution Amounts in respect of the Certificates; (ii) to reduce or cancel or vary the method for calculating the amount of any payment due in respect of the Certificates; (iii) to amend the covenant given by the Trustee and the Delegate in the Declaration of Trust; (iv) to change any of the Obligor's or the Guarantor's covenants, duties or obligations set out in the Transaction Documents to which it is a party; (v) to vary the currency of payment or denomination of the Certificates; (vi) to modify the provisions concerning the quorum required at any meeting of Certificateholders or the majority required to pass the Extraordinary Resolution; or (vii) to amend the above list, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in face amount of the Certificates for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Certificateholders (whether or not they were present at the meeting at which such resolution was passed).

The Declaration of Trust provides that (i) a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in face amount of the Certificates outstanding (a "**Written Resolution**") or (ii) where the Certificates are held by or on behalf of a clearing system or clearing systems, approval of a resolution proposed by the Trustee, the Obligor or the Delegate (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent., in aggregate face amount of the Certificates then outstanding (an "**Electronic Consent**"), shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held. Such a Written Resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Certificateholders. Such a Written Resolution and/or Electronic Consent will be binding on all Certificateholders whether or not they participated in such Written Resolution or Electronic Consent.

(b) **Modification of the Declaration of Trust or any Transaction Document**: The Delegate may, without the consent of the Certificateholders, (i) agree to any modification of any of the provisions of the Declaration of Trust or the Transaction Documents that is, in the opinion of the Delegate, of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, or (ii) (A) agree to any other modification (except as mentioned in the Declaration of Trust), or to any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Declaration of Trust or the Transaction Documents or (B) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such provided that such modification, waiver, authorisation or determination is in the opinion of the Delegate not materially prejudicial to the interests of the Certificateholders and not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 25 per cent. of the outstanding aggregate face amount of the Certificates. Any such modification, authorisation or waiver shall be binding on the Certificateholders and such modification shall be notified to the Certificateholders in accordance with Condition 17 as soon as practicable.

(c) **Entitlement of the Delegate**: In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Delegate shall have regard to the interests of the Certificateholders as a class and shall not have regard to the consequences of such exercise for individual Certificateholders and the Delegate shall not be entitled to require, nor shall any

Certificateholder be entitled to claim, from the Trustee, the Obligor or the Delegate any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders.

15 Delegate

(a) **Delegation of Powers**: The Trustee will in the Declaration of Trust irrevocably and unconditionally appoint the Delegate to be its attorney and in its name, on its behalf and as its act and deeds, to execute, deliver and perfect all documents, and to exercise all of the present and future duties, powers (including the power to sub-delegate), authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Declaration of Trust) and discretions vested in the Trustee by the Declaration of Trust, that the Delegate may consider to be necessary or desirable in order to, upon the occurrence of a Dissolution Event or Potential Dissolution Event, and subject to its being indemnified and/or secured and/or prefunded to its satisfaction, exercise all of the rights of the Trustee under the Transaction Documents and make such distributions from the Trust Assets as the Trustee is bound to make in accordance with the Declaration of Trust, provided that no obligations, duties, liabilities or covenants of the Trustee pursuant to the Declaration of Trust or any other Transaction Document shall be imposed on the Delegate by virtue of this Delegation (together the "**Delegation**" of the "**Relevant Powers**"), provided further that in no circumstances will such Delegation of the Relevant Powers result in the Delegate holding on trust the Trust Assets and provided further that such Delegation and the Relevant Powers shall not include any duty, power, trust, authority or discretion to hold any of the Trust Assets, to dissolve any of the trusts constituted by the Declaration of Trust following the occurrence of a Dissolution Event or Potential Dissolution Event or to determine the remuneration of the Delegate. The Trustee shall ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of the Relevant Powers.

In addition to the Delegation of the Relevant Powers under the Declaration of Trust, the Delegate also has certain powers which are vested solely in it from the date of the Declaration of Trust.

The appointment of a delegate by the Trustee is intended to be in the interests of the Certificateholders and does not affect the Trustee's continuing role and obligations as sole trustee.

(b) **Indemnification**: The Declaration of Trust contains provisions for the indemnification of the Delegate in certain circumstances and for its relief from responsibility, including provisions relieving it from taking action, step or proceeding unless indemnified and/or secured and/or prefunded to its satisfaction. In particular, in connection with the exercise of any of its rights in respect of the Trust Assets or any other right it may have pursuant to the Declaration of Trust, the Delegate shall in no circumstances be bound to take any action, step or proceeding unless directed to do so in accordance with Conditions 12 or 13, and then only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

(c) **No Liability**: The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of the Obligor under the Transaction Documents to which it is a party and shall not under any circumstances have any liability or be obliged to account to Certificateholders in respect of any payments which should have been paid by the Obligor but are not so paid and shall not in any circumstances have any liability arising from the Trust Assets other than as expressly provided in these Conditions or in the Declaration of Trust.

(d) **Reliance on Certificates and/or Reports**: The Delegate may rely on any certificate or report of any auditors or insolvency officials (as applicable) of the Trustee, the Obligor or any other person called for by or provided to the Delegate (whether or not addressed to the Delegate) in accordance with or for the purposes of the Declaration of Trust or the other Transaction Documents and such certificate or report may be relied upon by the Delegate (without liability to any person) as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Delegate or any other person in connection therewith contains a monetary or other limit on the liability of the auditors or insolvency officials of the Trustee, the Obligor or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by an engagement or similar letter or by the terms of the certificate or report itself and the Delegate shall not be bound in any such case to call for further evidence or be responsible for any liability or inconvenience that may be occasioned by its failure to do so.

(e) **Proper performance of duties**: Nothing shall, in any case in which the Trustee or the Delegate has failed to show the degree of care and diligence required of it as trustee, in the case of the Trustee (having regard to the provisions of the Declaration of Trust conferring on it any trusts, powers, authorities or discretions) or as donee and delegate, in the case of the Delegate (having regard to the powers, authorities and discretions conferred on it by the Declaration of Trust and to the Relevant Powers delegated to it), respectively exempt the Trustee or the Delegate from or indemnify either of them against any Liability for wilful default or actual fraud of which either of them may be guilty in relation to their duties under the Declaration of Trust.

(f) **Notice of events**: The Delegate shall not be responsible for monitoring or ascertaining whether or not a Dissolution Event or Potential Dissolution Event has occurred or exists and, unless and until it shall have received express notice or has actual knowledge to the contrary, it will be entitled to assume that no such event or circumstance exists or has occurred (without any liability to any person for so doing).

16 Replacement of Certificates

If a Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Trustee for the purpose and notice of whose designation is given to Certificateholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment, there shall be paid to the Trustee on demand the amount payable by the Trustee in respect of such Certificates) and otherwise as the Trustee may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

17 Notices

Notices to the holders of Certificates shall be mailed to them by first class mail (airmail if overseas) at their respective addresses in the Register. In addition, the Trustee shall ensure that notices to the holders of Certificates are duly given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system (if any) on which the Certificates are for the time being admitted to listing, trading and/or quotation. Any notices shall be deemed to have been given on the fourth day after being so mailed or on the date of publication, or if so published more than once on different dates, on the date of the first publication.

So long as the Certificates are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg, or any other clearing system, notices to the holders of the Certificates may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for mailing as required by Condition 17. Any such notice shall be deemed to have been given to the holders of the Certificates on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system.

18 Further Issues

The Trustee shall, subject to and in accordance with the Declaration of Trust, be at liberty from time to time without the consent of the Certificateholders to create and issue additional Certificates having the same terms and conditions as the outstanding Certificates in all respects (or in all respects except for the date and amount of the first payment of Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue), and so that the same shall be consolidated and form a single series with the outstanding Certificates. Any additional Certificates which are to form a single series with the outstanding Certificates constituted by the Declaration of Trust shall be constituted by a deed supplemental to the Declaration of Trust. References in these Conditions to the Certificates include (unless the context requires otherwise) any other trust certificates issued pursuant to this Condition 18 and forming a single series with the outstanding Certificates.

19 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Certificates under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20 Governing Law and Jurisdiction

(a) **Governing Law**: The Declaration of Trust (including these Conditions), the Agency Agreement, the Deed of Guarantee and the Certificates and any non-contractual obligations arising out of or in connection with the same are governed by, and shall be construed in accordance with, English law.

(b) **Jurisdiction**: The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Certificates and accordingly any legal action or proceedings arising out of or in connection with the Certificates ("**Proceedings**") may be brought in such courts. Pursuant to the Declaration of Trust, each of the Trustee and the Obligor has irrevocably submitted to the jurisdiction of such courts and has waived any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This Condition is for the benefit of each of the Delegate and the Certificateholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) **No Immunity**: Each of the Trustee and the Obligor waives with respect to the Certificates any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and irrevocably consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

(d) **Service of Process**: Each of the Trustee and the Obligor hereby irrevocably appoints Serba Dinamik International Ltd (Company number: 8501530) at its registered office at Trident Court, 1 Oakcroft Road, Chessington, Surrey, United Kingdom, to receive, for it and on its behalf service of process in England in respect of any Proceedings. Each of the Trustee and the Obligor undertakes that in the event of Serba Dinamik International Ltd ceasing to have a registered office in the United Kingdom it will appoint another person as its agent for that purpose and notify the Delegate of such appointment. Nothing herein shall affect the right to service process in any other manner permitted by law.

SUPPLEMENTAL COVENANTS APPLICABLE TO THE CERTIFICATES

The following provisions (the "**Supplemental Covenants**") are supplemental to, and shall be read together with, the Conditions to the Certificates, the Declaration of Trust and the Deed of Guarantee. Defined terms used elsewhere in the Certificates, the Declaration of Trust and the Deed of Guarantee shall apply to the Supplemental Covenants, unless otherwise defined in Schedule 2 to the Deed of Guarantee.

1. **Covenants and Definitions**

1.1 **Limitation on Indebtedness and Preferred Stock**

(a) The Guarantor will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness), and the Guarantor will not permit any Restricted Subsidiary to issue Preferred Stock, **provided that** the Guarantor may Incur Indebtedness (including Acquired Indebtedness) and any Restricted Subsidiary may Incur Permitted Subsidiary Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, (i) no Potential Dissolution Event has occurred and is continuing and (ii) the Fixed Charge Coverage Ratio would be not less than 3.0 to 1.0.

Notwithstanding the foregoing, the Guarantor will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock of Restricted Subsidiaries held by the Obligor, the Guarantor or any other Guarantor, so long as it is so held).

(b) Notwithstanding Clause 1.1(a), the Guarantor and, to the extent provided below, any Restricted Subsidiary may Incur each and all of the following ("**Permitted Indebtedness**"):

(i) Indebtedness under the Trust Obligations (to the extent deemed to constitute Indebtedness) and the Trust Obligations Guarantee;

(ii) Indebtedness of the Guarantor or any Restricted Subsidiary outstanding on the Original Issue Date excluding Indebtedness permitted under Clause 1.1(b)(iii); **provided that** such Indebtedness of Restricted Subsidiaries shall be included in the calculation of Permitted Subsidiary Indebtedness;

(iii) Indebtedness (including any Ijara agreements and Murabaha agreements) of the Guarantor or any Restricted Subsidiary owed to the Guarantor or any Restricted Subsidiary; **provided that** (1) any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Guarantor or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this Clause 1.1(b)(iii) and (2) if the Obligor, the Guarantor or any other Guarantor is the obligor of such Indebtedness, such Indebtedness must be unsecured and be expressly subordinated in right of payment to the Trust Obligations, in the case of the Obligor, or the Trust Obligation Guarantee of the Guarantor;

(iv) Indebtedness ("**Permitted Refinancing Indebtedness**") of the Guarantor or any Restricted Subsidiary issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, defease, discharge or extend (collectively, "**refinance**", and "**refinances**" and "**refinanced**" shall have a corresponding meaning) then-outstanding Indebtedness Incurred under Clause 1.1(a) or Clauses 1.1(b)(i), 1.1(b)(ii) or 1.1(b)(vi) and any refinancings thereof in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, fees and expenses); **provided that**:

(1) Indebtedness the proceeds of which are used to refinance or refund the Trust Obligations or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Trust Obligations or a Trust Obligation Guarantee shall only be permitted under this Clause 1.1(b)(iv) if (x) in case the Trust Obligations are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Trust Obligations or the Trust Obligation Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Trust Obligations or the Trust Obligation Guarantee, or (y) in case the Indebtedness to be refinanced is subordinated in right of payment to the Trust Obligations or the Trust Obligation Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Trust Obligations or the Trust

Obligation Guarantee at least to the extent that the Indebtedness to be refinanced is subordinated to the Trust Obligations or the Trust Obligations Guarantee;

(2) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced or refunded, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced or refunded;

(3) in no event may Indebtedness of the Obligor, the Guarantor or any other Guarantor be refinanced pursuant to this Clause 1.1(b)(iv) by means of any Indebtedness of any Restricted Subsidiary that is not a Guarantor; and

(4) in no event may unsecured Indebtedness of the Obligor, the Guarantor or any other Guarantor be refinanced pursuant to this Clause 1.1(b)(iv) with secured Indebtedness;

(v) Indebtedness Incurred by the Guarantor or any Restricted Subsidiary pursuant to Hedging Obligations entered into in the ordinary course of business and designed solely to protect the Guarantor or any of its Restricted Subsidiaries from fluctuations in interest rates, currencies or the price of commodities, and not for speculation;

(vi) Indebtedness Incurred by the Guarantor or any Restricted Subsidiary represented by Capitalised Lease Obligations, mortgage financings or purchase money obligations in the ordinary course of business after the Original Issue Date to finance all or any part of the purchase price or cost of design, construction, installation or improvement of property (real or personal) (including the lease purchase price of land use rights), plant or equipment (including through the acquisition of Capital Stock of any Person that owns property, plant or equipment which will, upon such acquisition, become a Restricted Subsidiary) to be used in the Permitted Business; **provided that** (1) the aggregate principal amount of such Indebtedness shall not exceed such purchase price or cost, (2) such Indebtedness shall be Incurred no later than 180 days after the acquisition of such property or completion of such development, construction or improvement and (3) on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness permitted by this Clause 1.1(b)(vi) (together with refinancings thereof) shall not exceed the greater of U.S.$25 million (or the Dollar Equivalent thereof) and an amount equal to 3 per cent. of Total Assets;

(vii) Indebtedness Incurred by the Guarantor or any Restricted Subsidiary constituting reimbursement obligations with respect to workers' compensation claims and other statutory or regulatory obligations, self-insurance obligations, tender, bid, performance, government contract, completion, bank guarantee, guarantee surety or appeal bonds, standby letters of credit and warranty and contractual service obligations of a similar nature, trade letters of credit, documentary letters of credit or surety bonds (in each case Incurred in the ordinary course of business of the Guarantor or such Restricted Subsidiary);

(viii) Indebtedness Incurred by the Guarantor or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit, trade guarantees or similar instruments issued in the ordinary course of business to the extent that such letters of credit or trade guarantees are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than 30 days following receipt by the Guarantor or such Restricted Subsidiary of a demand for reimbursement;

(ix) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Guarantor or any Restricted Subsidiary pursuant to such agreements, in any case Incurred in connection with the disposition of any business, assets or Capital Stock of a Restricted Subsidiary, other than guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Capital Stock of a Restricted Subsidiary for the purpose of financing such acquisition; **provided that** the maximum aggregate liability in respect of all such Indebtedness in the nature of such guarantee shall at no time exceed the gross proceeds actually received from the sale of such business, assets or Capital Stock of a Restricted Subsidiary;

(x) Indebtedness arising from the honouring by a bank or other financial institution of a cheque, draft or similar instrument drawn against insufficient funds in the ordinary course of business, **provided that** such Indebtedness is extinguished within five business days of Incurrence;

(xi) guarantees by the Obligor, the Guarantor or any other Guarantor of Indebtedness of the Obligor, the Guarantor or any other Guarantor that was permitted to be Incurred by another provision of this Clause 1.1; **provided that** if the Indebtedness being guaranteed is subordinated or *pari passu* with the Trust Obligations or the Trust Obligations Guarantee, then the guarantee shall be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(xii) Indebtedness of the Guarantor or any Restricted Subsidiary with a maturity of one year or less used by the Guarantor or any Restricted Subsidiary for working capital; **provided that** the aggregate principal amount of Indebtedness permitted by this Clause 1.1(b)(xii) at any time outstanding does not exceed U.S.$75 million (or the Dollar Equivalent thereof);

(xiii) Indebtedness of the Guarantor or any Restricted Subsidiary in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed U.S.$5 million (or the Dollar Equivalent thereof);

(xiv) Indebtedness, Disqualified Stock or Preferred Stock of (A) the Guarantor or a Restricted Subsidiary Incurred or issued to finance an acquisition; **provided that** the amount of Indebtedness (other than Acquired Indebtedness), Disqualified Stock and Preferred Stock that may be Incurred pursuant to the foregoing by Restricted Subsidiaries shall not exceed an amount equal to U.S.$25 million at any one time outstanding, or (B) Persons that are acquired by the Guarantor, or any Restricted Subsidiary or merged into or consolidated with the Guarantor or a Restricted Subsidiary in accordance with these Supplemental Covenants (including designating an Unrestricted Subsidiary a Restricted Subsidiary); **provided that** (x) a Restricted Subsidiary may only Incur Permitted Subsidiary Indebtedness pursuant to paragraph (A) of this Clause 1.1(b)(xiv), and (y) in the case of paragraph (B) of this Clause 1.1(b)(xiv), after giving effect to such acquisition or merger, the Guarantor would be permitted to Incur at least U.S.$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Clause 1.1(a);

(xv) Indebtedness in respect of accrued discounts, deposits and advanced payments received from customers for services provided or assets sold in the ordinary course of business; and

(xvi) Indebtedness incurred to finance insurance premiums in the ordinary course of business.

(c) For purposes of determining compliance with this Clause 1.1, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described in Clauses 1.1(a) and 1.1(b), the Guarantor, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness, and may apportion, divide or classify any item of Indebtedness among several such types.

(d) The accrual of interest or distribution, the accretion or amortisation of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of Preferred Stock as Indebtedness due to a change in accounting principles, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an incurrence of Indebtedness; **provided that** in each such case, the amount of any such accrual, accretion or payment is included in the Consolidated Fixed Charges of the Guarantor as accrued.

(e) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Guarantor or any Restricted Subsidiary may incur pursuant to this Clause 1.1 shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values. For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred (or first committed, in the case of revolving credit debt); **provided that** if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

1.2 **Limitation on Restricted Payments**

The Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in Clauses 1.2(a) through 1.2(d) below being collectively referred to as "**Restricted Payments**"):

(a) declare or pay any dividend or make any distribution on or with respect to the Guarantor's or any of its Restricted Subsidiaries' Capital Stock (other than dividends or distributions payable solely in shares of the Guarantor's or any of its Restricted Subsidiaries' Capital Stock (other than Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Guarantor or any Wholly-Owned Restricted Subsidiary;

(b) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Guarantor or any Restricted Subsidiary (including options, warrants or other rights to acquire such shares of Capital Stock) held by any Persons other than the Guarantor or any Wholly-Owned Restricted Subsidiary;

(c) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Trust Obligations or any of the Trust Obligations Guarantee (excluding any intercompany Indebtedness between or among the Guarantor and any of its Wholly-Owned Restricted Subsidiaries); or

(d) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

(i) a Potential Dissolution Event shall have occurred and is continuing or would occur as a result of such Restricted Payment;

(ii) the Guarantor could not, at the time of such Restricted Payment and after giving effect thereto as if such Restricted Payment had been made at the beginning of the Four Quarter Period, Incur at least U.S.$1.00 of Indebtedness under Clause 1.1(a); or

(iii) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Guarantor and its Restricted Subsidiaries after the Original Issue Date, shall exceed the sum of:

(1) 50 per cent. of the aggregate amount of the Consolidated Net Income of the Guarantor (or, if the Consolidated Net Income is a loss, minus 100 per cent. of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on the first day of the fiscal quarter during which the Certificates are first issued and ending on the last day of the Guarantor's most recently ended fiscal quarter for which consolidated financial statements of the Guarantor (which the Guarantor shall use its best efforts to compile in a timely manner, and in any case pursuant to Clause 1.17) are available (which may include internal consolidated financial statements); plus

(2) 100 per cent. of the aggregate Net Cash Proceeds received by the Guarantor after the Original Issue Date as a capital contribution to its common equity or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of the Guarantor, including any such Net Cash Proceeds received upon (x) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Guarantor into Capital Stock (other than Disqualified Stock) of the Guarantor, or (y) the exercise by a Person who is not a Subsidiary of the Guarantor of any options, warrants or other rights to acquire Capital Stock of the Guarantor (other than Disqualified Stock), in each case after deducting the amount of any such Net Cash Proceeds used to redeem, repurchase or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Guarantor; plus

(3) the amount by which Indebtedness of the Guarantor or any of its Restricted Subsidiaries is reduced on the Guarantor's consolidated balance sheet upon the conversion or exchange (other than by a Subsidiary of the Guarantor) subsequent to the Original Issue Date of any Indebtedness of the Guarantor or any of its Restricted Subsidiaries convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Guarantor (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Guarantor upon such conversion or exchange); plus

(4) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Original Issue Date in any Person resulting from (w) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Guarantor or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income) after the Original Issue Date, (x) the unconditional release of a guarantee provided by the Guarantor or a Restricted Subsidiary after the Original Issue Date of an obligation of another Person, (y) to the extent that an Investment made after the Original Issue Date was, or after such date, is sold or otherwise liquidated or repaid for cash, the lesser of (A) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (B) the initial amount of such Investment, or (z) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments (other than Permitted Investments) made by the Guarantor or a Restricted Subsidiary after the Original Issue Date in any such Person or Unrestricted Subsidiary; plus

(5) U.S.$5 million (or the Dollar Equivalent thereof).

The foregoing provision shall not be violated by reason of:

(I) the payment of any dividend or redemption of any Capital Stock within 90 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;

(II) the redemption, repurchase or other acquisition or retirement for value of Subordinated Indebtedness of the Obligor, the Guarantor or any other Guarantor with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;

(III) the redemption, repurchase or other acquisition of Capital Stock of the Guarantor or any Restricted Subsidiary (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution or a substantially concurrent sale (other than to a Subsidiary of the Guarantor) of, shares of Capital Stock (other than Disqualified Stock) of the Obligor, the Guarantor or any other Guarantor (or options, warrants or other rights to acquire such Capital Stock); **provided that** the amount of any such Net Cash Proceeds that are utilised for any such Restricted Payment will be excluded from Clause 1.2(d)(iii)(1);

(IV) the redemption, repurchase or other acquisition or retirement for value of Subordinated Indebtedness of the Obligor, the Guarantor or any other Guarantor in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Guarantor) of shares of the Capital Stock (other than Disqualified Stock) of the Obligor, the Guarantor or any other Guarantor (or options, warrants or other rights to acquire such Capital Stock); **provided that** the amount of any such Net Cash Proceeds that are utilised for any such Restricted Payment will be excluded from Clause 1.2(d)(iii)(2);

(V) (x) the payment of any dividend or distribution by a Restricted Subsidiary to, or (y) the redemption, repurchase, defeasance or other acquisition by a Restricted Subsidiary of any shares of its Capital Stock (including options, warrants or other rights to acquire such shares of Capital Stock) from, all holders of any class of Capital Stock of such Restricted Subsidiary, a majority of which is held, directly or indirectly through Restricted Subsidiaries, by the Guarantor, in each case on a *pro rata* basis or on a basis more favourable to the Guarantor;

(VI) the making of strategic minority Investments in Persons that are engaged in a Permitted Business and made primarily for the commercial benefit of the Guarantor and the Restricted Subsidiaries (as determined by the Guarantor in good faith) in an aggregate amount, taken together with all Investments made pursuant to this paragraph (VI), not to exceed 7.5 per cent. of Total Assets; **provided that** (A) such Investment is approved by the Board of Directors and is entered into in good faith on an arm's length basis and (B) on the date of making such strategic minority Investment and after giving *pro forma* effect thereto, the Guarantor would have been entitled to Incur at least U.S.$1.00 of additional Indebtedness pursuant to Clause 1.1(a); **provided further that** such payments shall be excluded from the calculation of the amount of Restricted Payments under Clause 1.2(d)(iii);

(VII) the declaration and payment of dividends on the Common Stock of the Guarantor in respect of the Guarantor's results of operation for the fiscal year ended 31 December 2018, with the aggregate amount of such dividends not to exceed 30 per cent. of the Guarantor's annual audited profit after tax for the fiscal year ended 31 December 2018; or

(VIII) other Restricted Payments in an aggregate amount taken together with all other Restricted Payments made pursuant to this Clause 1.2(VIII) not to exceed U.S.$5 million (or its Dollar Equivalent).

provided that, in the case of Clause 1.2(II), 1.2(III), 1.2(IV) and 1.2(VI) above, no Potential Dissolution Event shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

Each Restricted Payment permitted pursuant to Clause 1.2(I) shall be included in calculating whether Clause 1.2(d)(iii) has been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Guarantor or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or Certificates that are required to be valued by this Clause 1.2 will be the Fair Market Value. The Board of Directors' determination of the Fair Market Value of a Restricted Payment or any such assets or Certificates must be based upon an opinion or appraisal issued by an Independent Financial Advisor if the Fair Market Value exceeds U.S.$5 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment in an amount in excess of U.S.$5 million (or the Dollar Equivalent thereof), the Guarantor will deliver to the Delegate an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by Clause 1.2 were computed, together with a copy of any fairness opinion or appraisal required by the Declaration of Trust.

1.3 **Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries**

(a) Except as provided below, the Guarantor will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

(i) pay dividends or make any other distributions on any Capital Stock of such Restricted Subsidiary owned by the Guarantor or any other Restricted Subsidiary;

(ii) pay any Indebtedness or other obligations owed to the Guarantor or any other Restricted Subsidiary;

(iii) make loans or advances to the Guarantor or any other Restricted Subsidiary; or

(iv) sell, lease or transfer any of its property or assets to the Guarantor or any other Restricted Subsidiary;

provided that it being understood that (A) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock; (B) the subordination of loans or advances made to the Guarantor or any Restricted Subsidiary to other Indebtedness Incurred by the Guarantor or any Restricted Subsidiary; and (C) the provisions contained in documentation governing Indebtedness requiring transactions between or among the Guarantor and any Restricted Subsidiary or between or among any Restricted Subsidiary to be on fair and reasonable terms or on an arm's length basis, in each case, shall not be deemed to constitute such an encumbrance or restriction.

(b) Clause 1.3(a) does not apply to any encumbrances or restrictions:

(i) existing in agreements as in effect on the Original Issue Date, or in the Certificates (including, without limitation, in respect of the Trustee pursuant to Condition 6 of the Terms and Conditions), the Trust Obligations Guarantee, the Declaration of Trust, and any extensions, refinancings, renewals, supplements, amendments or replacements of any of the foregoing agreements; **provided that** the encumbrances and restrictions in any such extension, refinancing, renewal, supplement, amendment or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(ii) existing under or by reason of applicable law, rule, regulation or order;

(iii) existing with respect to any Person or the property or assets of such Person acquired by the Guarantor or any Restricted Subsidiary, existing at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; **provided that** the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(iv) that otherwise would be prohibited by the provision described in Clause 1.3(a)(iv) of this covenant if they arise, or are agreed to, in the ordinary course of business, and that (1) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or licence, (2) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to, any property or assets of the Guarantor or any Restricted Subsidiary not otherwise prohibited by the Declaration of Trust, or (3) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Guarantor or any Restricted Subsidiary in any manner material to the Guarantor or any Restricted Subsidiary;

(v) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by Clauses 1.1, 1.4 and 1.9; or

(vi) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness permitted under Clauses 1.1(b)(vi), 1.1(b)(xii) or 1.1(b)(xiii) if, as determined by the Board of Directors, the encumbrances or restrictions are (1) customary for such types of agreements and (2) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Obligor to make any required payment on the Trust Obligations and, with respect to Clauses 1.1(b)(vi) and 1.1(b)(xii), any extensions, refinancings, renewals or replacements of any of the foregoing agreements; **provided that** the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced.

1.4 Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Guarantor will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell, any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except:

(a) to the Guarantor or a Wholly-Owned Restricted Subsidiary;

(b) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Guarantor or a Wholly-Owned Restricted Subsidiary;

(c) the issuance or sale of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under Clause 1.2 if made on the date of such issuance or sale and **provided that** the Guarantor complies with Clause 1.9; and

(d) the issuance and sale of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such issuance or sale); **provided that** the Guarantor or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with Clause 1.9.

1.5 Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Guarantor will not permit any Restricted Subsidiary (other than a Restricted Subsidiary incorporated in Malaysia (except Labuan)) which is not a Guarantor, directly or indirectly, to guarantee any Indebtedness ("**Guaranteed Indebtedness**") of the Guarantor or any other Restricted Subsidiary which exceeds U.S.$10.0 million (or the Dollar Equivalent thereof), unless: (a) such Restricted Subsidiary simultaneously executes and delivers a deed of accession supplemental to the Deed of Guarantee providing for an unsubordinated Trust Obligations Guarantee by such Restricted Subsidiary and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim, or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Guarantor or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Trust Obligations Guarantee until the Certificates have been paid in full.

If the Guaranteed Indebtedness (a) ranks *pari passu* in right of payment with the Trust Obligations or any Trust Obligations Guarantee, then the guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, such Trust Obligations Guarantee or (b) is subordinated in right of payment to the Trust Obligations or any Trust Obligations Guarantee, then the guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to such Trust Obligations Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the Trust Obligations or such Trust Obligations Guarantee.

This Clause 1.5 shall not be applicable to any guarantee of any Restricted Subsidiary that existed at the time such Person became a Restricted Subsidiary and was not Incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary.

1.6 **Limitation on Transactions with Shareholders and Affiliates**

The Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 5 per cent. or more of any class of Capital Stock of the Guarantor or (y) any Affiliate of the Guarantor (each an "**Affiliate Transaction**"), unless:

(a) the Affiliate Transaction is on fair and reasonable terms that are no less favourable to the Guarantor or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm's-length transaction by the Guarantor or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Guarantor or such Restricted Subsidiary; and

(b) The Guarantor delivers to the Delegate:

(i) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of U.S.$10 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this Clause 1.6 and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and

(ii) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of U.S.$20 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in Clause 1.6(b)(i), an opinion as to the fairness to the Guarantor or such Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an Independent Financial Advisor.

The foregoing limitation does not limit, and shall not apply to:

(1) the payment of reasonable and customary regular fees to directors of the Guarantor or any Restricted Subsidiary who are not employees of the Guarantor or such Restricted Subsidiary;

(2) transactions between or among any of the Trustee, the Obligor, the Guarantor and/or any other Guarantor;

(3) any Restricted Payment of the type described in Clauses 1.2(a), 1.2(b) or 1.2(c) if permitted by Clause 1.2;

(4) any sale of Capital Stock (other than Disqualified Stock) of the Guarantor;

(5) transactions or payments pursuant to any employee, officer or director compensation or benefit plan or arrangements entered into in the ordinary course, approved by the Board of Directors and in compliance with the listing rules of Bursa Malaysia;

(6) transactions with customers, clients, suppliers, joint venture partners, or purchasers or sellers of goods or services, in each case in the ordinary course of business of the Guarantor and its Restricted Subsidiaries and otherwise in compliance with the terms of the Declaration of Trust; **provided that**

in the reasonable determination of the members of the Board of Directors of the Guarantor, such transactions are on terms that are no less favourable to the Guarantor or the relevant Restricted Subsidiary than those that could have been obtained at the time of such transaction in a comparable transaction by the Guarantor or such Restricted Subsidiary with an unrelated Person.

In addition, the requirements of Clause 1.6(b) shall not apply to (i) Investments (other than Permitted Investments) not prohibited by Clause 1.2, (ii) transactions pursuant to agreements in effect on the Original Issue Date and described in the Offering Circular, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Guarantor and/or any of the Restricted Subsidiaries than the original agreement in effect on the Original Issue Date, (iii) any transaction between or among any of the Obligor, the Guarantor and/or any Restricted Subsidiary that is not a Guarantor; **provided that**, in the case of clause (iii), (x) such transaction is entered into in the ordinary course of business and (y) none of the minority shareholders or minority partners of or in such Restricted Subsidiary is a Person described in (x) or (y) of the first paragraph of this Clause 1.6 (other than by reason of such minority shareholder or minority partner being an officer or director of such Restricted Subsidiary), or (iv) any transaction between or among the Guarantor, the Obligor or the Trustee permitted under the Declaration of Trust or the Deed of Guarantee, as the case may be.

1.7 **Limitation on Liens**

The Guarantor will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless it secures all amounts payable by it and the Obligor to the Delegate under the Transaction Documents to which it is a party (in whatever capacity) equally and rateably therewith.

1.8 **Limitation on Sale and Leaseback Transactions**

The Guarantor will not, and will not permit any of its Restricted Subsidiaries to, enter into any Sale and Leaseback Transaction; **provided that** the Guarantor may enter into a Sale and Leaseback Transaction if:

(a) the Guarantor could have (i) incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under Clause 1.1 and (ii) incurred a Lien to secure such Indebtedness pursuant to Clause 1.7, in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions;

(b) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and

(c) the transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Guarantor applies the proceeds of such transaction in compliance with, Clause 1.9.

1.9 **Limitation on Asset Sales**

The Guarantor will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

(a) no Potential Dissolution Event shall have occurred and be continuing or would occur as a result of such Asset Sale;

(b) the consideration received by the Guarantor or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of;

(c) in the case of an Asset Sale that constitutes an Asset Disposition, the Guarantor could Incur at least U.S.$1.00 of Indebtedness under Clause 1.1(a) after giving *pro forma* effect to such Asset Disposition; and

(d) at least 75 per cent. of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; **provided that** in the case of an Asset Sale in which the Guarantor or such Restricted Subsidiary receives Replacement Assets involving an aggregate consideration with a Fair Market Value in excess of U.S.$10 million (or the Dollar Equivalent thereof), the Guarantor shall deliver to the Delegate an opinion as to the fairness to the Guarantor or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an Independent Financial Advisor. For purposes of this provision, each of the following will be deemed to be cash:

(i) any liabilities, as shown on the Guarantor's most recent consolidated balance sheet, of the Guarantor or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Trust Obligations or the Trust Obligations Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that releases the Guarantor or such Restricted Subsidiary from further liability; and

(ii) any securities or other obligations received by the Guarantor or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Guarantor or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion.

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Guarantor (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Cash Proceeds to:

(I) permanently repay Senior Indebtedness of the Obligor, the Guarantor or any other Guarantor or any Indebtedness of a Restricted Subsidiary that is not a Guarantor (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Guarantor or a Restricted Subsidiary;

(II) acquire Replacement Assets; or

(III) make an Investment in cash or Temporary Cash Investments pending application of such Net Cash Proceeds as set forth in paragraphs (I) or (II) above.

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in the immediately preceding paragraph will constitute "**Excess Proceeds**". Excess Proceeds of less than U.S.$10 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When the aggregate amount of Excess Proceeds exceeds U.S.$10 million (or the Dollar Equivalent thereof), within 10 days thereof, the Guarantor must, or must procure that the Trustee must, make an Asset Disposition Offer in relation to the Certificates having a face amount equal to:

(1) accumulated Excess Proceeds, multiplied by

(2) a fraction (x) the numerator of which is equal to the outstanding face amount of the Certificates and (y) the denominator of which is equal to the outstanding face amount of the Certificates and all *pari passu* Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale rounded down to the nearest U.S.$1,000.

The offer price in any Asset Disposition Offer will be equal to 100 per cent. of the face amount of the relevant Certificates plus any due and unpaid Periodic Distribution Amounts to the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Asset Disposition Offer, the Guarantor or the Trustee (as the case may be) may use those Excess Proceeds for any purpose not otherwise prohibited by the Declaration of Trust. If the aggregate face amount of Certificates (and any other *pari passu* Indebtedness) tendered in such Asset Disposition Offer exceeds the amount of Excess Proceeds, the Delegate will select the Certificates (and such other *pari passu* Indebtedness) to be purchased on a *pro rata* basis. Upon completion of each Asset Disposition Offer, the amount of Excess Proceeds will be reset at zero.

1.10 **Limitation on Consolidation, Merger and Sale of Assets**

(a) The Guarantor will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

(i) the Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the "**Surviving Person**") shall be a corporation organised and validly existing under the laws of Malaysia or any jurisdiction thereof and shall expressly assume, by a deed of accession supplemental to the Deed of Guarantee, executed and delivered to the Delegate, all the obligations of the Guarantor under the Deed of Guarantee and the Deed of Guarantee shall remain in full force and effect;

(ii) immediately prior to and after giving effect to such transaction, no Potential Dissolution Event shall have occurred and be continuing;

(iii) immediately after giving effect to such transaction on a *pro forma* basis, the Guarantor or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Guarantor immediately prior to such transaction;

(iv) immediately after giving effect to such transaction on a *pro forma* basis, the Guarantor or the Surviving Person, as the case may be, could Incur at least U.S.$1.00 of Indebtedness under Clause 1.1(a);

(v) the Guarantor delivers to the Delegate (1) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with Clauses 1.10(a)(iii) and 1.10(a)(iv)) and (2) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and such deed of accession complies with this Clause 1.10 and that all conditions precedent provided for herein relating to such transaction have been complied with; and

(vi) in the case where the Certificates are rated by a Rating Agency immediately prior to the transaction, no Rating Decline shall have occurred.

(b) No Guarantor (other than the Guarantor) will consolidate with or merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Guarantor or another Guarantor), unless:

(i) such Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets shall be the Guarantor, another Guarantor or shall become a Guarantor concurrently with the transaction;

(ii) immediately prior to and after giving effect to such transaction, no Potential Dissolution Event shall have occurred and be continuing;

(iii) immediately after giving effect to such transaction on a *pro forma* basis, the Guarantor shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Guarantor immediately prior to such transaction;

(iv) immediately after giving effect to such transaction on a *pro forma* basis, the Guarantor could Incur at least U.S.$1.00 of Indebtedness under Clause 1.1(a);

(v) the Guarantor delivers to the Delegate (1) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with Clauses 1.10(b)(iii) and 1.10(b)(iv)) and (2) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer complies with this Clause 1.10 and that all conditions precedent provided for herein relating to such transaction have been complied with; and

(vi) in the case where the Certificates are rated by a Rating Agency immediately prior to the transaction, no Rating Decline shall have occurred,

provided that this paragraph shall not apply to any sale or other disposition that complies with Clause 1.9 or any Guarantor whose Trust Obligations Guarantee is unconditionally released in accordance with the Deed of Guarantee.

The foregoing requirements shall not apply to a consolidation or merger of any Guarantor with and into the Obligor, the Guarantor or any other Guarantor, so long as the Obligor, the Guarantor or such other Guarantor survives such consolidation or merger.

1.11 **Limitation on the Guarantor's Business Activities**

The Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than a Permitted Business; **provided, however, that** the Guarantor or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than a Permitted Business as long as any Investment therein was not prohibited when made by Clause 1.2.

1.12 **Use of Proceeds**

The Guarantor will not, and will not permit any Restricted Subsidiary (including the Obligor) to, use the net proceeds from the sale of the Certificates, in any amount, for any purpose other than (a) in the approximate amounts and for the purposes specified under the section "Use of Proceeds" in the Offering Circular, and (b) pending application of all of such net proceeds in such manner, to invest the portion of such net proceeds not yet so applied in Temporary Cash Investments.

1.13 **Designation of Restricted and Unrestricted Subsidiaries**

The Board of Directors may designate any Restricted Subsidiary (other than the Trustee and the Obligor) to be an Unrestricted Subsidiary; **provided that** (a) no Potential Dissolution Event shall have occurred, or be continuing at the time of or after giving effect to such designation; (b) neither the Guarantor nor any Restricted Subsidiary provides credit support for the Indebtedness of such Restricted Subsidiary; (c) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Guarantor; (d) such Restricted Subsidiary does not own any Disqualified Stock of the Guarantor or Disqualified Stock or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of the Guarantor or any Restricted Subsidiary, if such Disqualified Stock or Preferred Stock or Indebtedness could not be Incurred under Clause 1.1 or such Lien would violate Clause 1.7; (e) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated as Unrestricted Subsidiaries in accordance with this paragraph; and (f) the Investment deemed to have been made thereby in such newly designated Unrestricted Subsidiary and each other newly designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by Clause 1.2.

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; **provided that** (a) no Potential Dissolution Event shall have occurred or be continuing at the time of or after giving effect to such designation; (b) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by Clause 1.1; (c) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been incurred by such newly designated Restricted Subsidiary as a result of such designation would be permitted to be incurred by Clause 1.7; (d) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary); and (e) such Restricted Subsidiary, if required to guarantee the Trust Obligations under the terms hereof, shall upon such designation execute and deliver to the Delegate a deed of accession supplemental to the Deed of Guarantee by which such Restricted Subsidiary shall become a Guarantor.

1.14 **Maintenance of Insurance**

The Guarantor shall and shall cause each Restricted Subsidiary to maintain insurance policies covering such risks, in such amounts and with such terms as are customarily carried by similar companies engaged in a similar business to the Permitted Business in the country in which such entity is located.

1.15 **Government Approvals and Licences; Compliance with Law**

The Guarantor will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect all governmental approvals, authorisations, consents, permits, concessions and licences as are necessary to engage in the Permitted Businesses, (2) preserve and maintain good and valid title to its properties and assets (including land use rights) free and clear of any Liens other than Permitted Liens and (3) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (a) the business, results of operations or prospects of the Guarantor and its Restricted Subsidiaries taken as a whole or (b) the ability of the Obligor, the Guarantor or any other Guarantor to perform its obligations under the Certificates, the relevant Trust Obligations Guarantee or the Declaration of Trust.

1.16 **Anti-Layering**

The Guarantor will not Incur, and will not permit the Obligor or any other Guarantor to Incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Obligor, the Guarantor or any such other Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Trust Obligations or the applicable Trust Obligations Guarantee, on substantially identical terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or guarantees securing or in favour of some but not all of such Indebtedness.

1.17 **Provision of Financial Information and Reports**

(a) So long as any of the Certificates remain outstanding, the Guarantor will deliver to the Delegate and furnish to the Holders upon request, as soon as they are available but in any event not more than ten calendar days after they are filed with the Bursa Malaysia or any other recognised exchange on which the Guarantor's Common Stock at any time is listed for trading, true and correct copies of any financial or other report in the English language filed by the Guarantor with such exchange; **provided that** if at any time the Common Stock of the Guarantor ceases to be listed for trading on Bursa Malaysia or any other national stock exchange, the Guarantor will deliver to the Delegate and furnish to the Holders:

(i) as soon as they are available, but in any event within 120 calendar days after the end of the fiscal year of the Guarantor, copies of its financial statements (on a consolidated basis) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) audited by a member firm of an internationally recognised firm of independent accountants;

(ii) as soon as they are available, but in any event within 90 calendar days after the end of the second financial quarter of the Guarantor, copies of its financial statements (on a consolidated basis) in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) reviewed by a member firm of an internationally recognised firm of independent accountants; and

(iii) as soon as they are available, but in any event within 60 calendar days after the end of each of the first and third financial quarter of the Guarantor, copies of its unaudited financial statement (on a consolidated basis), including a statement of income, balance sheet and cash flow statement, prepared on a basis consistent with the audited financial statements of the Guarantor together with a certificate signed by the person then authorised to sign financial statements on behalf of the Guarantor to the effect that such financial statements are true in all material respects and present fairly the financial position of the Guarantor as at the end of, and the results of its operations for, the relevant quarterly period.

(b) In addition, so long as any of the Certificates remain outstanding, the Guarantor will provide to the Delegate (i) within 120 days after the close of each fiscal year, an Officers' Certificate stating the Fixed Charge Coverage Ratio with respect to the two most recent fiscal semi-annual periods and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, with a certificate from the Guarantor's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation **provided that**, the Guarantor shall not be required to provide such auditor certification if its external auditors refuse as a general policy to provide such certification; and (ii) as soon as possible and in any event within 30 days after the Guarantor becomes aware or should reasonably become aware of the occurrence of a Potential Dissolution Event, an Officers' Certificate setting forth the details of the Potential Dissolution Event, and the action which the Guarantor proposes to take with respect thereto.

(c) All historical financial statements shall be prepared in accordance with GAAP as in effect on the date of such report or financial statement (or otherwise on the basis of GAAP as then in effect) and on a consistent basis for the periods presented; **provided, however, that** the reports set forth in Clauses 1.17(a)(i), 1.17(a)(ii) and 1.17(a)(iii) above may, in the event of a change in applicable GAAP, present earlier periods on a basis that applied to such periods.

1.18 **No Payment for Consents**

The Guarantor will not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder of any Certificates for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Declaration of Trust or the Certificates unless such consideration is offered to be paid or is paid to all Holders of the Certificates that consent, waive or agree to amend within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

1.19 **Payment of Stamp Duties and Other Taxes**

The Guarantor will pay any present or future stamp, court or documentary taxes, or any other excise or property taxes, charges or similar levies which arise under the laws of Malaysia from the execution, delivery or registration of the Certificates or any other document or instrument referred to in these Supplemental Covenants or the Declaration of Trust.

1.20 **Change of Control**

(a) Upon the occurrence of any of the following events (each a "**Change of Control**"), each Certificateholder shall have the right to require that the Guarantor repurchase such Certificateholder's Certificates at a purchase price in cash equal to 101 per cent. of the face amount thereof plus any due and unpaid Periodic Distribution Amounts to the date of purchase:

(i) any "**person**" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50 per cent. of the total voting power of the Voting Stock of the Guarantor; **provided, however, that** the Permitted Holders do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors (for the purposes of this Clause 1.20(a), such other person shall be deemed to beneficially own any Voting Stock of a specified person held by a parent entity, if such other person is the beneficial owner (as defined in this Clause 1.20(a)), directly or indirectly, of more than 50 per cent. of the voting power of the Voting Stock of such parent entity and the Permitted Holders do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the board of directors of such parent entity);

(ii) individuals who on the Issue Date constituted the Board of Directors (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Guarantor was approved by a vote of a majority of the directors of the Guarantor then still in office who were either directors on the Issue Date or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors then in office;

(iii) the adoption of a plan relating to the liquidation or dissolution of the Guarantor; or

(iv) the merger or consolidation of the Guarantor with or into another Person or the merger of another Person with or into the Guarantor, or the sale of all or substantially all the assets of the Guarantor (determined on a consolidated basis) to another Person other than (i) a transaction in which the survivor or transferee is a Person that is controlled by Permitted Holders or (ii) a transaction following which (A) in the case of a merger or consolidation transaction, holders of securities that represented 100 per cent. of the Voting Stock of the Guarantor immediately prior to such transaction (or other securities into which such securities are converted as part of such merger or consolidation transaction) own directly or indirectly at least a majority of the voting power of the Voting Stock of the surviving Person in such merger or consolidation transaction immediately after such transaction and in substantially the same proportion as before the transaction and (B) in the case of a sale of assets transaction, each transferee becomes an obligor in respect of the Certificates and a Subsidiary of the transferor of such assets.

(b) Within 30 days following any Change of Control, the Guarantor will notify each Certificateholder, the Trustee and the Delegate (the "**Change of Control Offer**"):

(i) that a Change of Control has occurred and that such Certificateholder has the right to require the Guarantor to purchase such Certificateholder's Certificates at a purchase price in cash equal to 101 per cent. of the face amount thereof, plus any due and unpaid Periodic Distribution Amounts to the date of purchase;

(ii) the circumstances and relevant facts regarding such Change of Control (including information with respect to *pro forma* historical income, cash flow and capitalisation, in each case after giving effect to such Change of Control);

(iii) the purchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed); and

(iv) the instructions, as determined by the Guarantor, consistent with this Clause 1.20, that a Certificateholder must follow in order to have its Certificates purchased.

(c) The Guarantor will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements applicable to a Change of Control Offer made by the Guarantor and purchases all Certificates validly tendered and not withdrawn under such Change of Control Offer.

(d) The Guarantor will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Certificates as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described hereunder, the Guarantor will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Clause 1.20 by virtue of its compliance with such securities laws or regulations.

(e) All Certificates purchased by the Guarantor pursuant to a Change of Control Offer shall be surrendered for cancellation in accordance with Condition 8(e).

(f) Any notice to Certificateholders pursuant to a Change of Control Offer shall be given in accordance with Condition 17.

(g) The Trustee shall hold the benefit of the undertaking in this Clause 1.20 upon trust for itself, the Delegate and the Certificateholders according to its and their respective interests.

1.21 **Suspension of Certain Covenants**

If, on any date following the date of the Declaration of Trust, the Certificates have a rating of Investment Grade from at least two of the three Rating Agencies and no Potential Dissolution Event has occurred and is continuing (a "**Suspension Event**"), then, beginning on that day and continuing until such time, if any, at which the Certificates cease to have a rating of Investment Grade from at least two of the three Rating Agencies, the following Clauses will be suspended:

(a) Clause 1.1 (*Limitation on Indebtedness and Preferred Stock*);

(b) Clause 1.2 (*Limitation on Restricted Payments*);

(c) Clause 1.3 (*Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*);

(d) Clause 1.4 (*Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries*);

(e) Clause 1.5 (*Limitation on issuances of Guarantees by Restricted Subsidiaries*);

(f) Clause 1.8 (*Limitation on Sale and Leaseback Transactions*);

(g) Clause 1.9 (*Limitation on Asset Sales*);

(h) Clause 1.11 (*Limitation on the Guarantor's Business Activities*);

(i) Clause 1.14 (*Maintenance of Insurance*); and

(j) Clause 1.16 (*Anti-Layering*).

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any of the Restricted Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant summarised under Clause 1.13.

Such covenants will be reinstated and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Guarantor or any Restricted Subsidiary properly taken in compliance with the provisions of the Certificates and the Declaration of Trust during the continuance of the Suspension Event, and following reinstatement the calculations under Clause 1.2 will be made as if such covenant had been in effect since the date of the Declaration of Trust except that no Potential Dissolution Event will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended.

There can be no assurance that the Certificates will ever achieve a rating of Investment Grade or that any such rating will be maintained.

1.22 **Certain Definitions**

Set forth below are defined terms used in the covenants and other provisions of the Declaration of Trust and the Deed of Guarantee. Reference is made to the Declaration of Trust and the Deed of Guarantee for other capitalised terms used in these Supplemental Covenants for which no definition is provided.

"**Acquired Indebtedness**" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary, whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

"**Affiliate**" means, with respect to any Person, any other Person (a) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person, (b) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (a) of this definition or (c) who is a spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, brother-in-law, sister-in-law, grandchild, grandparent, uncle, aunt, nephew or niece of a Person described in clause (a) or (b). For purposes of this definition, "**control**" (including, with correlative meanings, the terms "**controlling**", "**controlled by**" and "**under common control with**"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting Certificates, by contract or otherwise.

"**Asset Acquisition**" means (a) an Investment by the Guarantor or any of its Restricted Subsidiaries in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Guarantor or any of its Restricted Subsidiaries, or (b) an acquisition by the Guarantor or any of its Restricted Subsidiaries of the property and assets of any Person other than the Guarantor or any of its Restricted Subsidiaries that constitute substantially all of a division or line of business of such Person.

"**Asset Disposition**" means the sale or other disposition by the Guarantor or any of its Restricted Subsidiaries (other than to the Guarantor or another Restricted Subsidiary) of (a) all or substantially all of the Capital Stock of any Restricted Subsidiary or (b) all or substantially all of the assets that constitute a division or line of business of the Guarantor or any of its Restricted Subsidiaries.

"**Asset Disposition Offer**" means an offer to purchase the Certificates by the Guarantor or the Trustee (as the case may be) commenced by the Guarantor or the Trustee (as the case may be) mailing a notice by first class mail, postage prepaid, to the Delegate, the Paying and Transfer Agent and each Holder at its last address appearing in the Certificate register stating:

(a) the Clause pursuant to which the offer is being made and that all Certificates validly tendered will be accepted for payment on a *pro rata* basis;

(b) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "**Asset Disposition Offer Payment Date**");

(c) that any Certificate not tendered will continue to accumulate profit pursuant to its terms and the Declaration of Trust;

(d) that, unless the Guarantor or the Trustee (as the case may be) defaults in the payment of the purchase price, profit shall cease to accumulate in respect each Certificate accepted for payment pursuant to the Asset Disposition Offer on the Asset Disposition Offer Payment Date;

(e) that Holders electing to have a Certificate purchased pursuant to the Asset Disposition Offer will be required to surrender the Certificate, together with the form entitled "Option of the Holder to Elect Purchase" on the reverse side of the Certificate completed, to the Paying Agent at the address specified in the notice prior to the close of business on the fifth Business Day immediately preceding the Asset Disposition Offer Payment Date;

(f) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Asset Disposition Offer Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the face amount of Certificates delivered for purchase and a statement that such Holder is withdrawing his election to have such Certificates purchased; and

(g) that Holders whose Certificates are being purchased only in part will be issued new Certificates equal in face amount to the unpurchased portion of the Certificates surrendered; **provided that** each Certificate purchased and each new Certificate issued shall be in denominations of U.S.$200,000 or integral multiples of U.S.$1,000 in excess thereof.

On the Asset Disposition Offer Payment Date, the Guarantor or the Trustee (as the case may be) shall (a) accept for payment on a *pro rata* basis Certificates or portions thereof tendered pursuant to an Asset Disposition Offer; (b) deposit with the Paying Agent money sufficient to pay the purchase price of all Certificates or portions thereof so accepted; and (c) deliver, or cause to be delivered, to the Delegate all Certificates or portions thereof so accepted together with an Officers' Certificate specifying the Certificates or portions thereof accepted for payment by the Guarantor or the Trustee (as the case may be).

The Paying Agent shall promptly mail to the Holders so accepted payment in an amount equal to the purchase price, and the Delegate or an authenticating agent shall promptly authenticate and mail to such Holders a new Certificate equal in face amount to any unpurchased portion of the Certificate surrendered; **provided that** each Certificate purchased and each new Certificate issued shall be in denominations of U.S.$200,000 each or integral multiples of U.S.$1,000 in excess thereof. The Guarantor will publicly announce the results of an Asset Disposition Offer as soon as practicable after the Asset Disposition Offer Payment Date.

The Guarantor or the Trustee (as the case may be) will comply with all applicable securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Guarantor or the Trustee (as the case may be) is required to repurchase Certificates pursuant to an Asset Disposition Offer.

The Asset Disposition Offer is required to contain or incorporate by reference information concerning the business of the Guarantor and its Subsidiaries which the Guarantor in good faith believes will assist such Holders to make an informed decision with respect to the Asset Disposition Offer, including a brief description of the events requiring the Guarantor to make the Asset Disposition Offer, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Certificates pursuant to the Asset Disposition Offer. To the extent that the provisions of any securities laws or regulations conflict with the requirements of the Declaration of Trust in relation to the relevant Asset Disposition Offer, the Guarantor and the Trustee will comply with the applicable securities laws and regulations and shall not be deemed to have breached their obligations under the Certificates, the Declaration of Trust and the Trust Obligations Guarantee by virtue of their compliance with such securities laws or regulations.

"**Asset Sale**" means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction) of any of its property or assets (including Capital Stock of a Restricted Subsidiary) in one transaction or a series of related transactions by the Guarantor or any of its Restricted Subsidiaries to any Person other than the Guarantor or any Restricted Subsidiary; **provided, however, that** "Asset Sale" shall not include:

(a) sales or other dispositions of inventory, receivables and other current assets in the ordinary course of business;

(b) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under Clause 1.2;

(c) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of U.S.$2 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;

(d) any sale, transfer, assignment or other disposition of any property, or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Guarantor or its Restricted Subsidiaries;

(e) any transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien;

(f) a transaction covered by Clause 1.10;

(g) any sale, transfer or other disposition by the Guarantor or any of its Restricted Subsidiaries, including the sale or issuance by the Guarantor or any Restricted Subsidiary of any Capital Stock of any Restricted Subsidiary, to the Obligor, the Guarantor or any other Guarantor;

(h) The termination of a contract, including the unwinding of a Hedging Obligation;

(i) licenses or sublicences of intellectual property;

(j) any issuance or sale of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary, including in connection with a merger or consolidation; or

(k) any disposition of any equipment pursuant to a Sale and Leaseback Transaction to the extent that (a) such equipment was acquired by the Guarantor or any Restricted Subsidiary with the intention of, and for the sole purpose of, disposing of such equipment in such Sale and Leaseback Transaction and (b) the disposition of such equipment in such Sale and Leaseback Transaction occurs within 120 days after the original acquisition by the Parent or such Restricted Subsidiary.

"**Associate**" has the meaning assigned to such term under GAAP;

"**Attributable Indebtedness**" means, in respect of a Sale and Leaseback Transaction, the present value, discounted at the interest rate implicit in such Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in such Sale and Leaseback Transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended, **provided that** if such Sale and Leaseback Transactions results in a Capitalised Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of "**Capitalised Lease Obligation**".

"**Average Life**" means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (a) the sum of the products of (i) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (ii) the amount of such principal payment by (b) the sum of all such principal payments.

"**Board of Directors**" means the board of directors elected or appointed by the stockholders of the Guarantor to manage the business of the Guarantor or any committee of such board duly authorised to take the action purported to be taken by such committee.

"**Board Resolution**" means any resolution of the Board of Directors taking an action which it is authorised to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

"**Business Day**" means, for purposes of these Supplemental Covenants, any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in Malaysia (or in any other place in which payments on the Certificates are to be made) are authorised by law or governmental regulation to close.

"**Capitalised Lease**" means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalised on the balance sheet of such Person.

"**Capitalised Lease Obligations**" means the discounted present value of the rental obligations under a Capitalised Lease.

"**Capital Stock**" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock.

"**Commodity Hedging Agreement**" means any spot, forward or option, commodity price protection agreements or other similar agreement or arrangement designed to protect against fluctuations in commodity prices.

"**Common Stock**" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding at the date of the Declaration of Trust, and include, without limitation, all series and classes of such common stock or ordinary shares.

"**Consolidated EBITDA**" means, for any period, Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

(a) Consolidated Interest Expense,

(b) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets), and

(c) depreciation expense, amortisation expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period), less all non-cash items increasing Consolidated Net Income (other than accrual of revenue in the ordinary course of business),

all as determined on a consolidated basis for the Guarantor and its Restricted Subsidiaries in conformity with GAAP, **provided that** if any Restricted Subsidiary is not a Wholly-Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (1) the amount of the Consolidated EBITDA attributable to such Restricted Subsidiary multiplied by (2) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Guarantor or any of its Restricted Subsidiaries.

"**Consolidated Fixed Charges**" means, for any period, the sum (without duplication) of (a) Consolidated Interest Expense for such period and (b) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Guarantor or any Restricted Subsidiary held by Persons other than the Guarantor or any Wholly-Owned Restricted Subsidiary, except for dividends payable in the Guarantor's Capital Stock (other than Disqualified Stock) or paid to the Guarantor or to a Wholly-Owned Restricted Subsidiary.

"**Consolidated Interest Expense**" means, for any period, the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with GAAP for such period of the Guarantor and its Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by the Guarantor and its Restricted Subsidiaries, without duplication:

(a) interest expense attributable to Capitalised Lease Obligations and imputed interest with respect to Attributable Indebtedness;

(b) amortisation of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness;

(c) the interest portion of any deferred payment obligation;

(d) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness;

(e) the net costs associated with Hedging Obligations (including the amortisation of fees);

(f) interest accruing on Indebtedness of any other Person that is guaranteed by, or secured by a Lien on any asset of, the Guarantor or any Restricted Subsidiary;

(g) any capitalised interest; and

(h) any repayments under *Shari'a*-compliant finance structures that are accounted for as indebtedness under GAAP, including Periodic Distribution Amounts under the Certificates;

provided that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a *pro forma* basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

"**Consolidated Net Income**" means, with respect to any specified Person for any period, the aggregate net income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; **provided that** the following items shall be excluded in computing Consolidated Net Income (without duplication):

(a) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except that:

    (i) subject to the exclusion contained in clause (e) below, the Guarantor's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Guarantor or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (c) below); and

    (ii) the Guarantor's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income to the extent funded with cash or other assets of the Guarantor or Restricted Subsidiaries;

(b) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Guarantor or any of its Restricted Subsidiaries or all or substantially all of the property and assets of such Person are acquired by the Guarantor or any of its Restricted Subsidiaries;

(c) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other similar constitutive documents, or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;

(d) the cumulative effect of a change in accounting principles;

(e) any net after-tax gains realised on the sale or other disposition of (i) any property or assets of the Guarantor or any Restricted Subsidiary which is not sold in the ordinary course of its business or (ii) any Capital Stock of any Person (including any gains by the Guarantor realised on sales of Capital Stock of the Guarantor or other Restricted Subsidiaries);

(f) any translation gains and losses due solely to fluctuations in currency values and related tax effects; and

(g) any net after-tax extraordinary or non-recurring gains.

"**Consolidated Net Worth**" means, at any date of determination, stockholders' equity as set forth on the most recently available semi-annual or annual consolidated balance sheet of the Guarantor and its Restricted Subsidiaries prepared in accordance with GAAP (which the Guarantor shall use its best efforts to compile in a timely manner), *plus*, to the extent not included, any Preferred Stock of the Guarantor, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory securities receivable from the sale of the Capital Stock of the Guarantor or any of its Restricted Subsidiaries, each item to be determined in conformity with GAAP.

"**Currency Agreement**" means any foreign exchange contract, currency swap agreement, currency option agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates.

"**Disqualified Stock**" means any class or series of Capital Stock of any Person that by its terms or otherwise is (a) required to be redeemed prior to the date that is 366 days after the Stated Maturity of the Certificates, (b) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the date that is 366 days after the Stated Maturity of the Certificates or (c) convertible into or exchangeable for Capital Stock referred to in clause (a) or (b) above or Indebtedness having a scheduled maturity prior to the date that is 366 days after the Stated Maturity of the Certificates; **provided that** any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the Stated Maturity of the Certificates shall not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are no more favourable to the holders of such Capital Stock than the provisions contained in Clause 1.9 and Clause 1.20 and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Guarantor's repurchase of the Certificates as are required to be repurchased pursuant to Clause 1.9 and Clause 1.20.

"**Dollar Equivalent**" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

"**Exchange Act**" means the US Securities Exchange Act of 1934, as amended.

"**Fair Market Value**" means the price that would be paid in an arm's length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution.

"**Fitch**" means Fitch Ratings Inc. and its affiliates.

"**Fixed Charge Coverage Ratio**" means, on any Transaction Date, the ratio of (i) the aggregate amount of Consolidated EBITDA for the then most recent four fiscal quarterly periods prior to such Transaction Date for which consolidated financial statements of the Guarantor (which the Guarantor shall use its best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements) (the "**Four Quarter Period**") to (ii) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

(a) *pro forma* effect shall be given to any Indebtedness or Preferred Stock Incurred, repaid or redeemed during the period (the "**Reference Period**") commencing on and including the first day of the Four Quarter Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement in effect on the last day of such Four Quarter Period), in each case as if such Indebtedness or Preferred Stock had been Incurred, repaid or redeemed on the first day of such Reference Period; **provided that**, in the event of any such repayment or redemption, Consolidated EBITDA for such period shall be calculated as if the Guarantor or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay or redeem such Indebtedness or Preferred Stock;

(b) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a *pro forma* basis and bearing a floating interest rate shall be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;

(c) *pro forma* effect shall be given to the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred on the first day of such Reference Period;

(d) *pro forma* effect shall be given to Asset Dispositions and Asset Acquisitions (including giving *pro forma* effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and

(e) *pro forma* effect shall be given to asset dispositions and asset acquisitions (including giving *pro forma* effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Guarantor or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period,

provided that to the extent that clause (d) or (e) of this paragraph requires that *pro forma* effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such *pro forma* calculation shall be based upon the four full fiscal quarterly periods immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed of for which financial information is available.

"**GAAP**" means Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board as in effect from time to time ("**MFRS**") or any variation thereof with which the Parent guarantor or its Restricted Subsidiaries are, or may be, required to comply. All ratios and computations contained or referred to in these Supplemental Covenants and the Declaration of Trust shall be computed in conformity with GAAP applied on a consistent basis, **provided that** at any date after the Original Issue Date the Guarantor may make an irrevocable election to establish that "**GAAP**" shall mean MFRS as in effect on a date that is on or prior to the date of such election (other than with respect to Clause 1.17). The Guarantor shall give notice of any such election to the Trustee.

Notwithstanding the foregoing, the impact of FRS 16 (Leases) and any successor standard thereto shall be disregarded with respect to all ratios, calculations, baskets and determinations based upon GAAP to be calculated or made, as the case may be, pursuant to these Supplemental Covenants and (without limitation) any lease, concession or license of property that would be considered an operating lease under MFRS as of the Original Issue Date and any guarantee given by the Guarantor or any Restricted Subsidiary in the ordinary course of business solely in connection with, and in respect of, the obligations of the Issuer or any Restricted Subsidiary under any such operating lease shall be accounted for in accordance with MFRS as in the effect on the Original Issue Date.

"**guarantee**" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (b) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); **provided that** the term "guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"**Guarantor**" means Serba Dinamik Holdings Berhad and any other Restricted Subsidiary which is required to guarantee the Trust Obligations; **provided that** "Guarantor" will not include any Person whose Trust Obligations Guarantee has been released in accordance with the Deed of Guarantee.

"**Hedging Obligation**" of any Person means the obligations of such Person pursuant to any Commodity Hedging Agreement, Currency Agreement or Interest Rate Agreement.

"**Incur**" means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; **provided that** (a) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (or fails to meet the qualifications necessary to remain an Unrestricted Subsidiary) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (b) the accretion of original issue discount, the accrual of interest, the accrual of dividends, the payment of interest in the form of additional Indebtedness and the payment of dividends in the form of additional shares of Preferred Stock (to the extent provided for when the Indebtedness or Preferred Stock on which such interest or dividend is paid was originally issued) shall not be considered an Incurrence of Indebtedness. The terms "**Incurrence**", "**Incurred**" and "**Incurring**" have meanings correlative with the foregoing.

"**Indebtedness**" means, with respect to any Person at any date of determination (without duplication):

(a) all indebtedness of such Person for borrowed money, including, for the avoidance of doubt, obligations of such Person with respect to *Shari'a*-compliant finance structures that are accounted for as indebtedness under GAAP;

(b) all obligations of such Person evidenced by bonds, debentures, Certificates or other similar instruments;

(c) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (including any premium, to the extent such premium has become due and payable);

(d) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;

(e) all Capitalised Lease Obligations and Attributable Indebtedness;

(f) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; **provided that** the amount of such Indebtedness shall be the lesser of (i) the Fair Market Value of such asset at such date of determination and (ii) the amount of such Indebtedness;

(g) all Indebtedness of other Persons guaranteed by such Person, to the extent such Indebtedness is guaranteed by such Person;

(h) to the extent not otherwise included in this definition, Hedging Obligations; and

(i) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation, *provided*:

(i) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortised portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP;

(ii) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be "Indebtedness" so long as such money is held to secure the payment of such interest; and

(iii) that the amount of Indebtedness with respect to any Hedging Obligation shall be equal to (x) zero if Incurred pursuant to Clause 1.1(b)(v), or (y) the net amount payable if such Hedging Obligation terminated at that time due to default by such Person, if not Incurred under such Clause 1.1(b)(v).

For the avoidance of doubt, "**Indebtedness**" shall not include:

(a) Trade Payables or other accrued liabilities incurred in the ordinary course of business and payable in accordance with customary practices;

(b) deferred tax or other obligations arising from or in connection with tax liability in the ordinary course of business;

(c) minority interest;

(d) non-interest bearing instalment obligations and accrued liabilities incurred in the ordinary course of business; and

(e) obligations of the Issuer or any Restricted Subsidiary pursuant to contracts for, or options, puts or similar arrangements relating to, the purchase of raw materials at a time in the future entered into in the ordinary course of business.

"**Independent Financial Advisor**" means a reputable licensed and qualified financial advisor, investment bank, appraisal firm or accounting firm of international standing, **provided that** such advisor or firm is not an Affiliate of the Guarantor.

"**Interest Rate Agreement**" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates, convert a fixed rate of interest into a floating rate of interest, convert a floating rate of interest into a different floating rate of interest or lower interest currently paid on Indebtedness of any Person.

"**Investment**" means:

(a) any direct or indirect advance, loan or other extension of credit to another Person;

(b) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);

(c) any purchase or acquisition of Capital Stock, Indebtedness, bonds, Certificates, debentures or other similar instruments or Certificates issued by another Person; or

(d) any guarantee of any obligation of another Person (to the extent such obligation is outstanding and to the extent guaranteed by such Person).

"**Invest**", "**Investing**" and "**Invested**" shall have corresponding meanings.

For the purposes of the provisions of Clause 1.2 and Clause 1.13: (a) the Guarantor will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Fair Market Value of the assets (net of liabilities owed to any Person other than the Guarantor or a Restricted Subsidiary and that are not guaranteed by the Guarantor or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, and (b) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

The acquisition by the Guarantor or a Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Guarantor or such Restricted Subsidiary in such third Person.

"**Investment Grade**" means (a) a rating of "AAA", "AA", "A" or "BBB", as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest Rating Categories, by S&P or any of its successors or assigns, or (b) a rating of "Aaa", "Aa", "A" or "Baa", as modified by a "1", "2" or "3" indication, or an equivalent rating representing one of the four highest Rating Categories, by Moody's or any of its successors or assigns, or (c) a rating of "AAA", "AA", "A" or "BBB", as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest Rating Categories, by Fitch or any of its successors or assigns, or (iv) the equivalent ratings of any internationally recognised rating agency or agencies, as the case may be, which shall have been designated by the Guarantor as having been substituted for S&P, Moody's or Fitch or two or three of them, as the case may be.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

"**Moody's**" means Moody's Investors Service and its affiliates.

"**Net Cash Proceeds**" means:

(a) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:

(i) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale;

(ii) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Guarantor and its Restricted Subsidiaries, taken as a whole;

(iii) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale; and

(iv) appropriate amounts to be provided by the Guarantor or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP; and

(b) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"**Offering Circular**" means the offering circular dated 2 May 2019 issued by the Trustee and the Obligor in connection with the issue and offering of the Certificates.

"**Officer**" means one of the executive officers of the Guarantor. "**Officers' Certificate**" means a certificate signed by two Officers.

"**Opinion of Counsel**" means a written opinion from legal counsel who is acceptable to the Delegate. The counsel may be an employee of or counsel to the Delegate.

"**Original Issue Date**" means the date on which the Certificates are originally issued under the Declaration of Trust.

"**Permitted Business**" means any business conducted or proposed to be conducted which is the same as or related, ancillary or complementary to any of the businesses of the Guarantor and its Restricted Subsidiaries (as described in the Offering Circular) on the Original Issue Date.

"**Permitted Holders**" means any or all of the following:

(a) Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah, Tuan Haji Abdul Kadier Bin Sahib and Dato' Awang Daud Bin Awang Putera; and

(b) any Affiliate (other than an Affiliate as defined in clause (b) of the definition of "Affiliate") of the Person specified in clause (a) above.

"**Permitted Investment**" means:

(a) any Investment in the Guarantor or a Restricted Subsidiary that is primarily engaged in a Permitted Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged in a Permitted Business or be merged or consolidated with or into or transfer or convey all or substantially all its assets to, the Guarantor or a Restricted Subsidiary that is primarily engaged in a Permitted Business;

(b) cash or Temporary Cash Investments;

(c) payroll, travel and similar advances made in the ordinary course of business to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP and not in excess of U.S.$5 million (or the Dollar Equivalent thereof) outstanding at any time;

(d) stock, obligations or securities received in satisfaction of judgments;

(e) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;

(f) any Investment pursuant to a Hedging Obligation entered into in the ordinary course of business (and not for speculation) and designed solely to protect the Guarantor or any Restricted Subsidiary against fluctuations in commodity prices, interest rates or foreign currency exchange rates;

(g) receivables owing to the Guarantor or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(h) Investments made by the Guarantor or any Restricted Subsidiary consisting of consideration received in connection with an Asset Sale made in compliance with Clause 1.9;

(i) pledges or deposits (i) with respect to leases or utilities provided to third parties in the ordinary course of business or (ii) otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under Clause 1.7;

(j) advances to contractors or suppliers for the acquisition of assets or consumables or services in the ordinary course of business that are recorded as deposits or prepaid expenses on the Guarantor's consolidated balance sheet;

(k) other Investments in any Person engaged in a Permitted Business having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (k) that are at the time outstanding, not to exceed 7.5 per cent. of Total Assets;

(l) Investments consisting of take or pay obligations contained in supply agreements relating to products, services or commodities of a type that the Guarantor or any of its Subsidiaries uses or sells in the ordinary course of business;

(m) security deposits required by utility companies and other Persons in a similar line of business to that of utility companies and governmental authorities that are utility companies, in each case, made in the ordinary course of business of the Guarantor and its Subsidiaries;

(n) Investments (a) existing on the Original Issue Date, (b) made pursuant to binding commitments in effect on the Original Issue Date and (c) that replaces, refinances, refunds, renews or extends any Investment described under either the immediately preceding clause (a) or (b); **provided that** any such Investment is in an amount that does not exceed the amount replaced, refinanced, refunded, renewed or extended;

(o) advances of payroll payments to employees in the ordinary course of business;

(p) deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers, compensation claims and other purposes specified by statute or regulation from time to time in the ordinary course of a Permitted Business;

(q) deposits made in order to secure the performance of the Guarantor or any Restricted Subsidiary in connection with the direct or indirect acquisition of real property or land use rights by the Guarantor or any Restricted Subsidiary, in each case, in the ordinary course of a Permitted Business;

(r) Investments in stocks and securities (including, without limitation, unit trusts) not to exceed U.S.$1 million (or the Dollar Equivalent thereof); and

(s) any repurchases of the Certificates.

"**Permitted Liens**" means:

(a) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(b) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(c) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);

(d) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Guarantor and its Restricted Subsidiaries, taken as a whole;

(e) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Guarantor or its Restricted Subsidiaries relating to such property or assets;

(f) any interest or title of a lessor in the property subject to any operating lease;

(g) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; **provided that** such Liens do not extend to or cover any property or assets of the Guarantor or any Restricted Subsidiary other than the property or assets acquired; **provided further that** such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;

(h) Liens in favour of the Guarantor or the Obligor;

(i) Liens arising from the attachment or rendering of a final judgment or order against the Guarantor or any Restricted Subsidiary that does not give rise to a Dissolution Event;

(j) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;

(k) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry and incurred in the ordinary course of business, in each case, securing Indebtedness under Hedging Obligations permitted by Clause 1.1(b)(v);

(l) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by the Guarantor or any of its Restricted Subsidiaries in the ordinary course of business in accordance with the past practices of the Guarantor and its Restricted Subsidiaries prior to the Original Issue Date;

(m) Liens existing on the Original Issue Date;

(n) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under Clause 1.1(b)(iv); **provided that** such Liens do not extend to or cover any property or assets of the Guarantor or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;

(o) easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties in favour of governmental agencies or utility companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Guarantor or any Restricted Subsidiary;

(p) Liens (including extensions and renewals thereof) upon real or personal property acquired after the Original Issue Date; **provided that** (a) such Lien is created solely for the purpose of securing Indebtedness of the type described under Clause 1.1(b)(vi) and such Lien is created prior to, at the time of or within 180 days after the later of the acquisition or the completion of development, construction or improvement of such property, (b) the principal amount of the Indebtedness secured by such Lien does not exceed 100 per cent. of the cost of such property, development construction or improvement and (c) such Lien shall not extend to or cover any property or assets other than such item of property and any improvements on such item, **provided that**, in the case of clauses (b) and (c), such Lien may cover other property or assets (instead of or in addition to such item of property or improvements) and the principal amount of Indebtedness secured by such Lien may exceed 100 per cent. of such cost if (x) such Lien is incurred in the ordinary course of business and (y) the aggregate book value of property or assets (as reflected in the most recent available consolidated financial statements of the Guarantor (which may be internal consolidated financial statements) or, if any such property or assets have been acquired since the date of such financial statements, the cost of such property or assets) subject to Liens incurred pursuant to this clause (p) does not exceed 130 per cent. of the aggregate principal amount of Indebtedness secured by such Liens; and

(q) Liens on current assets securing Indebtedness which is permitted to be Incurred under Clause 1.1(b)(xii) and Clause 1.1(b)(xiii).

For purposes of determining compliance with this definition, Permitted Liens need not be incurred solely by reference to one category of Permitted Liens described above but are permitted to be incurred in part under any combination thereof.

"**Permitted Subsidiary Indebtedness**" means Indebtedness (other than Public Indebtedness) of, and all Preferred Stock issued by, the Restricted Subsidiaries, taken as a whole (but excluding the amount of any Indebtedness of any Restricted Subsidiary permitted under Clauses 1.1(b)(iii), 1.1(b)(v) and 1.1(b)(vi) and Trust Obligations Guarantee permitted under Clause 1.1(b)(i)), **provided that**, on the date of the Incurrence of such Indebtedness or issuance of such Preferred Stock, as the case may be, and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness and Preferred Stock does not exceed an amount equal to 15 per cent. of the Total Assets.

"**Person**" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof.

"**Preferred Stock**" as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over any other class of Capital Stock of such Person.

"**Public Indebtedness**" means any bonds, debentures, securities or similar debt securities issued in a public offering or a private placement (other than the Certificates) to institutional investors.

"**Rating Agency**" or "**Rating Agencies**" means (a) S&P, (b) Moody's, (c) Fitch or (d) if S&P, Moody's or Fitch, two of the three of them or all three of them shall not make a rating of the Certificates publicly available, one or more internationally recognised Certificates rating agency or agencies, as the case may be, selected by the Guarantor, which shall be substituted for S&P, Moody's or Fitch, two of the three of them or all three of them, as the case may be.

"**Rating Category**" means (a) with respect to S&P, any of the following categories: "AAA", "AA", "A", "BBB", "BB", "B", "CCC", "CC", "C" and "D" (or equivalent successor categories); (b) with respect to Moody's, any of the following categories: "Aaa", "Aa", "A", "Baa", "Ba", "B", "Caa", "Ca", "C" and "D" (or equivalent successor categories); (c) with respect to Fitch, any of the following categories: "AAA", "AA", "A", "BBB", "BB", "B", "CCC", "CC", "C" and "D" (or equivalent successor categories); and (c) the equivalent of any such category of S&P, Moody's or Fitch used by another Rating Agency. In determining whether the rating of the Certificates has decreased by one or more gradations, gradations within Rating Categories ("+" and "-" for S&P; "1", "2" and "3" for Moody's; "+" and "-" for Fitch; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from "BB+" to "BB", as well as from "BB-" to "B+", will constitute a decrease of one gradation).

"**Rating Decline**" means, in connection with actions contemplated under Clause 1.10, the notification by any of the Rating Agencies that such proposed actions will result in any of the events listed below:

(a) in the event the Certificates are rated by all three Moody's, S&P and Fitch on the Rating Date as Investment Grade, the rating of the Certificates by any two of the three Rating Agencies shall be below Investment Grade;

(b) in the event the Certificates are rated by two, but not all three, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Certificates by either of such two Rating Agency shall be below Investment Grade;

(c) in the event the Certificates are rated by one, and only one, of the three Rating Agencies on the Rating Date as Investment Grade, the rating of the Certificates by such Rating Agency shall be below Investment Grade; or

(d) in the event the Certificates are rated below Investment Grade by three or less than three Rating Agencies on the Rating Date, the rating of the Certificates by any Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

"**Replacement Assets**" means, on any date, property or assets (other than current assets) of a nature or type or that are used in a Permitted Business, and for the purposes of Clause 1.9(d) shall include Capital Stock of any Person holding such property or assets, which is primarily engaged in a Permitted Business and will upon the acquisition by the Guarantor or any of its Restricted Subsidiaries of such Capital Stock, become a Restricted Subsidiary.

"**Restricted Subsidiary**" means any Subsidiary of the Guarantor (including the Obligor) other than an Unrestricted Subsidiary.

"**S&P**" means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, and its affiliates.

"**Sale and Leaseback Transaction**" means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Guarantor or any Restricted Subsidiary transfers such property to another Person and the Guarantor or any Restricted Subsidiary leases it from such Person.

"**Senior Indebtedness**" of the Guarantor or any Restricted Subsidiary, as the case may be, means all Indebtedness of the Guarantor or such Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to the Trust Obligations or the Trust Obligations Guarantee; **provided that** Senior Indebtedness does not include (1) any obligation to the Guarantor or any Restricted Subsidiary, (2) trade payables or (3) Indebtedness Incurred in violation of the Declaration of Trust.

"**Stated Maturity**" means, (a) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final instalment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (b) with respect to any scheduled instalment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such instalment is due and payable as set forth in the documentation governing such Indebtedness.

"**Subordinated Indebtedness**" means any Indebtedness of the Obligor, the Guarantor or any other Guarantor which is contractually subordinated or junior in right of payment to the Trust Obligations or the Trust Obligations Guarantee, as applicable, pursuant to a written agreement to such effect.

"**Subsidiary**" means, with respect to any Person, any corporation, association or other business entity of which more than 50 per cent. of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person.

"**Sukuk Asset Agreements**" means the Wakala Agreement and the Commodity Murabaha Investment Agreement.

"**Temporary Cash Investment**" means any of the following:

(a) direct obligations of Malaysia, the United States of America, the United Kingdom, Singapore, Hong Kong, Japan or any agency of any of the foregoing or obligations fully and unconditionally guaranteed by Malaysia, the United States of America, the United Kingdom, Singapore, Hong Kong, Japan or any agency of any of the foregoing, in each case maturing within one year;

(b) time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organised under the laws of the United States of America, any state thereof United States of America, the United Kingdom, Singapore, Hong Kong or Japan, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of U.S.$500 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated "A" (or such similar equivalent rating) or higher by at least one nationally recognised statistical rating organisation (as defined in Section 3(a)(62) under the Exchange Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;

(c) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (a) above entered into with a bank or trust company meeting the qualifications described in clause (b) above;

(d) commercial paper, maturing not more than 180 days after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Guarantor) organised and in existence under the laws of the United States of America, any state thereof, or any foreign country recognised by the United States of America with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P or Fitch;

(e) securities maturing within one year of the date of acquisition thereof, issued or fully and unconditionally guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P, Moody's or Fitch;

(f) any money market fund that has at least 95 per cent. of its assets continuously invested in investments of the types described in clauses (a) through (e) above; and

(g) time deposit accounts, certificates of deposit and money market deposits with(i) Malayan Banking Berhad, RHB Bank Berhad, Standard Chartered Bank Malaysia Berhad, HSBC Bank Malaysia Berhad, AmBank Group or CIMB Bank Berhad (**provided that** in the case of AmBank Group or CIMB Bank Berhad, such bank has outstanding debt that is not rated below Investment Grade for so long as such deposits are maintained), (ii) any other bank or trust company organised under the laws of Malaysia whose long-term debt is rated as high or higher than any of those banks listed in clause (i) of this paragraph or (iii) any other bank organised under the laws of Malaysia, **provided that**, in the case of clause (iii) of this paragraph, such deposits do not exceed U.S.$15 million (or the Dollar Equivalent thereof) with any single bank or U.S.$30 million (or the Dollar Equivalent thereof) in the aggregate on any date of determination.

"**Total Assets**" means, as of any date, the total consolidated assets of the Guarantor and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent semi-annual period for which consolidated financial statements of the Guarantor (which the Guarantor shall use its best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements); **provided that** only with respect to Clause 1.1(b)(vi) and the definition of "Permitted Subsidiary Indebtedness", Total Assets shall be calculated after giving *pro forma* effect to include the cumulative value of all of the real or personal property or equipment the acquisition, development, construction or improvement of which requires or required the Incurrence of Indebtedness and calculation of Total Assets thereunder in each case as of such date, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Guarantor or any of its Restricted Subsidiaries to the bank or other similar financial institutional lender providing such Indebtedness.

"**Trade Payables**" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services and payable within 90 days.

"**Transaction Date**" means, with respect to (i) the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred, (ii) with respect to any Restricted Payment, the date such Restricted Payment is to be made, and (iii) the Incurrence or assumption of any Lien, the date such Lien is to be Incurred or assumed.

"**Trust Obligations**" means the obligations of the Obligor to make payments to the Trustee in accordance with the Sukuk Asset Agreements.

"**Trust Obligations Guarantee**" means any guarantee of the Trust Obligations of the Obligor.

"**Unrestricted Subsidiary**" means (1) any Subsidiary of the Guarantor that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided herein; and (2) any Subsidiary of an Unrestricted Subsidiary.

"**Voting Stock**" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"**Wholly-Owned**" means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director's qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly-Owned Subsidiaries of such Person.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The Group has entered into financing agreements with various financial institutions to fund its existing operations and working capital requirements. The Group may from time to time enter into additional financing agreements in the ordinary course of business so as to finance its operational needs. Set forth below is a summary of the material terms and conditions of certain of these borrowings. The following summaries do not purport to describe all of the applicable terms and conditions of these financial arrangements and are qualified in their entirety by reference to the actual underlying finance agreements and other documentation.

Unless specified otherwise, the terms of the financing agreements below are governed by the laws of Malaysia and the parties subject to the exclusive jurisdiction of the Courts of Malaysia.

Unless specified otherwise, the terms of the financing agreements below contain events of default which are customary in such financings, namely, failure to pay the stipulated amount on the due date, insolvency and breaches of the terms of the financing agreements. The various lenders are entitled to terminate the relevant financing agreement and/or demand immediate repayment of the loans and any accrued interest upon the occurrence of an event of default. These financing agreements also contains cross-default provisions pursuant to which lenders are entitled to request immediate repayment of the loans upon a default in payment and/or an occurrence of an event of default under its other financing documents.

Serba Dinamik Holdings Berhad ("Serba Dinamik")

Sukuk Wakalah Programmes

Serba Dinamik established a multi-currency Islamic medium term note ("**IMTN**") programme of up to RM1,500,000,000 (the "**IMTN Programme**") and a multi-currency Islamic commercial paper ("**ICP**") programme of up to RM500,000,000 (the "**ICP Programme**"), with a combined aggregate limit of up to RM1,500,000,000 in nominal value, based on the *Shari'a* principles of Wakalah Bi Al-Istithmar (collectively, the ICP and the IMTN are referred to as the "**Sukuk Wakalah**" and the ICP Programme and the MTN Programme are collectively referred to as the "**Sukuk Wakalah Programmes**"). The IMTN Programme has a tenor of 30 years and the ICP Programme has a tenor of 7 years. The ICP under the ICP Programme are unsecured and without any guarantee. The IMTN Programme entails multiple issuances of rated IMTNs ("**Rated IMTNs**") and/or unrated IMTNs ("**Unrated IMTNs**"). The Rated IMTNs are unsecured and without any guarantee. In respect of Unrated IMTNs, the same may be, at the election of Serba Dinamik (as the issuer): (a) unsecured and without any guarantee; or (b) secured and without any guarantee; or (c) guaranteed, in which the details of such security and/or guarantee will be determined prior to the issuance of the Unrated IMTNs.

As at 2 October 2018 and 1 November 2018, Serba Dinamik raised RM800 million under its IMTN Programme and RM10 million under its ICP Programme, respectively, for general working capital purposes and to refinance existing debts. The Certificates have a tenure of 5 and 10 years, payable semi-annually, and which mature in 2023 and 2028, respectively. The Group is required to maintain a debt to equity ratio not exceeding 1.25 times throughout the tenure of the Sukuk Wakalah Programmes. All outstanding securities issued under the Sukuk Wakalah Programmes are intended to be redeemed with the proceeds from the Serba Dinamik Murabaha Facility described below. See "*Use of Proceeds*". Pursuant to the Extraordinary General Meeting of IMTN Holders held on 26 November 2019 and the Special Resolution in Writing of the ICP Holders passed on 26 November 2019, the IMTN Holders and ICP Holders have respectively approved the Issuer to early redeem the IMTN and ICP in whole and not in part, respectively, subject to conditions, amongst others, that the Issuer shall issue a notice of early redemption of not less than five (5) business days prior to the proposed Early Redemption Date, being a date no later than 31 December 2019.

RM900,000,000 Syndicated Islamic Term Facility with HSBC Amanah and other financiers, who are to be determined from time to time (the "Serba Dinamik Murabaha Facility"), with an option to increase the facility limit to up to RM1,000,000,000

Serba Dinamik will be a party to a Shari'a-compliant syndicated financing arrangement with HSBC Amanah Malaysia Berhad ("**HSBC Amanah**") and any other financiers who are to be determined from time to time, comprising a commodity murabaha financing facility of RM900,000,000, with an option to increase the facility limit to up to RM1,000,000,000, pursuant to a master murabaha facility agreement and an investment agency agreement. The Serba Dinamik Murabaha Facility will be used for the purposes of redeeming its outstanding senior sukuk of RM800,000,000 in nominal value which were issued by Serba Dinamik on 2 October 2018 and which matures in 2023 and 2028 under the Sukuk Wakalah Programmes, and in the event that the facility limit of RM900,000,000 is increased, and to the extent of such increase, financing the general corporate purposes of the Group.

Covenants

Serba Dinamik has undertaken, among others, that:

- it shall maintain certain maximum net leverage, minimum debt service cover, minimum finance cover, maximum net gearing and minimum cover ratios during certain stipulated periods; and
- subject to certain exceptions, it shall not create or permit to subsist any security over any of its assets; sell transfer or otherwise dispose of assets; enter into any amalgamation, demerger, merger or corporate reconstruction; change the general nature of its business from that carried out at the date of the agreement; incur or permit to remain outstanding any financial indebtedness and open and maintain a debt service reserve account.

Guarantee and Security

The Serba Dinamik Murabaha Facility is guaranteed by SDGB, SDSB and SDIL, and is unsecured.

Serba Dinamik Group Berhad ("SDGB")

SDGB is party to two financing arrangements with HSBC Amanah Malaysia Berhad ("**HSBC Amanah**"), namely (a) a commodity murabahah financing facility of up to RM100,000,000 pursuant to a facility agreement dated 25 May 2017 ("**SDGB Murabahah Facility**") and (b) an islamic facility of up to RM150,000,000 pursuant to a letter of offer dated 23 March 2017 (as supplemented on 19 July 2017 and 7 September 2017) ("**SDGB Islamic Facility**").

SDGB Murabahah Facility

Covenants

SDGB has undertaken, among others, that:

- SDGB, Serba Dinamik, Serba Dinamik International Ltd ("**SDIL**") and Serba Dinamik Sdn Bhd ("**SDSB**"), shall not incur or allow to remain outstanding any financial indebtedness except for a permitted financial indebtedness or permitted transaction; and
- neither SDGB nor Serba Dinamik, SDIL or SDSB shall incur or allow to remain outstanding any guarantee in respect of any obligation of any person except for a permitted guarantee.

Guarantee and Security

The SDBG Murabahah Facility is guaranteed by Serba Dinamik, SDIL and SDSB. SDGB has also created in favour of HSBC Amanah, amongst others, a charge over shares of the target company named therein over a term deposit of RM75,000,000.

SDGB Islamic Facility

Guarantee and Security

The SDBG Islamic Facility is guaranteed by Serba Dinamik, SDIL and SDSB. SDBG has also created in favour of HSBC Amanah, amongst others, an assignment over sukuk proceeds raised in relation to the construction of water treatment plants at Kuala Terengganu Utara for up to RM110,000,000.

Serba Dinamik Sdn Bhd

RM200,000,000 Syndicated Islamic Term Facility with Ambank Islamic Berhad ("AmIslamic") and Standard Chartered Saadiq Berhad ("SCSB") (the "SDSB Syndicated Islamic Term Facility")

SDSB is a party to the SDSB Syndicated Islamic Term Facility pursuant to a master facility agreement dated 12 December 2017.

Covenants

SDSB has undertaken, among others, that it shall not give a guarantee, indemnity or assurance against loss to or for the benefit of any person or act as surety or otherwise voluntarily assume any liability, whether actual or contingent.

Guarantee and Security

The SDSB Syndicated Islamic Term Facility is guaranteed by Serba Dinamik. SDSB has also created in favour of the security agent (acting on behalf of AmIslamic and SCSB), amongst others, a charge and assignment over a collateral account, a charge and assignment over a designated account, an assignment over insurance policies/ takaful certificates, an assignment and charge over land and a debenture.

RM120,000,000 Receivable Financing Facility with HSBC Bank Malaysia Berhad ("HSBC") (the "SDSB Receivable Financing")

SDSB is a party to the SDSB Receivable Financing pursuant to a letter of offer dated 22 March 2017 (as supplemented on 20 April 2017 and on 14 September 2017).

Guarantee and Security

The SDSB Receivable Financing is guaranteed by Serba Dinamik. SDSB has also created in favour of HSBC, amongst others, security over a deposit.

RM85,000,000 Commodity Murabahah Financing and Trade Facilities with SCSB (the "SDSB SCSB Facility")

SDSB is a party to the SDSB SCSB Facility pursuant to a facility agreement dated 2 February 2011.

Covenants

SDSB has undertaken, among others, that it shall not make any financing facilities or advance or guarantee or grant any credit to any of its directors, shareholders or related companies or any company or person or firm or organisation or purchase or otherwise acquire the capital stock, assets, goods or obligation of any of its directors, shareholders or related companies or any company or person or firm or organisation save and except in the ordinary course of business and on commercial terms and on the basis of an arm's length transaction.

Guarantee and Security

The SDSB SCSB Facility is guaranteed by Serba Dinamik. SDSB has also created in favour of SCSB, amongst others, a charge over cash deposits and a charge and assignment over revenue/escrow account(s) of the new projects financed by SCSB.

Serba Dinamik International Ltd

U.S.$15,000,000 Commodity Murabaha Financing with Islamic Corporation for the Development of the Private Sector ("ICD") (the "ICD U.S.$15 million Facility")

SDIL is a party to the ICD U.S.$15 million Facility pursuant to a commodity murabaha financing agreement dated 16 December 2018.

Covenants

SDIL has undertaken that it shall not, without prior written consent from ICD, incur, permit to exist or guarantee any indebtedness or payment obligation, except for medium or long term debt, and provided that the total banking debt to equity ratio (inclusive of owners current account) is less than 60:40 and the debt service coverage ratio is not less than 1.5.

Guarantee and Security

The ICD U.S.$15 million Facility is guaranteed by Serba Dinamik.

U.S.$15,000,000 Commodity Murabaha Financing with ICD (the "ICD U.S.$15 million Facility")

SDIL is a party to the ICD U.S.$10 million Facility pursuant to a commodity murabaha financing agreement dated 22 August 2017.

Covenants

SDIL has undertaken that it shall not, without prior written consent in writing from ICD, incur, permit to exist or guarantee any indebtedness or payment obligation, except for medium or long term debt, and provided that the total banking debt to equity ratio (inclusive of owners current account) is less than 60:40 and the debt service coverage ratio is not less than 1.5.

Guarantee and Security

The ICD U.S.$15 million Facility is guaranteed by Serba Dinamik.

U.S.$43,000,000 Banking Facilities with SCSB (the "SCSB Banking Facility")

SDIL is a party to the SCSB Banking Facility pursuant to a facility letter dated 14 November 2013 (as amended by the facility letters dated 18 November 2014 and 11 July 2018).

Guarantee and Security

The SCSB Banking Facility is guaranteed by Serba Dinamik. SDIL has also created in favour of SCSB, amongst others, an assignment and charge over the revenue/escrow account and a charge over a term deposit of USD4,500,000.

U.S.$25,000,000 Banking Facilities with RHB Islamic Bank Berhad ("RHB") (the "RHB Banking Facility")

SDIL is a party to the RHB Islamic Banking Facility pursuant to an Islamic multi trade lines facility agreement dated 31 October 2016 (as supplemented on 27 March 2019).

Covenants

SDIL has undertaken, among others, that

- save and except in the ordinary course of business and on commercial terms and on the basis of arm's length transaction, it shall not make any loans or advance or guarantee or grant any credit to any of its directors, shareholders or related companies or any company or person or firm or organisation or purchase or otherwise acquire the capital stock, assets or obligation of any of its directors, shareholders or related companies or any company or person or firm or organisation;
- it shall not incur, assume, guarantee or permit to exist or guarantee any indebtedness other than:
  - (i) the indebtedness under the RHB Banking Facility;
  - (ii) any debt or guarantee which has been disclosed by SDIL to RHB prior to the date of the facility agreement of the RHB Banking Facility;
  - (iii) those permitted under the security documents entered into under the RHB Banking Facility;
  - (iv) short term debts (any debt payable on demand or maturity by its terms within 12 months after the date on which it was originally incurred) incurred or obtained in the ordinary course of business on commercial terms and on the basis of arm's length transaction; and
  - (v) medium or long term debt only if the total banking debt to equity ratio does not exceed 2.0 times.

Guarantee and Security

The RHB Banking Facility is guaranteed by Serba Dinamik. SDIL has also created in favour of RHB, amongst others, a memorandum of deposit and a letter of set-off.

U.S.$21,000,000 Financing Facilities with HSBC Amanah Malaysia Berhad (the "HSBC Financing Facility")

SDIL is a party to the HSBC Financing Facility pursuant to a letter of offer dated 21 April 2015 (as supplemented on 25 June 2015).

Guarantee and Security

The HSBC Financing Facility is guaranteed by a limited guarantee by Serba Dinamik and limited guarantees given by Mohd Abdul Karim bin Abdullah and Awang Daud bin Awang Putera. SDIL has also created in favour of HSBC Amanah, amongst others, a specific debenture over high precision tools and equipment for set up of service centres in Bahrain and Basrah financed by HSBC Amanah, an assignment over insurance/takaful, a charge and assignment over an escrow account and a security over deposit.

U.S.$20,000,000 Commodity Murabahah Financing-I Revolving Credit Facility with Mizuho Bank (Malaysia) Berhad ("Mizuho") (the "Mizuho Revolving Credit Facility")

SDIL is a party to the Mizuho Revolving Credit Facility pursuant to a master commodity murabahah facility agreement dated 22 May 2018.

Guarantee and Security

The Mizuho Revolving Credit Facility is guaranteed by SDGB.

U.S.$30,000,000 Financing Facilities with Bank of China (Malaysia) Berhad ("BOCM") (the "BOCM Financing Facility")

SDIL is a party to the BOCM Financing Facility pursuant to a facilities agreement dated 29 June 2018.

Covenants

SDIL has undertaken, among others, that:

- it shall not grant any loans or guarantee any person except for normal trade credit or trade guarantees in the ordinary course of business;
- it shall not incur, assume or permit to exist any indebtedness or loans except:
  (a) those already disclosed in writing and consented by BOCM; and
  (b) unsecured indebtedness incurred in the ordinary course of business of SDIL.

Guarantee and Security

The BOCM Financing Facility is guaranteed by Serba Dinamik. SDIL has also created in favour of BOCM, amongst others, a charge over a sinking fund account and a memorandum of deposit.

U.S.$63,973,734.95 Murabaha Facility with Standard Chartered Bank (the "UK Export Finance Supported Murabaha Facility")

On 27 August 2019, PT Serba Dinamik Indonesia ("**SDI**") as purchaser and Serba Dinamik International Limited as guarantor, entered into a commercial terms agreement with Standard Chartered Bank for a term murabaha facility in the amount of U.S.$63,973,734.95, to assist in the financing of the export contract between SDI and SDIL relating to the purchase of goods and services from SDIL to be used for various energy projects in Indonesia. Her Britannic Majesty's Secretary of State acting through the Export Credits Guarantee Department ("**UK Export Finance**") has agreed to give a guarantee to Standard Chartered Bank relating to certain obligations of the Purchaser under the terms of this facility.

SDI and SDIL have undertaken, among others:

- they will not create or permit to subsist any security over any of their assets;
- they will not make any loan or finance, grant any credit facility or give any guarantee or indemnity or other financial accommodation other than as expressly permitted by or contemplated by the transaction documents relating to this facility; and
- they will not acquire a company or any shares or securities or a business or undertaking unless permitted under the facility agreement.

SDIL must also ensure that (a) the ratio of total financial outstanding to EBITDA (as defined in the facility agreement) will not exceed 4:1 in respect of any relevant period; and (b) the ratio of total financial outstanding to tangible net worth (as defined in the facility agreement) will not exceed 1.5:1 in respect of any relevant period.

The transaction documents in relation to this facility and any non-contractual obligations arising out of or in connection with them are governed by, and construed in accordance with, English law.

SD International Sukuk Limited

U.S.$.300,000,000 Trust Certificates due 2022

On 9 May 2019, SD International Sukuk Limited ("**SDISL**"), in its capacity as issuer and as trustee, issued U.S.$300,000,000 trust certificates due 2022 (the "**2022 Certificates**") with SDIL as obligor, Serba Dinamik as the guarantor and The Hongkong and Shanghai Banking Corporation Limited as the delegate of the trustee.

Holders of the 2022 Certificate have the right to receive certain payments arising from an undivided ownership interest in certain assets of the trust, which will include, *inter alia*: (i) any and all of the rights, title, interest, benefits and entitlements, present and future, of SDISL as trustee in, to and under the wakala investment (as defined in the transaction documents relating to the 2022 Certificates), (ii) any and all of the interest, rights, benefits and entitlements, present and future, of the trustee in, to and under the transaction documents, (iii) any and all moneys standing to the credit of the transaction account relating to the 2022 Certificates (as defined in the transaction documents) from time to time and (iv) all proceeds of the foregoing.

Periodic distributions shall be payable subject to and in accordance with the terms and conditions of the Certificates on the outstanding face amount of the 2022 Certificates from (and including) 9 May 2019 to (but excluding) 9 May 2022 at a profit rate of 6.30 per cent. per annum.

Subject to certain conditions and exemptions, the deed of guarantee for the 2022 Certificates contains certain covenants, restricting SDHB and each of its restricted subsidiaries (including SDIL) from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- declaring dividends on its capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- entering into agreements that restrict the related restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

The covenants for the 2022 Certificates are substantially similar to those under the Certificates offered hereby. See "*Supplemental Covenants Applicable to the Certificates.*"

The transaction documents in relation to the trust certificates and any non-contractual obligations arising out of or in connection with them are governed by, and construed in accordance with, English law.

SUMMARY OF PROVISIONS RELATING TO THE CERTIFICATES IN GLOBAL FORM

The Global Certificate contains the following provisions which apply to the Certificates whilst they are represented by the Global Certificate, some of which modify the effect of the Conditions. The following is a summary of certain of those provisions. Unless otherwise defined, terms defined in the Conditions have the same meaning below.

Form of the Certificates

The Certificates will be in registered form and will be issued outside the United States in reliance on Regulation S.

The Certificates will be represented by beneficial interests in a global certificate in registered form (the "**Global Certificate**"). The Global Certificate will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg, and will be registered in the name of a nominee for the common depositary. Persons holding ownership interests in the Global Certificate will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Certificates in fully registered form.

Holders

For so long as the Certificates are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg, the registered holder of the Global Certificate shall, except as ordered by a court of competent jurisdiction or as required by law, be treated as the owner thereof (the "**Registered Holder**").

Each of the persons (other than another clearing system) who is for the time being shown in the records of either such clearing system as the holder of a particular aggregate face amount of such Certificates (the "**Accountholders**") (in which regard, any certificate or other document issued by a clearing system as to the aggregate face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be deemed to be the Certificateholder in respect of the aggregate face amount of such Certificates standing to its account in the records of Euroclear or Clearstream, Luxembourg, as the case may be, other than for the purpose of payments in respect thereof, the right to which shall be vested solely in the Registered Holder, as against the Trustee and an Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Registered Holder, and the expressions "**Certificateholder**" and "**holder of Certificates**" and related expressions shall be construed accordingly. In addition, holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the relevant Certificates. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Payments

Payments of any amount in respect of the Global Certificate will, in the absence of any provision to the contrary, be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be the Closing System Business Day immediately prior to the due date for payment (where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January).

None of the Trustee, the Delegate, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

Transfer of Certificates represented by Global Certificates

Transfers of the holding of Certificates represented by the Global Certificate pursuant to Condition 3(a) may only be made in part:

(i) if the Certificates represented by the Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**") and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

(ii) upon or following any failure to pay the Dissolution Distribution Amount in respect of any Certificates when it is due and payable,

provided that, in the case of the first transfer of part of a holding pursuant to (i) or (ii) above, the holder of the Certificates represented by such Global Certificate has given the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such transfer. Where the holding of Certificates represented by the Global Certificate is only transferable in its entirety, the Certificate issued to the transferee upon transfer of such holding shall be a Global Certificate. Where transfers are permitted in part, Certificates issued to transferees shall not be Global Certificates unless the transferee so requests and certifies to the Registrar that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or an Alternative Clearing System.

Cancellation

Cancellation of any Certificate represented by the Global Certificate will be effected by reduction in the aggregate face amount of the Certificates in the Register.

Meetings

For the purposes of any meeting of Certificateholders, the holder of the Certificates represented by the Global Certificate shall (unless the Global Certificate represents only one Certificate) be treated as two persons for the purposes of any quorum requirements of a meeting of Certificateholders and as being entitled to one vote in respect of each U.S.$1,000 of the Certificates.

Notices

Notices required to be given in respect of the Certificates represented by the Global Certificate may be given by their being delivered (so long as the Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg or an Alternative Clearing System) to Euroclear, Clearstream, Luxembourg or an Alternative Clearing System, as the case may be, or otherwise to the holder of the Global Certificate, rather than by publication as required by the Conditions, except that so long as the Certificates are listed, traded or quoted on any stock exchange or securities market, notices shall also be published in a manner which complies with the rules and regulations of the relevant listing authority, stock exchange, securities market and/or quotation system. Any such notice shall be deemed to have been given to the holders of the Certificates on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or such other Alternative Clearing System.

Electronic Consent and Written Resolution

Whilst the Global Certificate is registered in the name of any nominee for Euroclear or Clearstream, Luxembourg, then:

(a) approval of a resolution proposed by the Trustee, the Obligor or the Delegate (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their respective operating rules and procedures by or on behalf of the holders of not less than 90 per cent. in principal amount of the Certificates outstanding (an "**Electronic Consent**" as defined in the Declaration of Trust) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the special quorum (as specified in the Declaration of Trust) was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held, and shall be binding on all Certificateholders, whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Declaration of Trust) has been validly passed, the Trustee, the Obligor or the Delegate shall be entitled to rely on consent or instructions given in writing directly to the Trustee, the Obligor or the Delegate (i) by accountholders in the relevant clearing system(s) with entitlements to such Global Certificate or, (ii) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by such accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Trustee, the Obligor and the Delegate shall be entitled to rely on any certificate or other document issued by, in the case of (i) above, Euroclear, Clearstream or any other relevant Alternative Clearing System (the "**relevant clearing system**") and, in the case of (ii) above, the relevant clearing system and the person identified by the relevant clearing system for the purposes of (ii) above. Any resolution passed in such manner shall be binding on all Certificateholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or printout of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Creation Online system) in accordance with its usual procedures and in which the accountholder of a particular principal amount of the Certificates is clearly identified together with the amount of such holding. None of the Trustee, the Obligor and/or the Delegate shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

Call Option

The Trustee's call option in Condition 8(b) may be exercised by the Trustee giving notice to the Delegate and the Certificateholders within the time limits specified in Condition 8(b) and containing the information required by the Conditions.

USE OF PROCEEDS

The Trustee (acting on behalf of the Certificateholders) will use the proceeds arising from the issue of the Certificates by (1) investing a portion of such proceeds in accordance with the terms of the Wakala Agreement and (2) applying the remaining portion of such proceeds in the Commodity Murabaha Investment.

Pursuant to the Declaration of Trust, the Obligor must ensure that (1) all proceeds following the creation of the Murabaha Contract in accordance with the Commodity Murabaha Investment Agreement (the "**CMIA Proceeds**") and (2) all proceeds following the investment by the Wakeel of the Initial Wakala Investment Amount in accordance with the Wakala Agreement (the "**Wakala Proceeds**" and together with the CMIA Proceeds, the "**Transaction Proceeds**"), are upon receipt immediately paid into the Proceeds Account on the Issue Date.

Upon the occurrence of a RM-denominated Sukuk Non-Redemption Event, the Delegate shall deliver to the Account Bank a certificate (the "**RM-denominated Sukuk Non-Redemption Event Instruction Certificate**") signed by an authorised representative of the Delegate (which instruction shall be copied to the Trustee, the Obligor and the Guarantor at the same time as being sent to the Account Bank) instructing the Account Bank to transfer the Transaction Proceeds in the Proceeds Account to the Transaction Account for the purposes of funding the redemption of the Certificates pursuant to Condition 8(d) and such Proceeds Account is to be closed thereafter upon the release of the Transaction Proceeds, each in accordance with the instructions set out in such RM-denominated Sukuk Non-Redemption Event Instruction Certificate.

Upon the occurrence of a RM-denominated Sukuk Redemption Event:

(1) the Guarantor shall deliver to the Delegate, a certificate (the "**RM-denominated Sukuk Redemption Event Certificate"**) signed by two Authorised Representatives of the Guarantor (which certificate shall be copied to the Trustee and the Obligor at the same time as being sent to the Delegate) stating that the RM-denominated Sukuk Redemption Event has occurred. including the circumstances and the relevant facts and supporting documents evidencing the occurrence of the RM-denominated Sukuk Redemption Event; and

(2) upon receipt of the RM-denominated Sukuk Redemption Event Certificate, the Delegate shall (a) deliver to the Guarantor an "acknowledgment certificate" acknowledging receipt of the RM-denominated Sukuk Redemption Certificate and (b) deliver to the Account Bank a certificate (the "**RM-denominated Sukuk Redemption Event Instruction Certificate**") signed by an authorised representative of the Delegate (which instruction shall be copied to the Trustee, the Obligor and the Guarantor at the same time as being sent to the Account Bank) confirming that the Transaction Proceeds in the Proceeds Account are permitted to be released and utilised by the Obligor in its discretion (as further described in sub-para (3) below) and such Proceeds Account is to be closed thereafter upon the release of the Transaction Proceeds, each in accordance with the instructions set out in such RM-denominated Sukuk Redemption Event Instruction Certificate.

(3) Serba Dinamik will use the net proceeds from the issue of the Certificates as follows: (a) approximately 50% as capital expenditure for equity injection into certain special projects, including the Aromatics Complex and the Uzbekistan Caustic Flakes and Chlorine Project; (b) approximately 50% for working capital purposes in relation to the Aromatics Complex, the Turkmengaz Project and the Uzbekistan Caustic Flakes and Chlorine Plant Project; and (c) the remainder for transaction expenses and general corporate purposes.

For more information on the above projects, see "*Description of Serba Dinamik and the Group — Key Recent Developments*".

DESCRIPTION OF THE TRUSTEE

SD International Sukuk II Limited (Company No. LL16193) was incorporated on 27 September 2019 in Malaysia under the Labuan Companies Act 1990 with its registered address at Level 6(D), Main Office Tower, Financial Park, Jalan Merdeka, Post Office Box 80887, 87018 Labuan, Federal Territory of Labuan, Malaysia.

The Trustee is a special purpose company and has been formed for the purpose of participating in the transactions contemplated by the Transaction Documents.

The issued and paid-up capital of the Trustee is U.S.$1,000 and is held by the Obligor. The directors of the Trustee and their designations are set out below:

1. Mohd Abdul Karim bin Abdullah; and

2. Awang Daud bin Awang Putera.

See "*Directors and Management*".

The Trustee has not engaged since its incorporation, and will not engage, in any material activities other than those relating to or incidental to the issue of the Certificates and the matters contemplated in this Offering Circular and the Transaction Documents.

DESCRIPTION OF SERBA DINAMIK AND THE GROUP

This section should be read in conjunction with, and is qualified in its entirety by, the more detailed information about the Group, in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements of Serba Dinamik and SDGB, including the accompanying notes thereto, included elsewhere in this Offering Circular.

This section includes financial information for both Serba Dinamik and SDGB. Investors should note that Serba Dinamik was only incorporated in December 2015 as part of the corporate restructuring exercise conducted for the initial public offering of Serba Dinamik. As such, consolidated financial information for Serba Dinamik is only available after its incorporation, and the financial statements of Serba Dinamik as of and for the financial year ended 31 December 2016 present certain information as of 5 December 2015 and illustrate the operations of the Group for the period from 25 May 2016 (the date in which Serba Dinamik acquired the entire issued and paid-up share capital of SDGB) to 31 December 2016. Accordingly, for the purposes of this section, we have presented SDGB's financial information and results of operations for the financial years ended 31 December 2016 and 2017 and Serba Dinamik's financial information and results of operations for the financial years ended 31 December 2017 and 2018 and the six months ended 30 June 2018 and 2019. For more information on the corporate restructuring conducted by the Group, see "—History and Development—Corporate Restructuring".

Overview

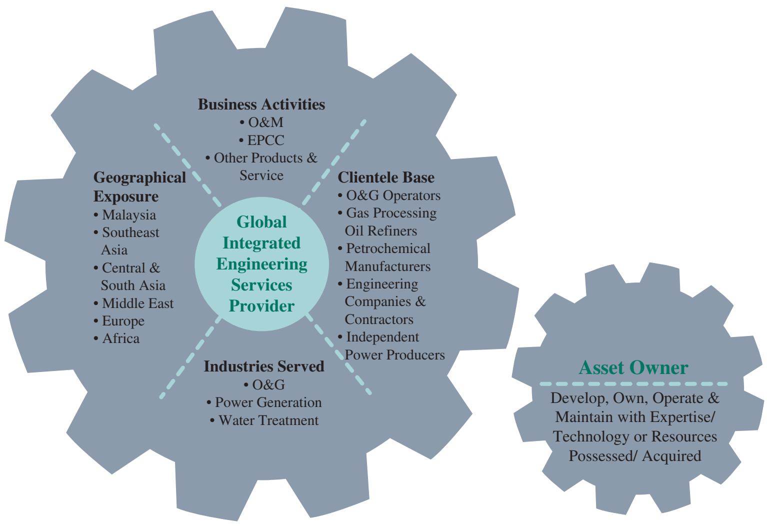
The Group is an energy services group providing engineering solutions to the O&G, power generation, water and utilities industries with operational facilities in Malaysia, Indonesia, the UAE, Bahrain and the UK. As an engineering solutions provider, the Group's business activities comprise O&M services, EPCC works and other products and services.

With regards to the Group's O&M services, the Group carries out MRO of rotating equipment including gas and steam turbines, engines, motors, pumps, compressors and industrial fans; and IRM of static equipment and structures including boilers, unfired pressure vessels and piping systems and structures. The types of rotating equipment that the Group services are located in, among others, O&G production platforms, gas processing plants, oil refineries, petrochemical manufacturing plants, power generation plants, LNG plants and more recently, water and utilities plants. Within the power generation industry, the Group services independent power producers as well as O&G customers that have power generation equipment for their own use.

The Group has the capabilities to carry out EPCC of plants, facilities, road infrastructure and buildings including small hydropower plants, CNG plants, water treatment plants, sewerage treatment plants, chemical plants, microturbine generators, steel structures, piping systems and firefighting systems. The Group also focuses on minor fabrication works including, among others, steel structures, piping systems, installation of rotating and static equipment as well as construction of plants, amenities and buildings.

Other products and services include the provision of process control and instrumentation, technical training, ICT solutions and services, supply of products and parts and provision of logistics services. ICT services is the primary contributor to this segment, with technical education and training services and individual purchase orders accounting for the remaining.

The Group's business model is summarised below:



The industries that the Group serves, as segmented by revenue and their contribution to revenue for the respective periods indicated in the table below, are as follows:

	SDGB		Serba Dinamik			
	For the financial year ended 31 December		For the financial year ended 31 December		For the six months ended 30 June	
	2016	2017	2017	2018	2018	2019
			(%)			
Industry Sectors						
O&G	94.6	94.7	94.7	96.9	95.0	92.0
Power generation	3.2	3.1	3.1	1.8	4.4	2.9
Others(1)	2.2	2.2	2.2	1.3	0.6	5.1
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

(1) Includes pulp and paper, wastewater treatment, marine, desalination, mining, fertilisers and metals.

The Group's revenue is largely derived from the O&G industry. Within the O&G industry, the sectors that the Group services include upstream production of O&G and downstream processing, refining and manufacturing sectors of the O&G industry. As for the power generation industry, the Group services engineering companies and contractors, independent power producers as well as O&G customers that have power generation equipment for their own use. While the Group intends to continue to focus on the energy industry, the Group has invested and intends to continue to invest in other industries, such as the water and utilities industries, to create new revenue streams, to provide it with additional growth opportunities and to reduce its reliance on any one industry. For example, the Group expanded into the O&M services of hydropower plants and water treatment plants in early 2017. The Group also intends to diversify in terms of geography. In 2017, the Group expanded into Africa by acquiring a 25.0% equity interest in a joint venture company in Tanzania to set up and run a chlor-alkali plant and in 2019, expanded into Uzbekistan by securing an EPCC contract for a 90 mtpd chlor-alkali plant and steam turbine power plant, the latter contract to be completed within two years from 8 August 2019 to 7 August 2021.

Since 2015, the Group has adopted an asset ownership business model into its operations to further grow and sustain its business. Under this model, the Group acquires minority equity stakes in companies with projects within the Group's scope of expertise which provide dividend streams as well as enable the Group to secure income from EPCC work before completion of these projects and the O&M services once the projects are completed. One example is the Group's CNG plant in Muaro Jambi, Sumatra, Indonesia and its small gas power plant in Ambon Island, Indonesia, where the Group has developed and currently owns, operates and maintains these assets. In 2015, the Group also acquired a 30.0% stake in a company which operates a small hydropower project in Kota Marudu. In 2017, the Group acquired minority interests in companies with water and sewerage treatment plants in Terengganu, Malaysia and a chlor-alkali plant in Tanzania. In 2018, the Group signed share sale agreements to acquire minority interests in two companies to develop a mini hydro power plant in Laos and LNG facilities in Lumut, Perak, Malaysia, for which the acquisitions were completed in 2019.

SDGB's consolidated revenue for the financial years ended 31 December 2016 and 2017 was RM2,168.3 million and RM2,722.3 million respectively. SDGB's EBITDA for the financial years ended 31 December 2016 and 2017 was RM355.9 million and RM451.0 million, respectively.

Serba Dinamik's consolidated revenue for the financial years ended 31 December 2017 and 2018 was RM2,722.3 million and RM3,283.2 million (U.S.$793.8 million), respectively. Serba Dinamik's EBITDA for the financial years ended 31 December 2017 and 2018 was RM449.0 million and RM579.0 million (U.S.$140.0 million), respectively. For the six months ended 30 June 2018 and 2019, Serba Dinamik's consolidated revenue was RM1,535.0 million and RM2,156.8 million (U.S.$521.5 million), respectively. For the same periods, Serba Dinamik's EBITDA was RM262.1 million and RM396.6 million (U.S.$95.9 million), respectively.

History and Development

The table below illustrates certain of the key milestones of the Group:

Year	Milestone
1993	• Established first service centre in Bintulu, Sarawak, providing MRO services for rotating equipment
1997	• Became a PETRONAS vendor

Year	Milestone
2001	• First overseas MRO contract for an LNG plant in Qatar
2004	• Set up a second service centre including training centre in Paka, Terengganu
2005	• Set up base in Indonesia
2007	• Graduated from PETRONAS Vendor Development Programme ("**VDP**")
2013	• Established offices in London and Bahrain to service customers in the United Kingdom and the Middle East
2015	• Acquired a 5% stake in a CNG plant in Muaro Jambi, Indonesia
	• Appointed by Ministry of International Trade & Industry ("**MITI**") to be anchor company for the Group's own VDP
	• Acquired a 30% stake in Adat Sanjung Sdn.Bhd., a company with a combined 29MW hydropower plants in Kota Marudu, Sabah
2016	• Serba Dinamik was incorporated
	• Serba Dinamik issued 1,063,599,998 ordinary shares as purchase consideration for the entire issued and paid-up capital of SDGB
2017	• Listed on the Main Market of Bursa Securities
	• Commenced development of the Group's Bintulu Integrated Energy Hub in Kidurong, Bintulu
	• Acquired a 40.0% equity interest in Konsortium KAJV Sdn Bhd and participated in the development of a 120 million litres per day ("**MLD**") conventional water treatment plant and a 28 MLD membrane water treatment plant as part of the Kuala Terengganu Utara Water Supply Scheme for the State Government of Terengganu, Malaysia. Together with the acquisition, the Group was awarded the EPCC contracts for the plants
	• Acquired a 16-storey office building in Shah Alam as the Group's new head office
	• Expanded into Africa and acquired a 25.0% equity interest in Sufini Holdings Ltd., which will be the owner of a chlor-alkali plant in Tanzania. Together with the acquisition, the Group was awarded the EPCC and O&M contracts for the plant
	• Acquired land in Pengerang, southern Johor to develop the Pengerang eco-Industrial Park and Pengerang International Commercial Centre
2018	• Commenced acquisition of a 49.0% equity interest in OHP Ventures Incorporated to participate in the development of hydropower plants in Houaphan Province, Laos. The Group was awarded the EPCC contracts for the plant and the share transfer was completed in May 2019
	• Commenced development of Pengerang eco-Industrial Park and Pengerang International Commercial Centre
	• Acquired a 24.8% stake in SGX-listed CSE Global Limited
	• Acquired a 49.0% stake in UAE-based pumps supplier Al Sagar Engineering Group LLC and Al Sagar National Establishment
	• Subscribed to a 15.0% stake in Malaysian biogas power producer Green & Smart Holdings Plc and subsequently acquired another 10% stake to become one of the substantial shareholders of the company
	• Acquired a 20.0% stake in a turbine blade manufacturer, La Rapida SA, in Switzerland
	• Established the Sukuk Wakalah Programme of RM1.5 billion
	• Signed an Onshore Maintenance, Construction and Modification ("**ONMCM**") services contract with PETRONAS Carigali Sdn Bhd
2019	• Signed a Minor Construction and Modification Works contract with PETRONAS
	• Acquired a 42.3% equity interest in E&E Gas Sdn Bhd to participate in the development of an onshore LNG distribution infrastructure facilities in Lumut, Perak, Malaysia. The Group was awarded the EPCC contracts in 2018 for the facilities.

Year	Milestone
	• Acquired a 25.0% stake of Psicon BV and in the process of completing of the acquisition of a 100.0% stake of Psicon AVV for RM6 million. Both companies focus on rotating equipment performance upgrading, process module engineering, and the trading and supply of steam turbines and spare parts within Europe, Africa, the Middle East and Asia. • Issued U.S.$300,000,000 Sukuk Trust Certificates due 2022 • Acquired a 22.5% stake in Geppert GmBH, a company specialising in the manufacture of turbines for hydro power plants, for RM24 million. • Developed the "Smart Maintenance Embedded with Mixed Reality" system which uses artificial intelligence and mixed reality to optimise plant turnarounds. • Awarded an EPCC contract for a 90 mtpd chlor-alkali plant in Uzbekistan • Signed O&M contracts with Petronas Carigali Sdn Bhd for the maintenance of a weir gas compressor and a capstone microturbine generator. • On 20 May 2019, the Group via SDIL signed a share sale agreement to subscribe for 23,400 ordinary shares, representing a 30.0% shareholding, in OMT S.r.l ("**OMT**") for a total cash consideration of €1,235,520.

Corporate restructuring

Serba Dinamik was incorporated on 2 December 2015 as a private limited company and was subsequently converted to a public limited company on 13 May 2016 in preparation for its initial public offering on the Bursa Malaysia's main market. Serba Dinamik subsequently acquired SDGB and its subsidiaries on 25 May 2016 to form the Group.

Key Recent Developments

Serba Dinamik has recently undertaken several key projects. It intends to use the proceeds of the issuance of the Certificates to fund the capital expenditure and working capital requirements associated with such projects. See "*Use of Proceeds*". Certain information relating to these projects are set forth below.

Aromatics Complex

Serba Dinamik intends to acquire a minority equity stake in PEC, a plant and terminal engineering specialist providing project works, maintenance services and other related services. PEC is currently planning to construct the Aromatics Complex within the PIPC, which is located next to PETRONAS and Saudi Aramco's RAPID refinery in Pengerang, Johor, Malaysia. PEC plans to equip the proposed complex with high-end technology from reputable suppliers in order to maximise the output of higher value aromatics products but with lower capital and energy costs.

Subsequent to the acquisition, Serba Dinamik intends to enter into a joint venture agreement with PEC so that it may bid for the EPCC contract (with a contract value of approximately RM1.6 billion) in relation to the Aromatics Complex.

As of the date of this Offering Circular, the O&M contract in respect of this project is still under negotiation.

Serba Dinamik expects the Aromatics Complex to commence construction in 2020 and expects construction to be completed in four to five years.

The total projected cost for the Aromatics Complex is U.S.$3.4 billion, which will be funded by 30% equity and 70% debt. As of the date of this Offering Circular, Serba Dinamik has not spent any funds for the Aromatics Complex. Serba Dinamik intends to fund the equity injection in relation to this project with the proceeds from the issuance of the Certificates.

Uzbekistan Caustic Flakes and Chlorine Plant Project

Serba Dinamik, by way of its subsidiary, SDIL, is in the process of securing a joint venture agreement with the Republic of Uzbekistan's wholly-owned chemical enterprise, UJSC, to (i) establish, operate and maintain the 90 MTPD Uzbekistan Caustic Flakes and Chlorine Plant in the HFEZ in the Khorezm Region of Uzbekistan and (ii) establish, operate and maintain a 26 MW steam generated power plant to power the Uzbekistan Caustic Flakes and Chlorine Plant. The Uzbekistan Caustic Flakes and Chlorine Plant is designed to use typical raw salt as feed stock to produce caustic soda and its by-products. Serba Dinamik expects UJSC to be the offtake party for this potential project.

Serba Dinamik was awarded the U.S.$250 million EPCC contract for this project in August 2019. Its technical partners are Thyssenkrupp UHDE Chlorine Engineers for the Uzbekistan Caustic Flakes and Chlorine Plant and MAN Energy Solutions ES for the steam-generated power plant. As of the date of this Offering Circular, the O&M contract in respect of this project is still under negotiation.

The Group believes that SDIL will be able to capitalise on prior experience gained in constructing the chlor-alkali plant in the Kibaha District Coast region in Tanzania, and its joint ventures have already obtained the most important approvals required for the project.

The total projected construction cost for the Uzbekistan Caustic Flakes and Chlorine Plant Project is U.S.$250 million. Serba Dinamik intends to fund its portion of the costs related to the Uzbekistan Caustic Flakes and Chlorine Plant Project with proceeds from the issuance of the Certificates and an equity injection. As of the date of this Offering Circular, Serba Dinamik has not spent any funds on this project.

Serba Dinamik expects the plants to commence construction at the start of the first quarter 2020 and to be completed by the second half of 2021. Serba Dinamik expects the plants to be fully operational by 2022.

Turkmengaz Project

In September 2019, Serba Dinamik was awarded the U.S.$118 million EPCC contract to provide SCADA solutions for a 214km gas pipeline by Turkmengaz, the national gas company of Turkmenistan. This gas pipeline represents the Turkmenistan section of the TAPI pipeline. As of the date of this Offering Circular, the TAPI pipelines are under construction. Construction is expected to be complete in 2021 and Serba Dinamik expects the pipeline to be fully operational by 2021. Turkmengaz has obtained the requisite approvals for the project. The Turkmengaz Project is not part of Serba Dinamik's asset ownership business model. As of the date of this Offering Circular, the O&M contract in respect of this project is still under negotiation.

Serba Dinamik intends to fund its working capital in relation to the EPCC contract with proceeds from the issuance of the Certificates. As of the date of this Offering Circular, Serba Dinamik has not yet commenced operations for this project, though it expects work to commence as early as December 2019.

Competitive Strengths

The Group believes that it benefits from the following competitive strengths:

Recurring cash flow generation underpinned by order book replenishment and strong revenue growth.

The Group benefits from continuing strong growth in its orderbook for O&M services and EPCC contracts, which are driven by new contract wins and high renewal rates from existing contracts, and have an average contract duration of three to five years. Examples of Serba Dinamik's contracts awarded in 2019 include O&M contracts with Pavilion Qatar Engineering Co, Petronas Carigali Sdn Bhd, Petronas Chemicals Fertiliser Sabah Sdn Bhd, and Malaysia LNG Sdn Bhd. See "*—History and Development*" above. As an ISP, the Group is able to position itself as a cost-effective alternative to OEM service providers, which enhances its ability to achieve continual and consistent growth of its orderbook. The Group primarily acquires contracts in its O&M and EPCC business through a typical tender and bidding process as well as through contracts awarded as part of larger transactions under its asset ownership business model. While the Group's O&M revenue is largely dependent on the work orders received under such contracts, the Group believes that its track record will translate into a continued conversion of global tenders into new contracts.

The Group's recurring cash flow generation capability is driven by strong historical revenue growth and momentum. SDGB's total revenue was RM2,168.3 million and RM 2,722.3 million for the financial years ended 31 December 2016 and 2017, respectively. Serba Dinamik's total revenue for the financial years ended 31 December 2017 and 2018 was RM2,722.3 million and RM3,283.2 million, respectively. For the six months ended 30 June 2018 and 2019, Serba Dinamik's total revenue was RM1,535.0 million and RM2,156.8 million, respectively.

The Group's revenue performance has benefitted and continues to benefit from its focus on O&M activities. For example, the Group believes that the demand for maintenance services is directly correlated to the level of operational activity at oil and gas facilities, which means that O&M activities remain essential to ensuring operational and cost efficiency notwithstanding the oil price environment. The Group believes that MRO and IRM services are necessary to ensure smooth plant operations and are needed as long as plants are operational, regardless of oil price movements. In addition, the Group believes that periodic maintenance is also typically a mandatory activity for operators in the oil and gas and power industries in order to comply with stringent health and safety regulations.

The Group believes that its future revenue growth and earnings momentum will be sustained through increasing penetration in Middle Eastern markets and continued growth in Malaysia (including the realisation of more favourable margins from Middle Eastern contracts compared to Malaysia) new projects in Central Asia and an expansion of revenue from its EPCC business unit. See "*—Strategic Objectives—Prudent geographical and industry expansion*" below.

Accordingly, the Group believes that a resilient business model across commodity cycles delivers strong revenue growth which translates into strong and consistent operating cash flows with which to service its debt obligations.

Leading player with an established track record, proven execution capabilities and wide and diversified client base.

The Group is a leading player with an established track record in the O&M industry in Malaysia, and benefits from operating in an industry characterised by high barriers to entry.

The Group has a 26-year track record in O&M since 1993, and has established strong relationships with its major customers in Malaysia and internationally. For example, the Group has been an O&M services provider to PETRONAS since the Group commenced operations, with PETRONAS accounting for 21.7% of Serba Dinamik's total revenues for the financial year ended 31 December 2018. For the six months ended 30 June 2019, PETRONAS accounted for 23.9% of Serba Dinamik's total revenues. The Group believes that its track record and the strength of its relationships with its customers are a result of it being able to deliver superior execution of quality engineering services at competitive prices. Such relationships, in turn, contribute to the stability of the Group's revenue generation through its ability to consistently secure contract renewals with those key customers.

Customers in the O&M industry typically require their service providers to demonstrate an established track record, skilled workforce, technical knowledge and access to the required machinery, equipment and support systems, all of which are difficult to acquire in the short term, and constitute high barriers to entry in the market. Furthermore, there are high barriers to entry in the O&G industry in Malaysia, owing to the stringent licensing requirements imposed by PETRONAS. For example, to participate in the Malaysian O&G industry, it is mandatory for service providers to obtain the requisite licences and registrations from PETRONAS, and to keep such licences and registrations current at all times. In this respect, the Group has all necessary licences and registration with PETRONAS to provide O&M services to oil majors, PSC and RSC operators and other O&G service providers in the Malaysian O&G industry. As at 30 September 2019, the Group is licensed with a total of 68 SWEC codes from PETRONAS to operate in the O&G industry in Malaysia, and as a Malaysian-based company, the Group is well-positioned to benefit from this regulatory environment.

In addition to the Group's strong relationships with key customers (such as PETRONAS) and its proven execution capability, the Group also benefits from being an independent service provider, meaning that compared to OEMs, the Group is able to service various brands, sizes and models of equipment without being exclusively tied to a particular OEM. Independent service providers are therefore capable of handling a wide range of services for customers in various industrial sectors. Accordingly, the Group's status as an independent service provider has allowed it to broaden its service offering and widen and diversify its customer base, which has in turn allowed it to hedge itself against any downturns in a particular industry or to a particular customer.

Diversified geographical footprint enhancing profitability.

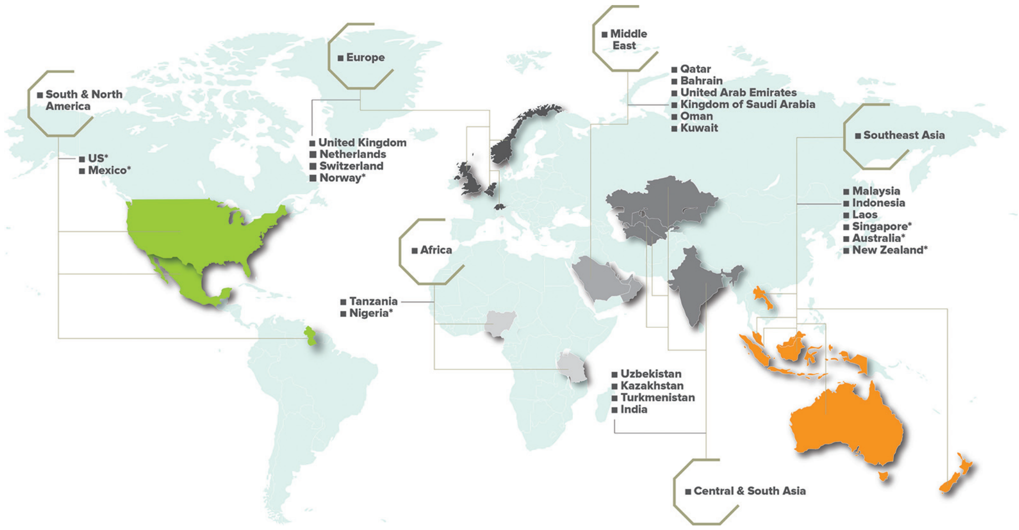
Having consolidated its market position in Malaysia (see "*—Leading player with an established track record, proven execution capabilities and wide and diversified client base*", above), the Group has expanded internationally, in particular in Middle Eastern markets, which the Group believes has been traditionally a difficult market to access in light of the barriers to entry presented by the various strict regulatory regimes. Since its entry into Middle Eastern markets in 2001, the Group's revenues from the Middle East have grown to surpass those which the Group generates from Malaysia, as reflected in the tables below:

	SDGB				Serba Dinamik									
	For the financial year ended 31 December				For the financial year ended 31 December					For the six months ended 30 June				
	2016		2017		2017		2018			2018		2019		
	Revenue RM in millions	*Margin (%)*	*Revenue RM in millions*	*Margin (%)*	*Revenue RM in millions*	*Margin (%)*	*Revenue RM in millions*	*Revenue U.S.$ in millions*	*Margin (%)*	*Revenue RM in millions*	*Margin (%)*	*Revenue RM in millions*	*Revenue U.S.$ in millions*	*Margin (%)*
Malaysia	770.3	17	869.1	17	869.1	17	920.3	222.5	16	435.3	16	647.4	156.6	15
Indonesia	178.7	10	101.1	11	101.1	11	70.4	17.0	11	15.7	11	99.0	23.9	12
Middle East	1,113.8	19	1,607.2	19	1,607.2	19	2,017.9	487.8	19	979.0	19	1,285.7	310.9	20
Others	105.5	13	144.9	15	144.9	17	274.6	66.4	16	105.0	12	124.6	30.1	14

The Group expects that the Middle East will remain the main contributor to its total revenue by geography, with incremental improvements to the Group's operating margins driven by higher achievable margins in O&M and EPCC contracts with Middle Eastern customers.

The Group also has strategically located global operational centres that provide it with a platform from which it can grow its customer base organically. The Group believes that its recent acquisition of a 24.8% equity interest in CSE, an international technology group specialising in systems integration which offers cost effective and integrated solutions to industries in the automation, telecommunication and environmental sectors, will allow to further expand its geographical footprint, with minimal overlap in customers. For more information, see "—*Principal Areas of Operation—Other products and services—Process control and instrumentation*".

The following diagram illustrates the Group's international presence as of the date of this Offering Circular:



* Refers to CSE's operations.

Business synergies from disciplined asset ownership business model.

Since 2015, the Group has implemented an asset ownership business model as a strategic component to drive future revenue growth, sustain its business and enhance business synergies. Under this model, the Group acquires minority equity interests in companies operating in areas within the Group's scope of expertise. Such investments provide not only income from equity stakes but also enable the Group to secure income from the EPCC of the projects and the O&M services in relation to the assets once completed. Through this model, the Group is able to leverage direct investments in assets, in order to secure new O&M and EPCC contract flows in the short-to long-term, thereby achieving diversification in its business (in industries such as water and power) and building recurring income through long-term asset-generated cash flows and revenue from medium-term O&M contracts.

The following table sets forth the Group's asset and ownership interests and contracts related thereto as of the date of this Offering Circular:

Asset and ownership interest	Industry	Contracts
42% equity ownership in LNG Facilities in Lumut, Perak (Malaysia)	Oil & Gas	• *Short-term*: RM332.8 million EPCC contract (Q4 2019 to Q4 2021) • *Medium-term*: O&M contract under negotiation
40% equity ownership in water treatment plant in Kuala Terengganu Utara, Terengganu (Malaysia)	Water	• *Short-term*: RM289 million EPCC contract (Q1 2017 to Q2 2020) • *Medium-term*: O&M contract under negotiation
51% equity ownership in a CNG plant, Jambi, Sumatra (Indonesia)	Oil and gas	• *Short-term*: RM12 million EPCC contract • *Medium-term*: approximately RM1.2 million annual O&M contract (10 years)

Asset and ownership interest	Industry	Contracts
49% equity ownership in Laos Hydropower Project (Laos)	Hydropower	• *Short-term*: U.S.$66.2 million EPCC contract (Q3 2018 to Q1 2022) • *Medium-term*: O&M contract under negotiation
25% equity ownership in a chlor-alkali plant in Kibaha District Coast region (Tanzania)	Chemicals	• *Short-term*: U.S.$78.0 million EPCC contract (Q4 2018 to Q2 2020) • *Medium-term*: O&M contract under negotiation
30% equity ownership in three hydropower plants in Kota Marudu, Sabah (Malaysia)	Hydropower	• *Short-term*: RM218 million EPCC contract (Q4 2016 to Q2 2020) • *Medium-term and Long-term*: RM4.5 million/year O&M contract for 21 years
100% owned 0.8MW gas power plant with ten-year off-take agreement to provide electricity and chilled water to Ambon City Centre Shopping in Kota Ambon, Maluku (Indonesia)	Power and water	• *Medium-term*: O&M contract for 10 years
Joint ownership with Perisind Samudra Sdn Bhd to develop Pengerang eco-Industrial Park in Kota Tinggi (Malaysia)	Industrial park	• *Short-term*: sale of units/lots in PeIP • *Medium-term and Long-term*: lease of units/lots in PeIP • *Long-term*: Maintenance and management fees from sold lots • *Long-term*: MRO and IRM Global Centre of Excellence • *Long-term*: Plant Turnaround Village • *Long-term*: O&M contract for maintenance of PeIP

In addition to the benefits of diversification, capturing additional O&M and EPCC contracts and building an additional recurring income stream, the asset ownership model is also one which the Group believes to be highly sustainable as a result of the minimal capital expenditure required to make an investment and the comparatively short investment horizon, with each investment made being subject to the Group securing the O&M and EPCC contracts related thereto.

Well-positioned to benefit from Malaysian strategic infrastructure initiatives.

The Group's position as a leading player with an established track record in Malaysia (see "*—Leading player with an established track record, proven execution capabilities and wide and diversified client base*") makes it well-positioned to benefit from extensive investment in strategic infrastructure initiatives in Malaysia, and in particular, in relation to the development of the PIPC, which consists of PeIP and PICC in Johor, and certain key infrastructure developments in Sarawak. As of the date of this Offering Circular, 45 of the Group's 96 Malaysian contracts are in Sarawak

PIPC

The PIPC comprises integrated oil refineries, naphtha crackers, petrochemical plants, LNG import terminals and a regasification plant. Management believes facilities will include a 300,000 bbl/day refining capacity, 11.8 MTA petrochemical production, 5 million cubic metres of oil storage capacity, a 1,220 MW co-generation plant, 3.5 MTA regasification capacity and 520 MLD of raw water supply. As part of the PIPC, management believes PETRONAS is spending an estimated U.S.$27 billion to develop the PIPC, which includes the costs of its RAPID as well as six supporting ancillary facilities.

In 2017, the Group acquired land in Pengerang, Johor for the development of PeIP and PICC. In PeIP, the Group will establish MRO and IRM Global Centres of Excellence together with a Plant Turnaround Village specifically to service the PIPC (including RAPID) and six other associated facilities in Pengerang. The Group's PICC is aimed at supporting the commercial, community, hospitality and residential facilities to complement the PeIP as well as PETRONAS' PIPC and Pengerang Deepwater Terminal developments. The Group believes that its PeIP is strategically located within the PIPC, which will provide it with a competitive advantage in securing MRO, IRM and plant turnaround maintenance contracts from PIPC, as well as positioning it optimally for any potential EPCC contracts from the PIPC. In addition, the Group believes that it will benefit from synergies arising from its close geographic proximity to RAPID by encouraging greater collaboration between the Group and PETRONAS which is already one of the Group's longstanding customers.

Sarawak state developments

The Group has been operating in the state of Sarawak, Malaysia, since its inception in 1993, and approximately half of the contracts in Malaysia are located in Sarawak. The Group provides maintenance of rotating equipment through its service centres for O&G activities and is currently in the process of establishing a new MRO and IRM centre in Sarawak, to be completed in the first quarter of 2020 that will enable it to carry out additional IRM services and expand its service offerings to both the O&G and power generation sections in Sarawak, with the ultimate aim of being the go-to MRO and IRM provider in the state. In addition, as of 30 June 2019, the Group enjoys strong ties to key stakeholders in Sarawak, with the state government holding approximately 4.1% of the issued share capital of Serba Dinamik and the Bintulu Development Authority also holding 0.68% of the issued share capital of Serba Dinamik. Furthermore, the Group also benefits from high barriers to entry in the state, as any new entrants to the O&G industry in Sarawak are required to procure licences under either the Oil Mining Ordinance or Gas Distribution Ordinance to operate in Sarawak. The Group therefore believes that it is well-placed to win more contracts as more O&G, power generation and infrastructure investments are made in Sarawak, and which include, as of the date of this Offering Circular:

- the PETRONAS Bintulu LNG and Floating LNG development—one of the largest LNG production centres in the world, consisting of nine LNG trains with a total capacity of approximately 24 MTA;
- various state government initiatives—primarily centred on the state government's intended investment of RM8-10 billion to expand Sarawak's power capacity, including a planned new 400 MW combined cycle power plant at Tanjung Kidurong, Bintulu, a new 1,200 MW combined cycle power plant in Samalaju, Bintula and a 600 MW coal-fired power plant in Balingian, Mukah; and
- the development of Samalaju Industrial Park, a 7,000 hectare area dedicated to energy-intensive heavy industry, where the Group is currently developing an Integrated Energy Hub, which is expected to be completed in the first quarter of 2020, to serve as a service centre point for the region.

Prudent and disciplined deployment of capital.

The Group follows a prudent financial risk management policy which aims to maintain strong earnings coverage on its outstanding debt as well as disciplined capital management of its banking facilities, while also maintaining sizeable cash balances to ensure that it can meet ongoing operating costs in the event of unforeseen adverse market events.

The following tables sets forth the total gross debt, net debt, Gross Debt/EBITDA and Net Debt/EBITDA ratios for SDGB and Serba Dinamik for the periods indicated:

	SDGB		**Serba Dinamik**			
	For the financial year ended 31 December		**For the financial year ended 31 December**		**For the six months ended 30 June**	
	2016	**2017**	**2017**	**2018**	**2018**	**2019**
Gross Debt (RM million)	639.6	706.0	706.0	1,711.5	957.4	2,484.3
Net Debt (RM million)	452.2	409.0	405.2	950.7	515.0	1,460.0
Gross Debt/EBITDA	1.8	1.6	1.6	3.0	1.9	3.5
Net Debt/EBITDA	1.3	0.9	0.9	1.7	1.0	2.0

Note:

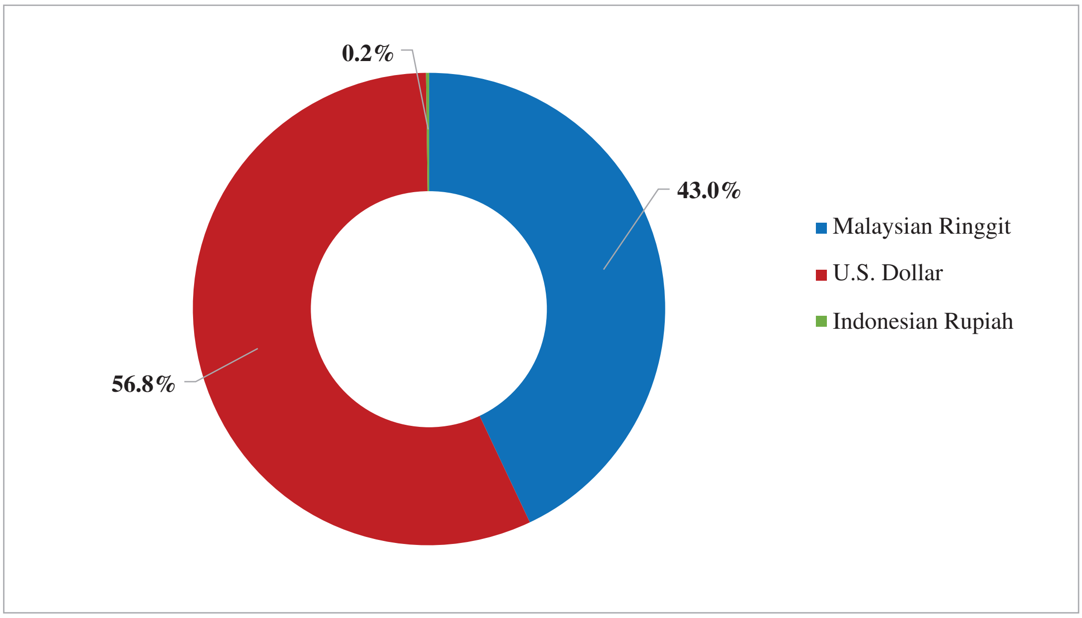
(1) EBITDA for the six month periods ended 30 June 2019 and 30 June 2018 are calculated on a LTM basis. LTM EBITDA for the six month period ended 30 June 2019 is calculated by adding EBITDA for the six month period ended 30 June 2019 to the difference between EBITDA for the year ended 31 December 2018 and the six month period ended 30 June 2018. LTM EBITDA for the six month period ended 30 June 2018 is calculated by adding EBITDA for the six month period ended 30 June 2018 to the difference between EBITDA for the year ended 31 December 2017 and the six month period ended 30 June 2017.

While the Group has growing capital expenditure requirements in the short-term to support its growth and implement its business strategy (especially in relation to exploiting opportunities presented by its asset ownership model), its capital expenditure as a percentage of revenue is expected to decrease over time as the Group achieves increasing economies of scale.

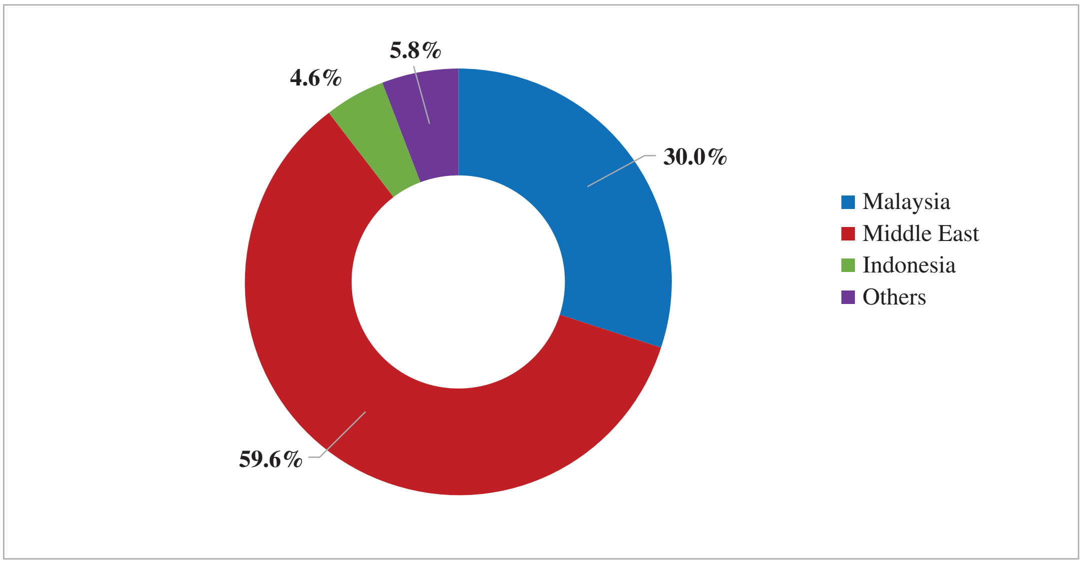
The Group also enjoys strong support from its key relationship banks, as evidenced by its ability to maintain key revolving credit lines. See "*Description of Other Financing Arrangements*". Going forward, the Group aims to increase its debt maturity profile to align with its asset ownership business model, which generates cashflows in the short-, medium- and long-term. See "*—Business synergies from disciplined asset ownership business model*", above.

Although the Group is exposed to foreign currency risk on its sales, purchases and borrowings, the Group takes an active approach to matching its financial liabilities exposure with its revenues to reduce its foreign currency risk exposure, as illustrated by the following diagrams:

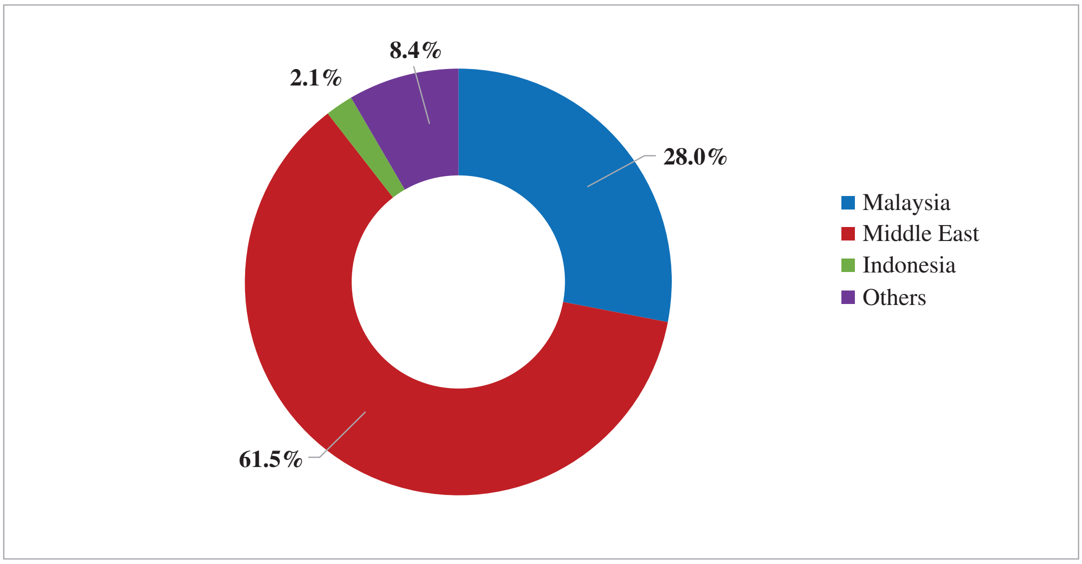
Breakdown of Serba Dinamik's financial liabilities as at 30 June 2019



Breakdown of Serba Dinamik's revenues for the six months ended 30 June 2019



Breakdown of Serba Dinamik's revenues for the financial year ended 31 December 2018



Experienced management team.

The Group benefits from the services of an experienced management team which has over 130 years of combined experience in the O&M and EPCC industries, with the majority of the Group's management team bringing more than 25 years of experience each in their respective fields to the Group.

Under the management's leadership, SDGB's revenues have grown by 51.4% in RM terms from the financial year ended 31 December 2016 to the financial year ended 31 December 2018.

The Group believes that its management team will continue to play a key role in the success of the Group. The Group is headed by the Group Managing Director/Chief Executive Officer, Dato' Karim, who has accumulated 29 years in the energy industry. Dato' Karim is also an Executive Director of the Group, and is responsible for the overall management of operations, business development and implementation of the Group's business plan. The Group is supported by Syed Nazim Bin Syed Faisal, the Group Chief Financial Officer, who is responsible for the financial and accounting aspects of the Group, Afandi Bin Abd Hamid, the Group Vice President responsible for managing the Group's O&M business unit, Ir. Abdul Halim Bin Mohd Damiah, the Group Vice President responsible for the EPCC business unit and Nazrin Nasir, the Vice President responsible for Special Projects. Dato' Awang Daud, who has also accumulated 39 years in the energy industry, is also Serba Dinamik's non-independent non-executive director. He previously served as Serba Dinamik's deputy chief executive officer and executive officer until his re-appointment as a non-executive director on 4 October 2019.

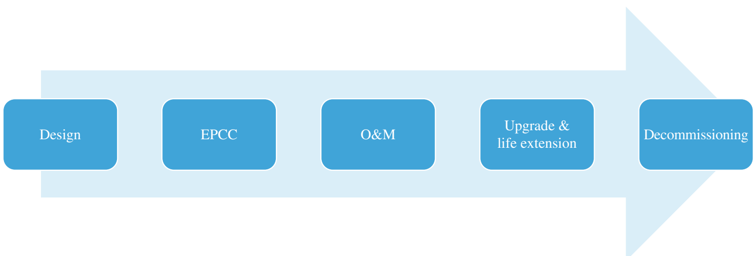
Strategic Objectives

The key elements of the Group's business strategy are as follows:

Leverage on core competencies within the oil and gas and power generation sectors to drive consistent cash flow generation.

The Group's overall business strategy is to continue to leverage its core competencies within the O&G and power generation industries, including the acquisition of assets (as part of the Group's asset ownership business model) that will diversify its revenue streams to drive its future growth. The Group believes that the successful implementation of this strategy will enlarge its targeted markets across diversified industries and geographical markets and provide continued business sustainability and growth.

In implementing this strategy, the Group intends to offer a broader range of products and services within the EPCC and O&M stages of the typical life-cycle of an asset, as illustrated by the following diagram:



For example, within O&M activities, the Group aims to provide total plant and facility maintenance and turnaround services by expanding its MRO of rotating equipment to IRM of static equipment and structures. This will incorporate instrumentation, piping systems, rejuvenation and upgrades of electrical and electronic devices and process control panels, corrosion prevention and minor fabrication, all of which are complementary to the Group's core expertise in maintenance services and would leverage both the Group's existing capabilities and its relationships with partners to undertake the delivery of such services. This would also represent a vertical expansion of the Group's business, as the Group is already actively engaged in MRO of rotating equipment as part of total plant turnaround services.

In addition, the Group also intends to continue providing MRO services for large turbines, compressors and generators, which given their size, are typically sent to peninsular Malaysia or countries such as Singapore or Germany when requiring servicing outside of the customers' premises. In order to carry out MRO of large rotating equipment in-house, the Group is currently in the process of establishing a new MRO and IRM centre in Sarawak, which it expects to be completed in the second half of 2019 and to be fully operational by the first quarter of 2020, with the ultimate aim of being the go-to MRO and IRM services provider in the state. See "*—Competitive Strengths—Well-positioned to benefit from Malaysian strategic infrastructure initiatives—Sarawak state developments*", above. Further, the Group also intends to carry out corrosion prevention and preparatory works for piping systems, as part of the vertical expansion of its business in IRM services, and which are also intended to be offered through the Group's new MRO and IRM centre in Sarawak.

The Group intends to implement the horizontal expansion of its business by extending its MRO capabilities to cover marine engines and power generation facilities in large vessels, for example bulk cargo, container ships and tankers. While these proposed activities may not align with the Group's current energy industry focus, they provide opportunities to leverage the Group's existing core competencies to access growth opportunities in other industries thereby increasing the Group's overall industry diversification.

Continued focus on asset ownership business model to ensure sustainable long term recurring income.

The Group intends to continue its focus on and expand its asset ownership business model in order to support the growth of its business. The Group believes that the expansion of its business through the asset ownership business model will provide it with the opportunity to enlarge and diversify its revenue streams by expanding its range of products and services. See "*—Competitive Strengths—Business synergies from disciplined asset ownership business model*", above, for details of the implementation of the asset ownership business model to date.

The strategy for the continued focus of the asset ownership business model comprises four elements:

- *Development*—of the assets that the Group has identified, which could involve using a combination of the Group's in-house or external expertise and resources. For example, while the Group has EPCC expertise in-house to undertake construction activities (see "*—Principle Areas of Operation—EPCC works*", below), it may supplement such expertise by using third parties to carry out the civil works associated with the project.
- *Ownership*—of the asset that it has developed, through the acquisition of a minority equity interest in the asset (where permitted dependent on the applicable regulatory requirements where the asset is located).
- *Operation*—of the asset once developed, using the Group's in-house expertise, and where required, through engaging external third parties.
- *Maintenance*—of the asset as part of its operation, utilising the Group's leading MRO and IRM expertise to carry out asset maintenance.

The types of asset that the Group will seek to acquire as part of the implementation of this strategy will focus on the O&G, power generation, water and utilities industries, which the Group believes will allow it to capitalise on its core expertise and experience.

Prudent geographical and industry expansion.

The Group aims to expand both its geographical and industry coverage as part of implementing the strategic objectives described above.

The Group believes that it currently benefits from broad geographical exposure, with a presence in Southeast Asia (Malaysia, Indonesia and Laos), the Middle East (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE), Central and South Asia (Turkmenistan, Kazakhstan, Uzbekistan and India), Europe (the United Kingdom) and Africa (Tanzania). See "*—Competitive Strengths—Diversified geographical footprint enhancing profitability*", above. The Group intends to use its presence in those existing markets in order to expand its market coverage to other surrounding regions, including Central Asia, Africa and Europe, as well as venturing into the United States and South America.

The Group currently generates the majority of its revenue from the O&G industry, and primarily through providing O&M services for O&G production platforms, crude O&G refineries, petrochemical manufacturing plants and LNG plants. The following table sets forth a breakdown of the revenue the Group derives from the industry sectors in which it currently has a presence:

	SDGB		Serba Dinamik			
	For the financial year ended 31 December		For the financial year ended 31 December		For the six months ended 30 June	
	2016	2017	2017	2018	2018	2019
	(%)					
Industry Sectors						
O&G	94.6	94.7	94.7	96.9	95.0	92.0
Power generation	3.2	3.1	3.1	1.8	4.4	2.9
Others	2.2	2.2	2.2	1.3	0.6	5.1
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

The Group intends to continue to diversify its industry coverage based on its core O&M and EPCC capabilities, and to expand its coverage in other industries where it has an operating track record, and which similarly uses rotating and static equipment. On that basis, the Group believes it will be able to offer its MRO and IRM services, and if required, EPCC, for the construction or extension of plants and facilities in those industries.

Pursue disciplined acquisitions which add value to the supply chain and strengthen the Group's market position.

The Group intends to continue to invest in or acquire companies that are complementary, or which provide growth opportunities, to its business, and which enhance its value proposition and overall product offerings. The Group's focused expansion strategy comprises two elements.

Firstly, the Group will pursue companies with technologies, geographical presence, and skills sets that will complement its existing product offerings and provide cost efficiencies and synergies. For example, in April 2018, the Group acquired a 24.8% stake in CSE Global Limited, a Singapore-listed international technology group specialising in systems integration, which provides the Group with access to a diverse customer base and new markets in the United States, Mexico, Australia and New Zealand as well as access to technological capability in process control and instrumentation. In April 2018, the Group also acquired a 49.0% stake in UAE-based pump supplier Al Sagar Engineering Group LLC and Al Sagar National Establishment, who have licences in the O&G, power generation and water utility segments and operate all across the UAE. With this acquisition, the Group hopes to make further inroads into the UAE market. In 2018, the Group also acquired a 20.0% stake in La Rapida SA, a Swiss manufacturing company that manufactures parts and components for equipment such as turbines blades and vanes and rotor heat shields, and a 40% stake in Sreem Serba Turbines PVT, an Indian-based company with technological capabilities to design and manufacture steam turbines for various industries of up to 30MW.

The Group acquired a 25.0% stake of Psicon BV and is in the process of completing the acquisition of a 100.0% stake of Psicon AVV. The share transfer is expected to be complete by the end of 2019. Both of these companies are Netherlands-based re-engineering companies which focus on rotating equipment performance upgrading, process module engineering, and the trading and supply of steam turbines and spare parts within Europe, Africa, the Middle East and Asia. In July 2019, the Group acquired a 22.5% stake in Geppert GmBH, a company which specialises in manufacturing turbines for hydro power plants.

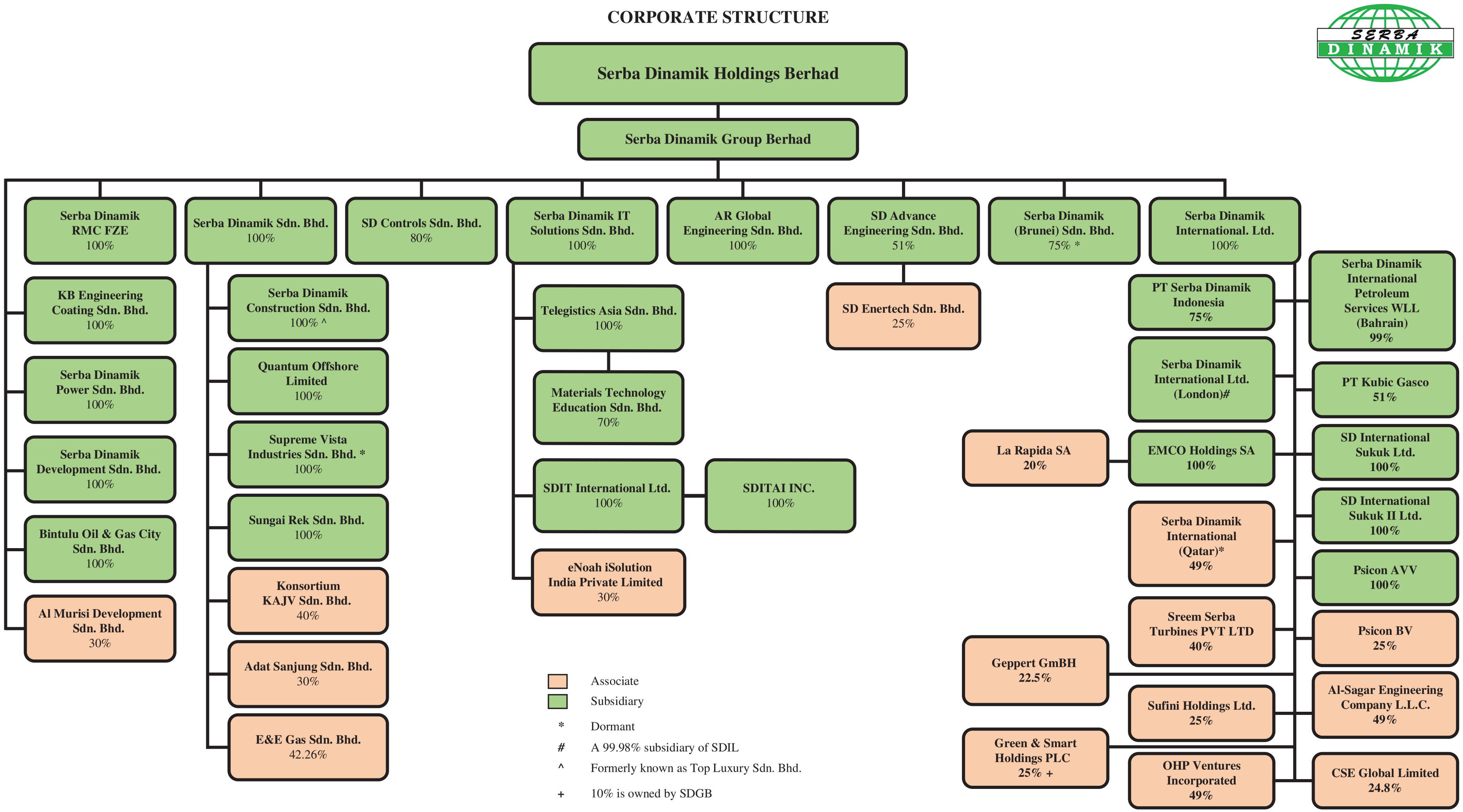
Secondly, the Group will continue to seek out targets that have projects and assets that will maximise the Group's core capabilities in O&M services and EPCC works. For example, in 2015, the Group acquired a 30.0% stake in Adat Sanjung Sdn. Bhd., a company with a combined proposed 29MW output from its hydropower plants in Kota Marudu, Sabah and won the EPCC contract for the development of those power plants. In February 2017, the Group acquired a 40% equity interest in Konsortium KAJV Sdn. Bhd. and participated in the development of a 120 MLD conventional water treatment plant and a 28 MLD membrane water treatment plant as part of the Kuala Terengganu Utara Water Supply Scheme for the State Government of Terengganu, Malaysia.

The rationale for such acquisitions was for the Group to gain access to and be awarded the EPCC and O&M contracts for the plant. In implementing this strategy, the Group applies a policy of acquiring a 20% to 45% equity interest in the target company if the acquisition is in line with the Group's intention to maximise value and enhance its core capabilities in its O&M services and EPCC business segments. For example, together with the acquisition of a 25.0% equity interest in Sufini Holdings Ltd., the owner of a chlor-alkali plant in Tanzania, in 2017, the Group was awarded the EPCC and O&M contracts for the plant. In 2019, the Group completed the acquisition of a 42.3% equity interest in E&E Gas Sdn Bhd to participate in the development of an onshore LNG distribution infrastructure facilities in Lumut, Perak, Malaysia and was awarded the EPCC contracts in 2018 for the facilities. Similarly, the Group acquired a 49.0% equity interest in OHP Ventures Incorporated to participate in the development of hydropower plants in Houaphan Province, Laos, and was also awarded the EPCC contracts for the plant.

By implementing the Group's acquisition strategy and policy approach, the Group expects to be able to increase its resources, expand its product and service offerings and tap into new customer bases, industries and markets. The Group believes that this will provide it with new sources of income whilst leveraging its existing experience and expertise.

Organisational Structure

The following chart sets out the organisational structure of the Group as at the date of this Offering Circular:



Principal Areas of Operation

The Group's business activities included the provision of:

1. O&M services;
2. EPCC works; and
3. other products and services such as ICT services, technical education, training services and individual purchase orders of products and parts.

The breakdown of the Group's revenue by business activities for the time periods indicated as follows:

	SDGB				Serba Dinamik									
	For the financial year ended 31 December				For the financial year ended 31 December					For the six months ended 30 June				
	2016		2017		2017		2018			2018		2019		
	Revenue RM in millions	*(%)*	*Revenue RM in millions*	*(%)*	*Revenue RM in millions*	*(%)*	*Revenue RM in millions*	*Revenue U.S.$ in millions*	*(%)*	*Revenue RM in millions*	*(%)*	*Revenue RM in millions*	*Revenue U.S.$ in millions*	*(%)*
Operating Segment														
O&M services	1,930.5	89.0	2,342.7	86.1	2,342.7	86.1	2,928.6	708.0	89.2	1,357.1	88.4	1,844.2	445.9	85.5
MRO of rotating equipment	1,819.5	83.9	2,179.4	80.1	2,179.4	80.1	2,653.6	641.5	80.8	1,217.0	79.3	1,726.1	417.3	80.0
IRM of static equipment and structures	111.0	5.1	163.3	6.0	163.3	6.0	274.9	66.4	8.4	140.1	9.1	118.1	28.5	5.5
EPCC works	232.6	10.7	374.3	13.7	374.3	13.7	346.8	83.8	10.6	173.9	11.3	258.4	62.5	12.0
Other products and services[1]	5.2	0.3	5.3	0.2	5.3	0.2	7.8	1.8	0.2	4.0	0.3	54.2	13.1	2.5
Total Revenue	**2,168.3**	**100.0**	**2,722.3**	**100.0**	**2,722.3**	**100.0**	**3,283.2**	**793.8**	**100.0**	**1,535.0**	**100.0**	**2,156.8**	**521.5**	**100.0**

(1) Other products and services include the provision of process control and instrumentation, technical training, ICT solutions and services, supply of products and parts and provision of logistics services. ICT services is the primary contributor to this segment, with technical education and training services and individual purchase orders contribute to the remaining.

More than 85% of the Group's revenue was derived from the provision of O&M services for the financial years ended 31 December 2016, 2017 and 2018 and for the six months ended 30 June 2018 and 2019. In 2019, the Group has seen an increasing contribution from its ICT solution and services business, which came mostly from the Middle East.

As at 30 June 2019, the Group operated in 13 countries across five regions being Southeast Asia, the Middle East, South Asia, Central Asia and Europe. The Group commenced operations in Laos in the first quarter of 2019 and expects to commence operations in Uzbekistan in the first quarter of 2020.

The breakdown of the Group's revenue segmented by geographical locations (where the Group's products are sold or services are rendered) for the time periods indicated, is as follows:

	SDGB				Serba Dinamik									
	For the financial year ended 31 December				For the financial year ended 31 December					For the six months ended 30 June				
	2016		2017		2017		2018			2018		2019		
	Revenue RM in millions	*(%)*	*Revenue RM in millions*	*(%)*	*Revenue RM in millions*	*(%)*	*Revenue RM in millions*	*Revenue U.S.$ in millions*	*(%)*	*Revenue RM in millions*	*(%)*	*Revenue RM in millions*	*Revenue U.S.$ in millions*	*(%)*
Regions														
Southeast Asia[1]	949.0	43.8	970.2	35.6	970.2	35.6	990.7	239.5	30.2	451.0	29.4	757.4	183.1	35.1
Central and South Asia[2]	102.8	4.7	140.4	5.2	140.4	5.2	241.3	58.3	7.3	103.1	6.7	73.2	17.7	3.4
Middle East[3]	1,113.8	51.4	1,607.2	59.0	1,607.2	59.0	2,017.9	487.8	61.5	979.0	63.8	1,285.7	310.9	59.6
Africa[4]	0.0	0.0	0.0	0.0	0.0	0.0	29.9	7.2	0.9	0.0	0.0	39.3	9.5	1.8
Europe[5]	2.7	0.1	4.5	0.2	4.5	0.2	3.4	0.8	0.1	1.9	0.1	1.1	0.3	0.1
Total Revenue	**2,168.3**	**100.0**	**2,722.3**	**100.0**	**2,722.3**	**100.0**	**3,283.2**	**793.8**	**100.0**	**1,535.0**	**100.0**	**2,156.8**	**521.5**	**100.0**

(1) In Southeast Asia, the Group operates in Malaysia, Indonesia and Laos.

(2) In Central and South Asia, the Group operates in Turkmenistan, Uzbekistan, Kazakhstan and India.

(3) In the Middle East, the Group operates in Qatar, the UAE, Oman, KSA, Kuwait and Bahrain.

(4) In Africa, the Group operates in the Tanzania.

(5) In Europe, the Group operates in the UK.

The O&M services that are undertaken in Malaysia and Turkmenistan are covered by the Group's operations in Malaysia. The Group has offices in Bahrain and the UAE to oversee the O&M services that are undertaken in the Middle East and India, whilst the Group's offices in Indonesia and the UK are responsible for projects undertaken in their respective countries.

The Group's O&M services are supported by eight service centres in Malaysia, two service centres in the UAE, and one service centre in each of the UK and Bahrain. The Group is currently developing two new service centres in Malaysia (one in Bintulu, Sarawak and one in Pengerang, Johor), which will house high-end equipment to be used for the Group's maintenance services in Malaysia. The Group expects the Bintulu service centre to be completed in the first quarter of 2020 and Pengerang service centre to be completed in the fourth quarter of 2020. In countries where the Group does not have service centres, the Group undertakes its services on-site or utilises the facilities of its foreign strategic business partners, who may also be the Group's customers.

The provision of O&M services accounted for RM1,930.5 million (or 89.0%) and RM2,342.7 million (or 86.1%) of SDGB's revenue for the financial years ended 31 December 2016 and 2017, respectively. The provision of O&M services accounted for RM2,342.7 million (or 86.1%) and RM2,928.6 million (or 89.2%) of Serba Dinamik's revenue for the financial years ended 31 December 2017 and 2018, respectively. For the six months ended 30 June 2018 and 2019, O&M services accounted for RM1,357.1 million (or 88.4%) and RM1,844.2 million (or 85.5%) of Serba Dinamik's total revenue, respectively.

Within O&M services, MRO of rotating equipment accounted for the main source of the Group's O&M revenue for the financial years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2018 and 2019. This is as illustrated in the table below:

	SDGB				Serba Dinamik									
	For the financial year ended 31 December				For the financial year ended 31 December					For the six months ended 30 June				
	2016		2017		2017		2018			2018		2019		
	Revenue RM in millions	*(%)*	*Revenue RM in millions*	*(%)*	*Revenue RM in millions*	*(%)*	*Revenue RM in millions*	*Revenue U.S.$ in millions*	*(%)*	*Revenue RM in millions*	*(%)*	*Revenue RM in millions*	*Revenue U.S.$ in millions*	*(%)*
MRO of rotating equipment	1,819.5	94.3	2,179.4	93.0	2,179.4	93.0	2,653.6	641.5	90.6	1,217.0	89.7	1,726.1	417.3	93.6
IRM of static equipment and structures	111.0	5.7	163.3	7.0	163.3	7.0	274.9	66.4	9.4	140.1	10.3	118.1	28.5	6.4
Total O&M Services	**1,930.5**	**100.0**	**2,342.7**	**100.0**	**2,342.7**	**100.0**	**2,928.6**	**708.0**	**100.0**	**1,357.1**	**100.0**	**1,844.2**	**445.9**	**100.0**

By using the Group's core strengths in MRO and IRM services as a platform, the Group has expanded into the operation of small CNG plants, hydropower plants, water treatment plants and skid mounted chlor-alkaline plants through the asset ownership model which the Group implemented in 2015. Once these plants become operational, the Group expects them to become sources of recurring income for the Group. For example, the CNG plants in Indonesia have been in operation since 2018 and have generated RM16.9 million and RM9.1 million in revenue in the financial year ended 31 December 2018 and in the six months ended 30 June 2019 for the Group, respectively.

The Group provides warranties in relation to its services, which are typically tailored to the requirements and scope of work of each O&M services contract. For the provision of services, the Group typically provides a warranty for a period of 3 to 12 months from the date of completion of work. This warranty is secured by the performance guarantee provided under the maintenance contracts. In relation to the major equipment, products and parts supplied under the maintenance contracts, standard warranties are typically provided directly by the suppliers/OEM. As at the date of this Offering Circular, the Group has not been exposed to liability in respect of warranty claims for products and parts.

MRO of rotating equipment

Rotating equipment is a general classification of machinery and equipment designed to generate reciprocating or circular motion, which is then used to move or agitate materials. Rotating equipment works through a system of drivers (machinery that uses an external energy source like fuel or electricity to provide the source of power to do work, for example turbines, engines or motors), driven components (equipment that uses a power source to do specific work, for example generators, pumps or compressors), transmission devices (equipment or components involved in the transfer of motion or energy from one machinery or equipment to the next, for example gears, clutches and couplings), and ancillary equipment and systems (for example inlet air system and filter, fuel system, exhaust duct and piping system).

Rotating equipment is used in many different industries, including O&G (upstream and downstream), power generation, mining, agriculture, manufacturing, transportation and construction. Rotating equipment is also used in commercial applications, including for heating, ventilation and air-conditioning, escalators, elevators and travellators and back-up power generators.

The Group is an MRO specialist for various types of rotating equipment, including gas and steam turbines, engines, motors, generators, pumps, compressors and industrial fans. The Group's MRO services are currently focused on rotating equipment used in the energy industry, including O&G production and refineries and power plants and the water and utilities industries. These include rotating equipment at the following locations or applications:

(i) power generation;

(ii) petrochemicals;

(iii) crude O&G refineries;

(iv) process and export gas compression;

(v) crude oil handling or main oil line;

(vi) natural gas, liquids and chemical injection;

(vii) water and utilities treatment plants; and

(viii) fire water pump systems.

As an independent service provider, the Group is not restricted to providing MRO services for any specific brand of equipment. The Group is also not subject to principal-agent commercial agreements and conditions in the provision of services. In this respect, the Group has the expertise and experience to undertake MRO services for a diverse number of brands. The Group also has the expertise to undertake MRO of large rotating equipment that requires specialist skills and experience, which includes the following:

(i) gas turbines to run generators with an output power up to 160MW;

(ii) steam turbines to run generators with an output power up to 50MW;

(iii) generators with an output power up to 100MW;

(iv) engines with an output power up to 28MW;

(v) compressors requiring an output power up to 35MW; and

(vi) pumps requiring an output power up to 4.5MW.

It is common for the Group to secure a maintenance service package, which includes the servicing of an entire rotating equipment system including the driver, driven components, transmission devices, process control and instrumentation system, and ancillary equipment and systems. For example, a gas turbine maintenance package may comprise servicing for a gas turbine, centrifugal compressors, complete with its process logic controller, electrical devices and various instrumentation and ancillary equipment.

The Group provides a complete range of MRO services for rotating equipment encompassing the following scope of work:

(i) site assessment to review and identify MRO requirements;

(ii) provision of maintenance and repair services;

(iii) replacement and upgrades of components and spare parts;

(iv) restoration such as sandblasting, coating, and lining for corrosion prevention;

(v) overhaul of equipment where required and in accordance with the relevant schedule;

(vi) maintenance, recalibration, upgrade and retrofitting of process control and instrumentation;

(vii) provision of training to customers' staff; and

(viii) audit and inspection services to assess quality of rotating equipment.

The types of maintenance services that the Group provides for rotating equipment include:

(a) scheduled maintenance, which is normally carried out at predetermined intervals of time as recommended by the relevant rotating equipment manufacturers in order to minimise equipment breakdowns and failures; and

(b) unscheduled maintenance, which refers to ad-hoc repair services that are undertaken for specific problems or failures that occur suddenly or are unplanned.

The Group has a number of on-going O&M service arrangements relating to MRO of rotating equipment which have contributed to the Group's revenue from 1 January 2015 to 30 June 2019, the duration of which range from four to nine years in Malaysia, around seven years in Indonesia, five to seven years in KSA, six years in Oman, five years in Qatar, four years in Bahrain and three years in the UAE.

IRM of static equipment and structures

Static equipment refers to objects that are part of a processing or manufacturing process that do not have any mechanical or moving parts. The Group carries out IRM for various types of static equipment, including boilers, unfired pressure vessels, heat exchangers and piping systems and structures.

Both boilers and unfired pressure vessels are commonly used in process based industrial plants. Boilers are large pressure vessels that contain water or other liquids that are heated up to produce steam or for other purposes. The Group's IRM of boilers are specifically for steam boilers. Pressure vessels are large containers designed to hold materials, commonly liquids or gases under high pressure. As boilers are a special type of pressure vessel, sometimes boilers are referred to as fired pressure vessels, while pressure vessels that are not subjected to external heat are referred to as unfired pressure vessels.

Heat exchangers are devices used to efficiently transfer heat from one medium (for example liquid or gas) to another without coming into direct contact with each other.

Structures are other objects that are not directly involved in the processing function but are part of the overall plant facilities. Some examples of static structures include piping systems, pipe racks and truss, storage tanks, skids and scaffoldings.

The Group provides the following types of IRM services for static equipment and structures:

(i) scheduled maintenance, which is normally carried out at predetermined intervals of time; and

(ii) unscheduled maintenance, which refers to ad-hoc repair services that are undertaken for specific problems or failures that occur suddenly or are unplanned.

The Group provides a wide range of services to assist its customers in its periodic inspection for boilers including steam boilers and unfired pressure vessels. The Group's scope of work for IRM services for boilers and unfired pressure vessels includes:

(a) inspection and preparation of repair methods based on the ASME code of practice, which incorporates safety, health and environmental elements;

(b) liaising with inspecting authorities to witness repair work and other necessary tests in accordance with the ASME code of practice or its equivalent;

(c) chemical cleaning to eliminate scaling and to minimise equipment failure; and

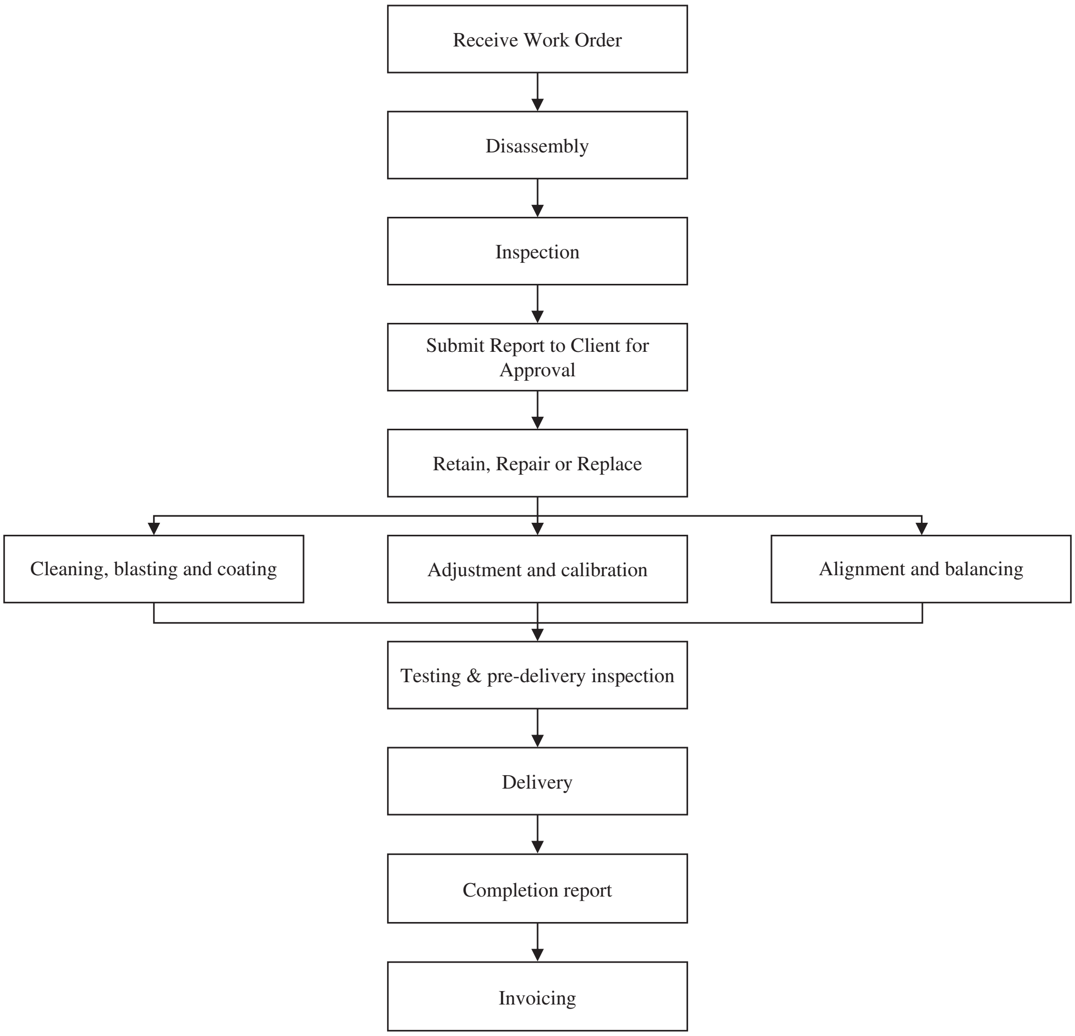
(d) refractory repairs and modifications to eliminate heat leakage.

In addition, the Group performs IRM services for heat exchangers including bore scope or video scope inspection, hydro jet cleaning, hydro testing, re-tubing and other repair work. The Group also provides rehabilitation and repair services for pipelines, which include services such as cleaning, replacement of damaged pipes, repair of weld defects, composite wrapping and pipe straightening. The Group undertakes repair services for piping systems, including among others, industrial process piping systems in accordance to ASME, API, ASTM codes and standards.

The Group has a number of on-going O&M service arrangements relating to IRM of static equipment and structures which have contributed to the Group's revenue from 1 January 2015, the duration of which range from four to six years in Malaysia, three years in the UAE and two years in Turkmenistan.

Process flow for O&M services

The process flow for O&M services at the Group's service centres is depicted in the diagram below:



Upon receiving a work order which outlines the overall scope of work from the Group's customers, the Group will then set up a project team to focus on the Group's customers' requests.

The first process involves the disassembly of the respective parts of the equipment that require maintenance and/or repair. Subsequently, these parts will be transported to one of the Group's service centres or, in the case of a major overhaul, the Group's maintenance team will either transport the equipment to one of the Group's service centres or go on-site to perform the services.

Upon receiving the items for maintenance, an inspection will be conducted for diagnosis where the Group will then prepare an inspection report complete with photographs and recommendations for the necessary maintenance, repair and/or replacement of components and spare parts. The inspection report will then be submitted to the customer for approval along with the unit rate for the recommended services. In some cases, the inspection is conducted together with the customers' representative or a third-party inspector and the scope of work will be determined based on their inspection report.

After receiving feedback and approval from the Group's customers, the next process involves carrying out the necessary repair services and machining activities. Parts that cannot be repaired will be replaced with new parts that are either sourced from suppliers or provided by customers. Where possible, the Group will remanufacture parts and components. All repairs are carried out in accordance with the specifications of the customers or the relevant OEM.

The next process involves cleaning, blasting and coating to restore the equipment to its original state while adjustment and calibration are undertaken for controls and instrumentation to ensure proper functionality. The Group's service centre in Paka, Terengganu is equipped with a blasting and spraying chamber and HVOF coating equipment, therefore these activities are undertaken internally. However, for service centres in other locations, the Group would use third party service providers to carry out blasting and coating services. As for rotating equipment, balancing and shaft alignment processes are undertaken on-site or at the Group's service centres.

The next process involves testing and pre-delivery inspection where the Group will conduct various tests on pumps and valves at the Group's testing pits and valve test stations respectively. A representative from the customer will be present to witness the performance testing process. The Group may also engage external specialists to conduct non-destructive testing upon the request of customers during this stage.

Pre-delivery inspection is then performed as part of the quality assurance and quality checking process before the equipment and its ancillary parts are packaged for delivery to the customer. Finally, a completion report will be drawn up along with a summary of the final costing and invoicing.

O&M services contracts

The following terms are representative of the Group's typical maintenance contract, although the Group has a number of contracts and the terms below do not purport to represent any single contract:

(i) *Term*: Contractual periods ranging from two to five years and there are renewal terms which are applicable to the contracts subject to further negotiations between the parties.

(ii) *Fees*: Subject to fixed fees for specified work or a schedule of rates which are essentially a description of work activities (or tasks) with a combination of lump sum amounts or fixed unit rates which may be subject to further breakdown based on the daily rates, standby rates, mobilisation and demobilisation rates and which represent the rates for the relevant category of labour or personnel requirement on site and at the workshop. As for the scope of works which require the engagement of services or provision of supplies from a third party, the customer will reimburse the actual cost of undertaking the scope of work with an agreed cost plus 'mark-up' or margin or a fixed unit price for any specified spare parts as may be predetermined under the schedule of rates. In instances where the contract stipulates a limit to the total estimated contract value, the predetermined price of contract or estimation does not accurately reflect the contract fees until the work as specified under the contract is requested for by the customer.

(iii) *Performance guarantee*: Upon award of the contract, the customer may request for an irrevocable and unconditional guarantee to be issued to the customer to guarantee the performance of the relevant work order.

(iv) *Warranty claims*: For the provision of services, the Group provides a warranty for a period of 3 to 12 months from the date of completion of work. This warranty is secured by the performance guarantee provided under the maintenance contracts. In relation to the major equipment, products and parts supplied under the maintenance contracts such as turbines, compressor and transformers, standard warranties are usually provided directly by the suppliers/OEM. As at the date of this Offering Circular, the Group has not been exposed to any material liabilities in respect of warranty claims for products and parts. Should there be any claim raised by the customer, the Group will simultaneously raise a claim against the supplier/OEM. The process on the assessment of the claim will run concurrently between the Group and the customer and the supplier/OEM, so that any validation of a claim by the Group will only be made if the supplier/OEM validates the same. In the event that the claim has been agreed between the parties, the warranty claim will be covered by the supplier/OEM.

(v) *Licensing requirements*: In Malaysia, the contracts awarded by the customers impose an obligation on the service providers to maintain and hold a valid licence with PETRONAS for the performance of the works throughout the duration of the contract.

(vi) *Currency*: RM for contracts in Malaysia, IDR for contracts in Indonesia and USD for contracts outside Malaysia and Indonesia.

(vii) *Payment terms*: The normal credit period offered is between 30 to 120 days from the date of invoice.

(viii) *Exclusivity*: Non-exclusive.

(ix) *Applicable governing laws*: It is determined primarily on the location of the performance of the services/ work. However for PETRONAS work orders which are performed outside of Malaysia, the applicable governing laws remain as Malaysia.

EPCC works

Generally, EPCC comprises the following four major functions:

(i) *Engineering*: This portion of work requires engineering capabilities relating to the specifications of the total project including individual equipment and structures.

(ii) *Procurement*: This portion of the work involves obtaining supply of all raw materials, products and other items needed to construct or fabricate the project. The procurement function aims to obtain supplies in a timely manner, cost effectively and complying with product, service and quality specifications.

(iii) *Construction*: This portion of the work relates to the construction or fabrication of all products, parts and components and integrating them to an operational unit, facility or plant that meets all product, quality, safety and engineering specifications.

(iv) *Commissioning*: This is the final portion of the project work, where the completed product or project is tested and installed and if required integrated to other facilities or operations before it is finally commissioned for live operations.

EPCC is a general term referring to the responsibility to deliver an entire defined project. While the company awarded with an EPCC contract is responsible for delivering the completed project, the company may sub-contract some aspects of the contract work to third parties. Sub-contracting work is sometimes necessary, to obtain expertise that is not available in-house or due to a compressed project time-frame requiring extra resources to complete the project on time. In some cases, it may also be more cost effective for subcontractors to perform certain tasks as they may have the economies of scale in certain specialised functions.

The provision of EPCC works accounted for RM232.6 million (or 10.7%) and RM374.3 million (or 13.7%) of SDGB's revenue for the financial years ended 31 December 2016 and 2017, respectively. The provision of EPCC works accounted for RM374.3 million (or 13.7%) and RM346.8 million (or 10.6%) of Serba Dinamik's revenue for the financial years ended 31 December 2017 and 2018, respectively. For the six months ended 30 June 2018 and 2019, EPCC works accounted for RM173.9 million (or 11.3%) and RM258.4 million (or 12.0%) of Serba Dinamik's total revenue, respectively.

The Group's EPCC work includes the following:

(i) installation of piping systems;

(ii) installation of rotating and static equipment;

(iii) installation of power generation equipment and plants;

(iv) development of infrastructure; and

(v) construction of amenities and buildings.

In addition, the Group carries out other EPCC related work including the design, supply and installation of process control and instrumentation, and auxiliary power generation and firefighting systems. There are two types of EPCC work as follows:

(i) where the Group is the main contractor and is responsible for providing all the materials, labour, equipment and services necessary for the completion of the project and/or contract; and

(ii) where the Group works as a sub-contractor for main contractors and engineering companies, which was how the Group started their EPCC business before embarking as a main contractor.

The Group has the expertise and experience to undertake EPCC works encompassing the following:

(i) engineering capabilities;

(ii) procurement and supply of products;

(iii) fabrication and construction; and

(iv) testing, installation and commissioning.

As part of the Group's scope of work for EPCC, the Group also engages external parties to undertake, among others, fabrication, construction, civil, structural, mechanical and electrical works.

Engineering capabilities

The Group has the in-house facilities and technical skills to undertake the complete range of engineering works that are required for the fabrication, construction and installation of power generation systems, piping systems and other mechanical and instrumentation systems.

The Group's work is based on designs and specifications provided by the Group's customers or external design and engineering consultants.

Procurement and supply of products

The Group procures a wide range of products for the Group's EPCC works including, among other things, pipes, fittings, accessories, process control and instrumentation, electrical and electronic devices, machinery and equipment, steel plates, bars and hollow sections for fabrication and parts and components for rotating equipment.

Procurement for EPCC work in Malaysia is undertaken by Serba Dinamik Sdn. Bhd. while Serba Dinamik International is responsible for the procurement of products relating to EPCC work abroad.

Fabrication and construction

As part of the Group's EPCC work, the Group is also responsible for the fabrication and construction of plants, facilities and structures. Alternatively, the Group may be involved in the construction of infrastructure, amenities and buildings. Depending on the nature of the project, the Group could either fabricate or construct the items in-house or award the construction portion to third party specialists.

The types of work that the Group would undertake in-house include the following:

(i) minor fabrication of steel works, structures, infrastructure including roads buildings and amenities;

(ii) construction of small gas power plants, small hydropower plants and biogas power plants;

(iii) construction of CNG plants;

(iv) construction of water/sewerage treatment plants; and

(v) construction of chlorine skid-mounted chlor-alkali plants.

The Group is equipped to carry out minor fabrication works with in-house facilities to carry out cutting, bending, shaping and welding and perform post-fabrication work including blasting, painting and coating as part of a corrosion prevention system for plant equipment. As at the date of this Offering Circular, these activities are undertaken at the Group's service centres in Labuan, Miri and Bintulu in Sarawak and Paka in Terengganu. Meanwhile, larger fabrication works are conducted on-site at customers' premises.

Testing, Installation and Commissioning

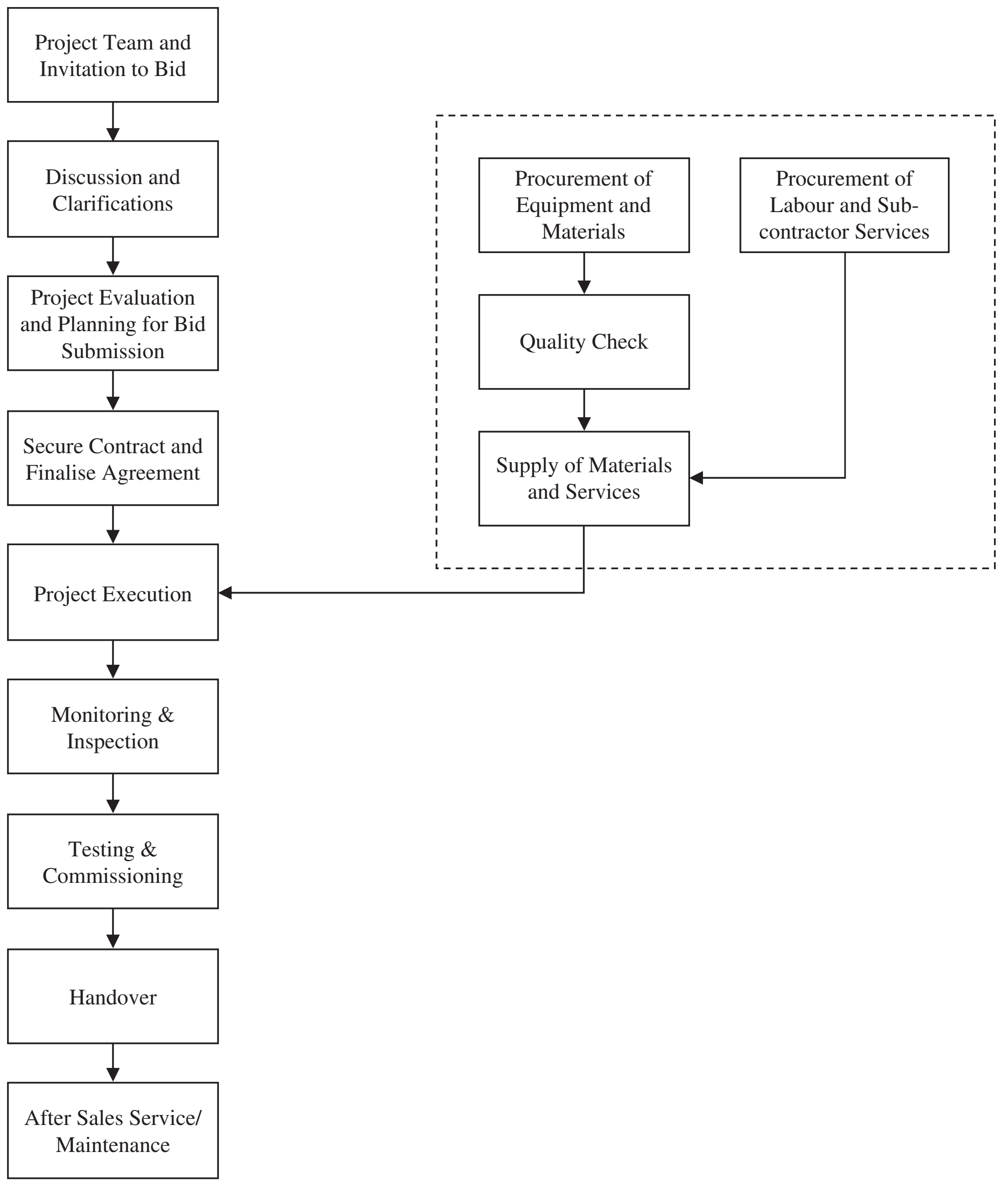
The Group has the capabilities to carry out on-site assembly, installation, hook-up and commissioning of certain packages including rotating equipment, piping system and other mechanical and instrumentation system up to the complete operations of a power plant. A final round of on-site inspection and testing is usually undertaken prior to commissioning and before the project is officially completed.

The Group has the in-house capability to undertake post-fabrication heat treatment for some of the metal products and structures. During the heat treatment process, metal products or structures are heated to a specified temperature for a certain amount of time, which are then allowed to cool at a predetermined rate or at ambient temperature. The heat treatment process is essential in removing stresses created during rolling, bending and welding processes. The failure to remove these stresses could potentially result in metal fatigue which could lead to product or structure failure.

Quality assurance and quality control measures are carried out at all phases of the Group's fabrication process where the Group complies with ASME codes and standards of quality. In this respect, the Group inspects and tests all fabricated metal products and structures prior to delivery or installation to ensure that they comply with the required standards and are free from defects. The Group has in-house testing facilities which include visual weld inspection, dye penetration tests and hydrostatic tests. In some cases, the Group engages independent external parties to conduct specialised testing, namely destructive and radiography non-destructive testing, however this is undertaken only upon request by the Group's customers.

Process flow for EPCC work

The Group's general process flow for the provision of EPCC work is depicted in the diagram below:



Upon receiving invitations to submit a bid to tender for work, a project team would be assigned to put together a submission detailing the project's scope of work, timeline and expected cost. The project team is then tasked with attending briefings, holding discussions and seeking clarifications pertaining to the requirements and specifications of the customer.

This is followed by the next process of project evaluation and planning process which involves a thorough assessment of the requirements and specifications set out in the invitation to bid, such as type of processing plant or facility, location and layout of plant and facility, installation procedures and potential complications and risks involved. Subsequently, the project team will then recommend the types of products required depending on the type of project, for example rotating and static equipment, control system and instrumentation and the relevant technical specifications inclusive of the estimated costs, expenses and timeline for delivery. All this information will be included in the submission.

Upon the successful award of the contract, the project team will then finalise the agreement with the customer in terms of the required specifications, detailed design, fabrication, installation and commissioning.

The next process is in project execution which encompasses procurement of equipment and materials. The process will also include conducting quality checks on the materials before they are delivered on-site. Additionally, this process will involve procurement of labour and suppliers for services including among others, civil and structural works, and wiring and electrical works. During this stage, suppliers and service providers will be assessed and appointed based on several criteria such as reliability, past performance, track record, quality and pricing.

During the process of carrying out the works, project managers are usually assigned to monitor the work in progress and carry out inspections to ensure that the works are in accordance with customers' requirements and specifications. Suppliers, in particular civil and structural contractors, are also monitored to ensure that the construction works are done according to schedule.

The testing and commissioning process depends on the project requirements which may involve testing and identifying or rectifying any shortcomings or issues relating to, among others, the rotating or static equipment, instrumentation or piping system. Once the plant facilities and systems are commissioned and are fully operational, the project can be officially handed over to the customer.

The Group also provides after-sales services to its customers including standby technical support, warranty, training and maintenance.

EPCC contracts

While the contractual terms of the Group's EPCC contracts vary from one contract to another, the following terms are representative of provisions typically provided in the Group's EPCC contracts, although the Group has a number of contracts and the terms below do not purport to represent any single contract:

(i) *Term*: The duration of the EPCC work ranges between 18 months to 48 months from the date of commencement of work to its completion, depending on the scope of work provided under the EPCC contracts. Save and except for variation orders issued under the EPCC contracts, there will not be any extension of time.

(ii) *Fees and payment terms*: Consideration for the assigned scope of work is subject to final measurement of the bill of quantities at an agreed schedule of rates. Payments will be made, upon the issuance of certificates of completion by the independent certified auditors, on the agreed milestones as set out in the EPCC contracts.

(iii) *Performance bond*: The EPCC contractor is commonly required to furnish performance security for due performance of the works which may take the form of a performance bond and/or irrevocable bank guarantee. A parent guarantee may be acceptable as an alternative. The value of the performance security is between 5.00% and 10.00% of the contract sum and it is valid up to 12 months after the expiry of defects liability period or the issuance of the Certificate of Completion, whichever is later.

(iv) *Warranty claims and defects liability period*: The Group provides a warranty for services and products under its EPCC contracts. The defects liability period provided is typically 12 to 24 months from the date of practical completion of the work. In relation to major equipment, products and parts supplied under the EPCC, i.e. turbines, compressor, transformers, etc., standard warranties are usually provided on a back-to-back arrangement made between the Group and the customers and the suppliers/OEM. Hence, the Group has not been exposed to liability in respect of warranty claims for major equipment, products and parts. Should there be any claim raised by the customer, the Group will simultaneously raise a claim against the supplier/OEM. The process on the assessment of the claim will run concurrently between the Group and the customer and the supplier/OEM, so that any validation of a claim by the Group will only be made if the supplier or OEM validates the same. In the event that the claim has been agreed between the parties, the warranty claim will be covered by the supplier/OEM. There should not be any gap in the timing for settlement of such claim. In addition to the performance bond, the owner may require a design guarantee bond as an additional security against any defects in the design which is valid for a period of two to five years from the date of practical completion of the work.

(v) *Liquidated damages*: Compensation will be paid to the owner if the EPPC contractor fails to complete the works within the stipulated time. Any delay of work which is attributable to the owner will affect their right to claim liquidated damages from the EPCC contractor.

(vi) *Currency*: RM for contracts in Malaysia and USD for contracts outside Malaysia.

(vii) *Applicable governing laws*: Malaysia or such other jurisdiction laws depending on the place of execution of the works.

Other products and services

The Group's business activities include the provision of a range of other products and services comprising the following:

(a) process control and instrumentation;

(b) technical training;

(c) ICT solutions and services, including industrial ICT and internet and mobile applications and solutions. Serba Dinamik's subsidiary, Serba Dinamik IT, has developed a suite of software packages for industrial applications which are sold either to customers on a standalone basis, packaged with other IT software solutions, or packaged together with its O&M and EPCC contracts;

(d) supply of products and parts; and

(e) logistics services in Ras Al-Khaimah, UAE.

These products and services are commonly packaged together as part of the Group's O&M and EPCC operations, with the exception of web-based services and solutions and provision of logistics services in Ras Al-Khaimah, UAE. Other products and services accounted for 0.3% (or RM5.2 million) and 0.2% (or RM5.3 million) of SDGB's total revenue for the financial years ended 31 December 2016 and 2017 respectively, and 0.2% (or RM5.3 million) and 0.2% (RM7.8 million) of Serba Dinamik's total revenue for the financial years ended 31 December 2017 and 2018, respectively. For the six months ended 30 June 2018 and 2019, other products and services accounted for RM4.0 million (or 0.3%) and RM54.2 million (or 2.5%) of Serba Dinamik's total revenue, respectively.

Process control and instrumentation

The Group provides design, supply and installation of process control and instrumentation to a wide range of industries including O&G, power generation, manufacturing, water utility, wastewater treatment, airport, railway and marine vessels.

The Group's core strengths in process control and instrumentation is based on its ability to configure and programme process control systems and to link them to instrumentation devices. In the provision of process control and instrumentation, the Group's full spectrum of work includes the following:

(i) identifying and specifying the total system or sub-system (for example, SCADA system);

(ii) procuring devices and software (SCADA, PLC, Instrumentation, Actuators, Final Control Elements, and software operating and application systems);

(iii) programming the PLC to control and automate the processes;

(iv) installing utilities (for example, power and communications);

(v) integrating all devices, utilities and systems;

(vi) installing the products and systems; and

(vii) testing and commissioning the systems.

The Group is supported by its facility in Klang, Selangor, which is focused on systems design and specification, programming, configuration and assembly of process control systems and instrumentation.

While the Group is capable of carrying out all aspects of process control and instrumentation, it is common for the Group to undertake only parts of the entire cycle, depending on the situation and the Group's customers' requirements. For example, the Group may only be involved in the upgrading of pneumatic relay control systems to the electronic PLC.

In April 2018, the Group acquired a 24.8% equity stake in CSE as part of the strategy to expand its presence in process control and instrumentation. CSE is an international technology group specialising in systems integration listed on the Singapore Stock Exchange which offers cost effective and integrated solutions to industries in the automation, telecommunication and environmental sectors with projects in the Americas, Asia Pacific, Europe, the Middle East and Africa.

Technical training

The provision of technical training is a critical supporting service for the Group's O&M business operations. There are three areas within the Group's business operations for which the Group provides technical training:

(i) as part of the MRO and IRM services package;

(ii) upon the request of the Group's customers to provide customised training to their personnel; and

(iii) students, of whom the Group would charge a fee to undertake the technical training programme.

The Group is an approved training centre by City & Guilds, which is a vocational education organisation in the UK. In collaboration with City & Guilds, the Group has been offering two technical training programmes, namely its Competent Rotating Machinery Technician programme since 2008 and its Advanced Diploma in O&G Operations (Mechanical Maintenance) since 2015. In November 2018, to further supplement its technical training capabilities, the Group acquired Material Technology Education Sdn Bhd ("**MTE**"), a company principally involved in the training and education business and which specialises in delivering Institute of Materials, Malaysia ("**IMM**") training and certification programmes in Malaysia. MTE has conducted various IMM courses focusing on, among other topics, coatings, corrosion, cathodic protection, welding and vibration in support of the oil and gas industry in Malaysia. Its IMM certification programmes are recognised by PETRONAS.

With the Group's knowledge and experience in the specific field of industries, the Group customises its training programmes using the City & Guilds syllabus, assessments and programme guidance notes as a basis while incorporating other technical and specific course content for each training programme. These include, among others, techniques to inspect, repair and maintain different types of rotating equipment, HSE management, condition monitoring and vibration analysis, alignment, process control systems and precision measuring instruments.

Trainees will undergo a combination of classroom theoretical and tutorial training, practical workshop training as well as field training through work placement with relevant companies. Basic theoretical and tutorial training is provided at the Group's training centre in Shah Alam, Selangor, Malaysia and subsequently trainees will undergo practical workshop training at one of the Group's City & Guilds approved centres in Bintulu, Sarawak, Malaysia and Paka in Terengganu, Malaysia. Upon completion of the training programme, trainees will be awarded with two certifications, one from City & Guilds and another from the Group.

Upon graduating from the Group's training programme, some trainees will be given a permanent or contractual employment opportunity with the Group, depending on the availability of positions. Some of the Group's trainees have been employed by other major industry players.

As part of the Group's technical training programmes, the Group also provides customised long-term training programmes for corporations such as the PETRONAS group of companies, Institut Teknologi Petroleum PETRONAS (INSTEP), Petrofac Ltd, Jimah Energy Ventures Sdn Bhd and Teknik Janakuasa Sdn Bhd as well as government bodies such as Manpower Department of Malaysia and Human Resource Development Fund Malaysia.

Some of the technical training courses that the Group has conducted over the past three financial years are set out below including scheduled courses, as well as courses that are conducted on an ad-hoc basis depending on customer demand:

		For the financial year ended 31 December		
	Course duration	**2016**	**2017**	**2018**
		(number of participants)		
City & Guilds courses				
Competent Rotating Machinery Technician programme	4 months	55	70	104
Advanced Diploma in O&G Operations (Mechanical Maintenance)	18 months	10	0	0
Other courses				
Practical Approach to Inspection & Maintenance of Pumps	3 days	0	12	0
Valve Operations/Maintenance/Inspection & Flange Breaking	3 days	25	24	25
Vibration Practitioner Certification Level 1	4 days	25	0	29
Vibration Practitioner Certification Level 2	5 days	0	15	0
Troubleshooting Techniques for Rotating Equipment	3 days	0	0	32
Certified Plant Maintenance Engineer	3 months	20	0	0
Certified Protective Coatings	2 months	0	22	0
Certified Rotating Equipment Technician	5 months	60	30	60
Certified Rotating/Static Equipment Technician	5 months	0	40	44

ICT solutions and services

The provision of ICT solutions and services is a value-added service on top of the Group's O&M services and is undertaken by the Group's subsidiaries Serba Dinamik IT and Telegistics Asia. Serba Dinamik IT is principally involved in ICT software and solutions, providing mainly industrial ICT applications, while Telegistics Asia is involved in the provision of internet and mobile application solutions for corporate customers. In addition, the

Group provides predictive maintenance services which integrates equipment condition monitoring data; builds a prediction model based on data gathered; produces an estimated "time-to-failure" for each piece of equipment and implements machine learning, which automatically learns plant characteristics and becomes more accurate during operation.

To supplement its ICT solutions and services offering, the Group acquired a 30% stake in eNoah iSolution India Private Limited ("**e-Noah**") in December 2018, a company which provides technology and business process management services with a presence in the United States, Australia, India, Malaysia and Singapore. E-Noah has a global client base in various industries such as automotive, insurance and financial services, entertainment and hospitality.

The Group also entered into a memorandum of understanding with Microsoft APAC Digital Advisory services in August 2018 to integrate digital capabilities into the Group's core competencies, most particularly its O&M segment.

The Group also recently developed the "Smart Maintenance Embedded with Mixed Reality" system, a plant turnaround optimisation tool which helps to analyse maintenance systems and reduce unplanned maintenance through the use of artificial intelligence and mixed reality. Development commenced in August 2018 and the system was offered for sale as of July 2019. The Malaysia Investment Development Authority is currently facilitating the adoption of the system by the industry.

In July 2019, Serba Denamik launched the "Beyond Paradigm Summit" with the Malaysian Investment Development Authority as co-organiser. The theme 'Creating Distinctive Digital Solutions', showcases advanced technologies encapsulating ideas of automation and data exchange surrounding Industrial Revolution 4.0. The summit presented novel solutions with real-time applications for enterprises and new business models, and also demonstrated how to best accelerate digital transformation within this paradigm shift.

Industrial ICT applications

Through its subsidiary, Serba Dinamik IT, the Group has developed a suite of software packages for industrial applications which are sold either to customers on a standalone basis, packaged with other IT software solutions, or packaged together with the Group O&M and EPCC contracts. Serba Dinamik IT is an MSC Status company in recognition of its research, development and commercialisation of in-house developed software applications namely, AlignSoft and myPLANT.

A brief description of some of the Group software and their applications are set out below:

Software	Description
Plant O&M	
Alignment Tool System (AlignSoft)	• Solve critical alignment problems quickly, efficiently and economically • Assist in performing precision alignment tasks, produce reports, and keep track of such alignment records
Plant Monitoring System (myPLANT)	• For operation and maintenance personnel to record, monitor and manage plant equipment information • Analysis and use of recorded data to predict the timing for plant maintenance
Risk Based Inspection System (Smart Inspector)	• For use in inspecting fired and unfired pressure vessels • Ensure risk is taken into account when developing inspection plans on equipment
Vibration Condition Monitoring System (VibraSolve)	• Condition monitoring system to analyse, monitor, record and manage the level of vibrations of equipment • Manage data acquisition and processing, storage and retrieval, analyse data and generate reports

Software	Description
Plant HSE maintenance	
Audio Metric Management System	• Monitoring of information pertaining to the Audio Metric tests of manufacturing plant workers • Aid in providing reports for DOSH
Incident Matrix and Analysis Tool	• Monitoring of incidences at plant operation.
Personnel Protective Equipment System	• Monitoring of all personnel protection equipment and alerts owners when equipment's expiry dates are approaching • Aid in inspection and audit from DOSH
Supply base and warehouse management	
Barcoding System (ActiveRFID)	• Data collection system which tracks all valuable and confidential information
Catalogue Album System	• Inventory management system which replaces ordinary manual procedures
Online Asset Tracking System	• Tracking systems to optimise productivity of asset. • Integration of assets including equipment, human resources and Standard Operating Procedures
Asset Tracking System using Radio Frequency Identity (ATS-RFID)	• Tracking of asset movement between offshore and onshore

Supply of products and parts

The supply of products and parts forms part of the Group's supporting activities to its O&M and EPCC business operations, as well as for external customers. Through the Group's subsidiaries, the Group is the exclusive agent of the following companies and their respective products and services:

(i) Capstone for microturbines for Malaysia, Indonesia and Brunei;

(ii) Turbine Efficiency Group Ltd for Ruston industrial gas turbines for Malaysia;

(iii) MeteoGroup Ireland Limited for weather forecasting services for Malaysia;

(iv) Psicon BV for pumps and other related products used in reconditioned turbines and pump compressors for the UK, a product which the Group is looking to develop; and

(v) SKF AB for monitoring equipment, condition performance-based monitoring products and engineering consultancy services in respect of O&M services for Malaysia.

Logistics services

The Group has a logistics centre comprising a 1,944 square metre warehouse and a 25,000 square metre open yard located within Ras Al-Khaimah Port in Ras Al-Khaimah, UAE to provide logistics services. The Group utilises part of the logistics centre as a service centre, where it carries out the provision of MRO services to vessels that berth at the Ras Al-Khaimah Port.

Ras Al-Khaimah Port is one of the five seaports in Ras Al-Khaimah, UAE and it operates as a marine supply base for offshore O&G operators. It provides lay-by facilities for barge and workboat operators, cargo-handling services, warehousing and marine maintenance services. The logistics centre is undertaken by the Group's subsidiary Serba Dinamik RMC FZE.

Sales and Marketing

The Group is an international energy services group with operations including O&M, EPCC and other products and services. The Group operates in the energy industry including O&G and power generation industries and the water and utilities industries. The Group continues to adopt the following approaches to identify new opportunities in Malaysia as well as overseas:

(i) registration of interest with PETRONAS and its subsidiaries, PSC, RSC, EPCC contractors and service providers in the O&G industry in Malaysia and overseas;

(ii) registration of interest with oil majors in the respective countries of operation including among others, PT PERTAMINA in Indonesia, Saudi Aramco, Petroleum Development Oman, Qatar Petroleum, Kuwait Petroleum Corporation and Bahrain Petroleum Company;

(iii) establishing strategic business alliances working with, among others, EPCC contractors, engineering companies and other maintenance service providers in Malaysia and overseas;

(iv) registration of interest with state-owned power producers in Malaysia and overseas;

(v) undertaking roadshows overseas with proactive sales visits to existing and potential customers;

(vi) participating in local and overseas exhibitions, conferences and seminars to grow customer base and foster relationship with existing customers and business partners; and

(vii) undertaking public relations exercises through press conferences, releases and participating in exhibitions.

Distribution channel

The Group adopts a direct and indirect distribution channel strategy to reach its customers. Generally, the Group submits bids to tender for contracts directly with plant owners or operators as well as indirectly through primary EPCC contractors and maintenance service providers.

For O&M services in Malaysia, the Group mainly adopts a direct distribution channel approach where the Group works with plant owners or operators. They primarily include national oil company, PETRONAS and its subsidiaries and other product sharing contract ("**PSC**") and revenue sharing contract ("**RSC**") operators. For EPCC works in Malaysia, the Group mainly adopts an indirect distribution channel approach where the Group works with main contractors.

For O&M services and EPCC works overseas, the Group mainly adopts an indirect distribution channel approach where the Group works with foreign business partners comprising primarily main contractors and engineering companies to provide services to plant owners and operators. Engineering companies would typically engage the Group to provide O&M services and EPCC works as they do not have either the expertise or resources to perform such services.

Customers

The Group's customers and their respective revenue contribution for the time periods indicated are as follows:

	SDGB		Serba Dinamik			
	For the financial year ended 31 December		For the financial year ended 31 December		For the six months ended 30 June	
	2016	2017	2017	2018	2018	2019
			(%)			
Engineering companies and contractors	60.0	57.2	57.2	69.9	70.6	64.4
O&G operators	31.0	27.9	27.9	23.0	21.1	24.5
Gas processing and oil refineries	2.5	3.4	3.4	0.0	0.1	0.0
Petrochemical manufacturers	5.7	6.5	6.5	3.2	3.7	3.7
Independent power producers	0.8	1.7	1.7	1.8	2.8	1.2
Others	0.1	3.3	3.3	2.2	1.7	6.2
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

The table below lists the customers which contributed 10.00% or more of SDGB's or Serba Dinamik's revenue, as the case may be, for the time periods indicated:

			SDGB		**Serba Dinamik**			
			For the financial year ended 31 December		**For the financial year ended 31 December**		**For the six months ended 30 June**	
Customer name	**Geographical segment served**	**Approximate length of relationship**	**2016**	**2017**	**2017**	**2018**	**2018**	**2019**
Customer 1	Malaysia	25 years	15.6	14.0	14.0	15.3	13.0	16.3
Customer 2	Bahrain	3 years	7.4	12.4	12.4	9.6	7.6	8.0
Customer 3	Saudi Arabia	3 years	10.6	10.0	10.0	7.4	8.1	4.8

The Group is not dependent on any single one of the Group's major customers.

The Group seeks to proactively renew and renegotiate contracts before they expire to ensure its business sustainability as well as to provide the Group with the financial resources to expand its business. The Group's relationship with the PETRONAS Group of companies and Sarawak Shell Berhad has existed for 25 and 23 years, respectively and the Group maintains longstanding relationships with several smaller customers, particularly in Malaysia, where the Group's operating history is longer.

Further, the Group is looking at expanding its current operations, where opportunities in O&G, power generation and water and utilities industries exist, to broaden the Group's customer and revenue base over a greater geographical coverage.

Suppliers

The table below lists the suppliers which accounted for 10.00% or more of SDGB's or Serba Dinamik's, as the case may be, total purchases for the time periods indicated:

			SDGB				**Serba Dinamik**										
			For the financial year ended 31 December				**For the financial year ended 31 December**					**For the six months ended 30 June**					
Supplier name	**Geographical segment served**	**Length of relationship**	**2016**		**2017**		**2017**		**2018**			**2018**		**2019**		
			(RM in millions)	*(%)*	*(RM in millions)*	*(%)*	*(RM in millions)*	*(%)*	*(RM in millions)*	*(U.S.$ in millions)*	*(%)*	*(RM in millions)*	*(%)*	*(RM in millions)*	*(U.S.$ in millions)*	*(%)*
Supplier 1	Middle East	4 years	111.9	4.6	257.2	11.6	257.2	11.6	112.5	27.2	4.0	51.1	3.9	47.0	11.4	2.7

The Group's purchases from these suppliers are mainly parts, consumables, tools, equipment and services.

The Group is not dependent on any of the Group's major suppliers for the operations of the Group's business as the supply of parts, consumables, tools, equipment and services are general products and services that can be sourced from other suppliers.

Raw Materials

As a provider of engineering solution services, the Group mainly utilises equipment, parts, tools, consumables and services as its main input materials to facilitate the provision of O&M services and EPCC works. Some of these equipment, parts, tools consumables and services include:

(i) power generation and transmission equipment and parts such as steel diaphragms and their components for rotating equipment, turbines, burners, blades, rotor sets, motors, drive assembly and shaft parts;

(ii) instrumentation and control equipment and parts such as valves, pumps and related products, controllers, chemical dosing pots and gauge pressure equipment;

(iii) tools and consumables such as sealing materials, industrial fasteners, cables and connectors; and

(iv) services such as payment of fees to suppliers for their supply of parts and provision of services.

Properties and Facilities

As at the date of this Offering Circular, the Group operates from its head office in Shah Alam, Selangor, Malaysia. Its headquarters are supported by service centres in Malaysia, the UK, Bahrain and the UAE, as well as offices in the UK and Indonesia.

Details of the Group's operational facilities are set out below:

	Malaysia	Indonesia	UK	Bahrain	UAE	Central and South Asia
Number of offices/ Location	1 Shah Alam	2 Jakarta and Riau	1 London	1 Manama	1 Ras Al- Khaimah	—
Number of service centres/Location	8 West: Klang (2), Paka, Pasir Gudang, Bandar Penawar East: Bintulu, Miri, Labuan	—	1 Cornwall	1 Ras Zuwayed	2 Ras Al-Khaimah and Abu Dhabi*	—
Other Facilities/ Location	—	2 Muaro Jambi, Ambon Island	—	—	1 Ras Al-Khaimah	1 Hyderabad, India
Purpose	Home base	Marketing offices as part of expansion plans, CNG plant	Marketing offices as part of expansion plans, workshop, service centre	Marketing offices as part of expansion plans, workshop, service centre	Marketing offices as part of expansion plans, marine logistics centre	Manufacturing centre for small turbines

* Serba Dinamik's service centre in Abu Dhabi is held under its associate, Al-Sagar Engineering.

Quality Assurance

The Group places significant emphasis on service quality and adheres to stringent quality standards. This is reflected by the following accreditations and certifications:

Company	Standard	Activity	Issuing party	Validity period
Serba Dinamik	ISO 9001: 2015	Provision of engineering maintenance services, construction and fabrication for mechanical, instrumentation, piping and static equipment	IQNet and SIRIM QAS International Sdn Bhd	9 February 2019 to 8 February 2022
Serba Dinamik International	ISO 9001: 2015	Provision of maintenance and services for mechanical equipment (rotating and static)	IQNet and SIRIM QAS International Sdn Bhd	30 June 2017 to 4 June 2020
Quantum Offshore	ISO 9001: 2008	Design and manufacture of fire Pumps and power generation systems to the offshore industry	DNV Business Assurance	10 December 2018 to 10 December 2021

As part of the Group's quality assurance policy, the Group has formed an internal quality management assurance team that is responsible for periodically reviewing the Group's processes and standards to ensure that the quality standards are maintained.

Occupational Health and Safety

Occupational health and safety is an integral part of the Group's business operations and its customers expect the highest safety standards from the Group. The Group is committed to maintaining a good HSE record and complying with industry HSE standards. In that respect, the Group's subsidiaries, Serba Dinamik and Serba Dinamik International, have obtained the following HSE certifications:

Company	Standard	Activity	Issuing party	Validity period
Serba Dinamik	OHSAS 18001: 2007	Provision of on-site maintenance, servicing and overhauling for all kinds of turbo machinery and instrumentation	IQNet and SIRIM QAS International Sdn Bhd	4 September 2017 to 3 September 2020
	ISO 14001: 2004	Repair, maintenance, installation and commissioning of rotating equipment and related plant	Bureau Veritas Certification (Malaysia) Sdn Bhd	25 January 2019 to 24 January 2022
Serba Dinamik International	OHSAS 18001: 2007	Provision of maintenance and services for mechanical equipment (rotating and static)	IQNet and SIRIM QAS International Sdn Bhd	4 August 2017 to 4 June 2020
	ISO 14001: 2015	Provision of maintenance and services for mechanical equipment (rotating and static)	IQNet and SIRIM QAS International Sdn Bhd	18 November 2017 to 4 June 2020

In recognition of the Group's efforts to implement and maintain the Group's HSE standards, the following are some of the awards and recognitions that the Group has received from its customers since 1 January 2015:

Year	Customer/Awarding body	Awards and recognition
2015	Metix Malaysia Sdn Bhd	Certificate of achievement for the contribution of 13,028 safe man hours without lost time injury towards the completion of the Sakura Ferroalloy project which has reached a total of 2 million safe man hours without lost time injury
	PETRONAS Chemicals Ammonia Sdn Bhd	Appreciation award in recognition of excellent performance in unplanned shutdown in November 2015 in terms of schedule, HSE and quality
	PETRONAS Chemicals Ammonia Sdn Bhd	Contractor Outstanding Behaviour and the Group and Recognition Award (COBRA) 2015 (Gold Award) for outstanding performance in HSE from July to December 2015
2016	JX Nippon Oil & Gas Exploration (Malaysia)	Recognition for 2016 HSE Performance Award
2017	MLNG Contractors HSE Committee	HSE Excellence Award—Top 3 in Project HSE Score Card for 2017
2018	PETRONAS CHEMICALS GROUP 2018	Demonstrated "Focus Execution" and "Result Matter" by expediting work and good collaboration to ensure the activity is completed within Product to Product ("**P2P**"). Supported PETRONAS Chemicals Methanol Sdn Bhd by achieving P2P 45 days Plant 2 Turnaround 03.
	PETRONAS Chemical Ammonia Sdn Bhd	Gold award for outstanding performance in Health, Safety and Environment ("**HSE**") from January to December 2018.

Year	Customer/Awarding body	Awards and recognition
	PETRONAS Chemical Ethylene Sdn Bhd	Appreciation award for demonstrating diligent safety standards by ensuring full HSE compliance at site during PETRONAS Chemicals Ethylene Sdn Bhd and PETRONAS Chemicals Polyethylene Sdn Bhd turnaround in July 2018.
	PETRONAS Chemical Polyethylene Sdn Bhd	Appreciation award for contributing to a safe and successful execution in HSE aspects during PETRONAS Chemicals Ethylene Sdn Bhd & PETRONAS Chemicals Polyethylene Sdn Bhd turnaround in 2018.
	ASEAN Bintulu Fertilizer Sdn Bhd 2019	Recognition award in ensuring HSE compliance during ABF 14th Turnaround 2018 and achieving its HSE performance and record.
2019	MLNG-Contractors HSE Committee	HSE Excellence Award in recognition of Best HSE Score Card for 2018.
	Shell Malaysia	Bronze Award in Downstream & Integrated Gas Category in recognition of Serba Dinamik's safety performance for 2018

For the financial year ended 31 December 2018, the Group's Malaysian operations and overseas operations had 14.3 million and 21.3 million cumulative man hours without loss time injury, respectively.

Environmental Matters

The Group is an ISO 14001 certified organisation that strives to adhere to sound environmental management systems. In particular, the Group intends to:

- participate in developing renewable energy to create environment sustainability and economic value;
- implement environmental management programmes across its operations, including by adopting the 3R concept (reduce, reuse and recycle) to minimise waste generation, and a water usage control and monitoring programme to ensure that water is used in a responsible manner;
- raise awareness regarding the importance of preserving the environment, including by implementing waste management training across its offices and its operations and initiated waste sorting and waste disposal initiatives to promote recycling;
- have management review and monitor environmental aspects of its operations to minimise the usage and consumption of energy and water; and
- formulate initiatives to maintain energy efficiency levels.

As a service provider, the Group does not generate a material amount of scheduled waste, including spent lubricating oils for machines and equipment, empty paint containers, and used rags from cleaning and maintenance operations at the Group's service centres. Disposal of this type of waste is handled by licensed waste management companies.

In 2016, the Group received "The Green Era Award for Sustainability" from the Otherways Management Association Club in France, in recognition of its sustainable practices and achievements in environmental protection.

Research and Development

The Group's approach on R&D activities is focused on the development of software solutions and applications to complement the Group's O&M business operations as well as for sale to its external customers. The objective is to provide the Group's customers with software tools or systems to assist them in managing the performance of their plant operations.

The Group does not utilise any major technologies in its business operations. In addition to the Group's software solutions which are used to facilitate its O&M operations, the Group applies its disciplines in mechanical, electrical and electronics engineering to undertake its O&M, EPCC and process control and instrumentation business operations.

R&D activities are undertaken by the Group's subsidiaries, Serba Dinamik IT and Telegistics Asia primarily in the (i) development of software solutions for industrial applications such as plant maintenance, plant HSE management as well as supply base and warehouse management; and (ii) development of web-based platforms for commercial applications.

The Group has in the past developed for commercial use the following industrial software applications that are used in the management of plant operations:

(i) AlignSoft is an alignment tool system which consists of both hardware and software designed for technicians and engineering personnel to perform precision alignment on rotating equipment and to reduce misalignment problems;

(ii) myPLANT is a software system that facilitates the collection of data and information on plant equipment allowing users to compare historical trends to monitor the performance of plant equipment over time;

(iii) VibraSolve is a vibration condition monitoring system comprising both hardware and software used to analyse, monitor and record data as part of the management of rotating equipment in plants; and

(iv) Smart Inspector is an inspection system to assess risks in relation to fired and unfired pressure vessels.

In addition, the Group has in the last three years developed and commercialised the following web-based applications:

(i) MyTPA, a digital clinical panel management system through partnering with the Malaysian Islamic Doctors Organisation;

(ii) Global Content Exchange, a digital content platform which provides access to global content and literature ranging from books, journals, theses, dissertations, media and creative content; and

(iii) QWIK Pay, a QR-code based one-stop payment solution.

The above IT software was developed and commercialised by the Group's subsidiary, Serba Dinamik IT Sdn Bhd.

Intellectual Property

The Group uses a number of trademarks in connection with its business and has registered the following trademarks which are used in its operations and businesses:

No.	Trademark	Owner	Registration no.	Place of registration	Date of Registration/ Validity period	Class of trademark
1	*AlignSoft™*	Serba Dinamik	06005266	Malaysia	3 April 2006/ Expiring on 3 April 2026	Class 9—computer software mainly for field engineers or technicians to perform, generate and document their alignment works.
2	VibraSolve	Serba Dinamik	09022411	Malaysia	21 December 2009/Expiring on 21 December 2019	Class 42—computer hardware and software such as condition monitoring system which is used to monitor, record and manage the vibration condition of an equipment to ensure the condition monitoring of machinery based on the measurement of vibration, which is integrated through a local network area.
3	*f-Gen*	Serba Dinamik	2010005307	Malaysia	29 March 2010/ Expiring on 29 March 2020	Class 7—Machines and machine tools which includes generators of electricity.

Employees

As at 30 June 2019, the Group has a total workforce of 1,356 employees.

The Group enjoys cordial relations with its employees and there have been no material instances of strikes, lockouts or other disruptive labour disputes.

The Group's employee segmentation by job function as at time periods indicated is as follows:

	As at 31 December			As at 30 June
	2016	2017	2018	2019
Malaysia's operations				
Managerial and professional	99	131	151	166
Technical and supervisory				
—Engineers	52	77	81	99
—Technical and service personnel	523	556	773	808
—Quality control/HSE personnel	36	38	45	59
Clerical and administrative	113	153	180	212
Sales and marketing	8	5	9	10
Others	8	10	3	2
Total	**839**	**970**	**1,242**	**1,356**

The Group's employee segmentation by geographical location for the time periods indicated, is as follows:

	As at 31 December			As at 30 June
	2016	2017	2018	2019
Malaysia	600	713	1,017	1,169
Indonesia	208	228	202	164
Bahrain	21	21	18	18
United Kingdom	6	6	5	3
Brunei	4	2	0	2
Total	**839**	**970**	**1,242**	**1,356**

Where the Group does not have any subsidiaries, it hires a third party manpower supply company to provide it with the necessary manpower to operate its business.

Training and development

Human capital has an important role in the continuing growth and success of the Group and the Group is committed towards developing its human capital. To achieve this, the Group has put in place a human resource plan to ensure the Group is able to retain its existing skilled employees and attract new talent to be a part of its dynamic team. The Group's employees at all levels are given access to training and educational resources to enhance their professional development. As part of the human resource plan, the Group's employees are encouraged to attend internal and external training, in order to enhance their technical skills and knowledge as well as to ensure that they are kept abreast of developments in their respective fields and in the Group's business of O&M services and EPCC works. The Group aims to continue investing in its employees as the Group is committed to delivering quality and proficient services to its customers.

The Group also conducts training programmes jointly with City & Guilds, a training institution with distinct records of training programmes which are recognised globally. Also, the Group's collaboration with the Engineering Construction Industrial Training Board of the UK further adds value and credentials to the training programmes that the Group has conducted so far for its employees.

Insurance

The Group maintains insurance at levels that it believes are customary in the industries in which the Group operates to protect against various losses and liabilities that may arise from the risks and hazards of the Group's businesses, including fire, flood and accident. The Group maintains insurance, to cover, among other things, damage to equipment, all risks and workers compensation. The Group generally maintains worker's compensation insurance in respect of death or injury to the Group's employees in accordance with the Malaysian worker's compensation ordinance. To determine appropriate insurance policies and levels of insurance coverage, the Group regularly employs risk management for purposes of analysing the risks faced by the Group's businesses.

Awards and Certifications

Other awards received by the Group include:

Year	Awards and recognitions
2017	MVCA Awards Night 2017: "Outstanding Investee of 2016"
	The Bizz Award of 2017: Inspirational Company and "The World Biz Leader Award US, St. Thomas"
2018	The Brand Laureate Best Brands Award: Signature Brand—Integrated Energy Solutions 2017—2018
	MVCA Awards Night 2018: Recognition award for Outstanding Investee Companies in 2017 (PAT) (Serba Dinamik Holdings Berhad)
	The Financial Times and Statista: One of FT 1000 High-Growth Companies of Asia Pacific in 2018
	Asia Entrepreneur Alliance Award 2018: Global Top Brand Excellence Award
	The World Business Leader Bizz Award 2018: Beyond Success Category—Inspirational Company (Serba Dinamik Sdn Bhd) & World Business Leader (Serba Dinamik Group)
	Malaysia Investor Relations Awards 2018: Best Investor Relations for an IPO in 2017 (Serba Dinamik Holdings Berhad)
	Anugerah Ikon Usahawan Bumiputera 2019: Dato' Dr. Ir. Mohd Abdul Karim Abdullah (Serba Dinamik Holdings Berhad)
	Forbes Asia Best Under a Billion Award 2018: The Region's Top 200 Small and Midsize Companies
2019	The Asset Asian Awards 2019: Best New Sukuk in 800 Million Ringgit Dual Tranche Sukuk (Serba Dinamik Holdings Berhad)
	The World Business Leader Bizz Award 2019: Recognition of Inspirational Company (Serba Dinamik Sdn Bhd)
	Sabah Top Achievers Award
	6th Shell Malaysia Safety Award

Competition

The energy services industry is highly competitive with high barriers of entry. The Group generally faces competition from other OEMs and from both upstream or downstream players.

In Malaysia, the Group competes against local players such as Sapura Energy and Dialog Group. In the Middle East, the Group faces competition from companies such as Larsen & Toubro Limited and the John Wood Group PLC.

Legal Proceedings

The Group is from time to time involved in a number of legal proceedings in the ordinary course of its business. As of the date of this Offering Circular, the Group is not involved in any material lawsuits.

DIRECTORS AND MANAGEMENT

Directors and Management

Board of Directors

The Board of Directors of Serba Dinamik Holdings Berhad oversees the conduct of the Group's affairs and is accountable to shareholders for the long-term performance and financial soundness of the Group.

The following table and description below sets forth certain information concerning the Board as at the date of this Offering Circular:

Name	Position
Dato' Mohamed Nor Bin Abu Bakar	Chairman and Independent Non-Executive Director
Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah	Group Managing Director/Group Chief Executive Officer and Non-Independent Executive Director
Dato' Awang Daud Bin Awang Putera	Non-Independent Non-Executive Director
Abdul Kadier Sahib	Non-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
Hasman Yusri Bin Yusoff	Senior Independent Non-Executive Director
Rozilawati Binti Haji Basir	Independent Non-Executive Director

Information on the business and working experience of each of the directors of the Group is set out below:

Dato' Mohamed Nor Bin Abu Bakar

Chairman and Independent Non-Executive Director

Dato' Mohamed Nor is the Chairman of the Group. He has extensive experience in the petrochemicals industry and a strong track record in managerial roles within the industry. He began his career in 1974 with Chemical Company of Malaysia Berhad, a subsidiary of Imperial Chemical Industry of UK Ltd. In 1981 he joined the Petronas Group as Operations Manager of Asean Bintulu Fertiliser Sdn Bhd, a role which included a secondment to Germany to head a project team to carry out the engineering of high pressure technology in the manufacturing of ammonia and urea. He was subsequently promoted to Managing Director cum Chief Executive Officer of Asean Bintulu Fertiliser Sdn Bhd in 1992 and went on to hold the roles of Managing Director cum Chief Executive Officer of Ethylene and Polyethylene Malaysia Sdn Bhd, a joint venture between Petronas, British Petroleum and Idemitsu Kosan Co. Ltd, from 1994 and Chairman of Kerteh Integrated Petrochemical Complex until 2007.

Dato' Mohamed Nor graduated from Heriot-Watt University, Scotland with a Bachelor's Degree in Chemical Engineering in 1974. He has attended several senior management courses, including The Wharton Advance Management Program at The Wharton School, University of Pennsylvania, United States of America. Dato' Mohamed Nor sat on several technical committees associated with the Scientific and Industrial Research Institute of Malaysia and was the past President of the Petrochemical Association of Malaysia.

Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah

Group Managing Director, Group Chief Executive Officer and Non-Independent Executive Director

Dato' Karim formed Serba Dinamik in 1993 and is the Group Chief Executive Officer. Dato' Karim is responsible for the day-to-day activities and operations of the Group, and for implementing the Group's future plans and strategies. He has also been actively involved in setting up new companies and acquiring companies as a business strategy for expansion and long-term plans to strengthen the Group's position in the market.

His career as an engineer has spanned 30 years. He began his career at Asean Bintulu Fertilizer Sdn Bhd in 1988 as a Mechanical Engineer, where he supervised the overhauling of pumps, turbines and compressors. He was subsequently appointed as the Coordinator for the Ammonia and Rotary 5th T/A Preparation Team in 1990 and finally to the role of Rotating Equipment Area Engineer in 1991. Dato' Karim has accumulated vast experience in the maintenance and installation of rotating equipment, including a major overhaul and inspection of 37MW MHI steam turbines in Module 1, 2 & 3 of Malaysia LNG Sdn Bhd, as well as the overall supervision of plant shutdown maintenance on various rotating equipment. He has accumulated practical experience from his work relating to the overhauling of steam turbines, gas turbines, centrifugal pumps and centrifugal compressors and machinery installation.

His tenure at Malaysia LNG Sdn Bhd also included a site project manager role for the supply and construction of a new civil workshop, the extension of the main warehouse and mechanical workshop. He gained further experience in construction and fabrication from his involvement in the installation of the Jet A-1 Bunkering Line in Shell Timur Sdn Bhd and the installation of the flush tank at Bintulu Depot. Since 1993, he has also been involved in project management, including executing project control function in job planning, work scheduling to maintain the planned work, production scheduling, analysis of schedule impacts resulting from design alternatives, field change and any site condition encountered, and revising the project schedule to cope with any changes.

Dato' Karim graduated from Universiti Teknologi Malaysia with a Bachelor's Degree in Mechanical Engineering. He was also awarded an Honorary PhD in Industrial Engineering from InterAmerican University, USA in 2009 and a PhD in Entrepreneurship from Golden State University, USA in 2012. Dato' Karim has also attended a variety of training courses relating to machinery diagnostics and design. He is a member of several professional organisations, including the Institution of Engineers Malaysia since 1994, the Board of Engineers of Malaysia since 1996 and the Asean Federation of Engineering Organisation since 2002. Dato' Karim also regularly conducts training sessions both internally to staff of the Group and externally to industry practitioners, primarily in the power and oil and gas sectors, on a variety of topics including vibration, machinery alignment and balancing, condition monitoring programmes for rotating equipment, integrated machinery maintenance, preventive and predictive maintenance, inspection and maintenance of pumps and inspection and maintenance of steam turbines.

He has received much recognition including, among others, the Golden Eagle Award 2015 (Top 3 Eminent Eagle for Malaysia 100 excellent Enterprise Excellence Award), the BIZZ Arabic Business Excellence Award 2014 (World Confederation of Businesses), the Oxford Summit of Leaders, UK (Best Enterprise and Managers of the 2013) and All-Asia Executive Team 2019 (Special Achievement Awards).

Dato' Awang Daud Bin Awang Putera

Non-Independent Non-Executive Director

Dato' Awang Daud was appointed as Serba Dinamik's Non-Independent Non-Executive Director on 4 October 2019, after previously holding the position of Deputy Group Managing Director. He joined the Group as a director in 1994, with his primary responsibilities being field supervision, coordination and management of various projects, construction and fabrication tasks, planning and tendering and negotiation of managerial portfolios. He has a depth of both practical and managerial experience, beginning his career with Syarikat Jengka Pahang Sdn Bhd as an apprentice in 1978, where he was trained to deal with repairs and overhauls of rotating equipment such as electrical motor, multi centrifugal pumps, rotary pumps boiler and dryer. Dato' Awang Daud also worked in Ballast Nedam International (Malaysia) Sdn Bhd as a Mechanical Workshop Supervisor (1980-1981), where he was responsible for productivity and service quality of machining jobs, welding, fabrication and maintenance of mechanical equipment. He then joined Daelim (Malaysia) Sdn Bhd as a Heavy Industries Equipment Millwright (1981-1983) where he gained experience in designing, fabricating, maintaining, installing and repairing various heavy machinery and vehicles. He then went on to join Malaysia LNG Sdn Bhd as Technician 3, eventually being promoted to Supervisor (1983-1993). At Malaysia LNG he was involved in marquee projects, such as setting up the mechanical workshop for the first production of LNG, before eventually moving on to Serba Dinamik.

Dato' Awang Daud was awarded an intermediate certificate for a Mechanical Fitter and General Mechanic from the Institut Kemahiran MARA, Malaysia in 1980. He was certified by the National Industrial Trade Training Board in June 1980. Dato' Awang Daud also graduated from the University of the East, Philippines with a Bachelor of Science in Mechanical Engineering in 1994. He also holds a Master's Degree in Mechanical Engineering from the Universitas Pancasila, Indonesia which he obtained in 2007.

In 2018, Dato' Awang Daud was conferred the highest professional qualification of Chartered Fellow ("**FCILT**") from The Chartered Institute of Logistics and Transport Malaysia ("**CILTM**"). He is currently appointed as Honorary Advisor to The International Business Horum of CILTM and CILTM Sarawak Chapter.

Abdul Kadier Sahib

Non-Independent Non-Executive Director

Abdul Kadier is a non-executive director of the Group. He joined the Group as a director in July 1994, and subsequently became a shareholder of Serba Dinamik in October 1994. Abdul Kadier began his career in 1973 as a marketing executive with Diethlem Sdn Bhd, and subsequently joined Sarawak Economic Development Corporation as marketing officer (1974-1976). Abdul Kadier subsequently went on to start his own business operating in several industries including food, road transportation, agriculture and forestry, before he went on to join the Group.

Abdul Kadier graduated from the University of Malaya, Malaysia in 1973 with a Bachelor's Degree in Economics. He has gained a broad skillset through memberships of various organisations throughout his career. Abdul Kadier is a member of the Party Pesaka Bumiputera Bersatu Sarawak and sat as an executive committee member for two terms at the state level of the Party Pesaka Bumiputera Bersatu Sarawak Youth Wing (1985-1989). He is an active member of the Bumiputera Chamber of Commerce Sarawak and was elected Vice President (2014-2017) at state level of the, having previously served as the Chairman of the Bintulu branch for three terms (1986-1991) as well as adviser (1992-1994). Abdul Kadier has also been appointed as a member of the Consultative Council to Local Government for two separate terms (1991-1997, 2013-2019) which has entailed advising the Bintulu Development Authority on the development of Bintulu and the local government functions. In 2008 he was awarded the "Sarawak State Entrepreneur of the Year Award" by the Sarawak Ministry of Industrial Development.

Sharifah Irina Binti Syed Ahmad Radzi

Independent Non-Executive Director

Sharifah Irina is an independent non-executive director of the Group. She began her career with Pricewaterhouse Coopers Malaysia in Business Advisory Services, a role which entailed the provision of audit services to a broad range of industries, including media, oil and gas, automotive and property development, among others (1999-2002). She subsequently joined the Internal Audit Department at Usaha Tegas Sdn Bhd and was responsible for the corporate governance, compliance, enterprise risk management and internal controls and policies. In 2003 she joined iPerintis Sdn Bhd as a Business Analyst, which enabled Sharifah Irina to gain experience in dealing with financial consultancy projects, eventually becoming a certified SAP Financial Solution Consultant. She predominantly serviced oil and gas and shipping companies, though she also ventured into IT, starting with non-SAP IT related projects and thereafter performing SAP enhancements, customisations and full cycle project implementations. In 2011 joined Abeam Consulting (M) Sdn Bhd as a Senior SAP Financial Consultant, providing SAP services globally for companies in various industries including insurance, manufacturing, security enforcement, defence and plantation. She was responsible for end-to-end SAP implementation, which required understanding of various business landscapes, needs and requirements, performance of gap analysis to blueprint functional specifications and manual documentations, project implementation, testing, verification and reconciliation exercises, through to training and support.

Sharifah Irina graduated from the University of Adelaide, Australia with a Bachelor of Commerce (Accounting) in 1999 and the University of Strathclyde, Scotland with a Master of Business of Administration in 2011. She is a Chartered Accountant and has been a member of the Chartered Accountants Australia and New Zealand since 2003, from whom she obtained a Graduate Diploma Certificate of Completion, and the Malaysian Institute of Accountants since 2004. Sharifah Irina is also a certified SAP Financial Solution Consultant in Financial Accounting since 2007 and Management Accounting since 2008.

Tengku Dato' Seri Hasmuddin bin Tengku Othman

Independent Non-Executive Director

Tengku Dato' Seri Hasmuddin is an independent non-executive director of the Group. Tengku Dato' Seri Hasmuddin is the Chairman of the Nomination and Remuneration Committee of the Group. He started his career in 1987 at Messrs Suhaimi Abdullah & Co., Malacca upon admission to the Malaysian Bar. In 1989 he went on to join Messrs. Hisham Sobri & Kadir, where he is also the Principal Partner, with a specialism in corporate and commercial law and Islamic finance and was involved in developing the structural framework for Islamic banking documentation during its infancy in Malaysia. Tengku Dato' Seri Hasmuddin also sits on the boards of Aliran Ihsan Resources Berhad, IJN Holdings Sdn. Bhd. and Rangkaian Hotel Seri Malaysia Sdn. Bhd.

Tengku Dato' Seri Hasmuddin graduated from the University of Malaya, Malaysia with a Bachelor of Law (Honours) in 1986. He was also admitted to the Malaysian Bar on 14 July 1987 and has been a member of the Association of Chartered Islamic Finance Professionals since 2009. Tengku Dato' Seri Hasmuddin also plays an active role in the development of Islamic Finance through his involvement in the Kuala Lumpur Islamic Finance Forum which brings together the key industry players annually. He is also involved in several charitable organisations as a trustee, including Tuanku Najihah Foundation, Tabung Amanah Pesakit Malaysia, Institut Quran Tuanku Jaafar, Yayasan Kolej Islam Sultan Alam Shah and Yayasan Munarah.

Hasman Yusri Bin Yusoff

Senior Independent Non-Executive Director

Hasman Yusri is a senior independent non-executive director of the Group. He began his career as an Executive in Petronas' Production Sharing Contracts Audit Department in 1984, where he was responsible for audit of the cost claimed by the upstream contractors and determination of profit entitlement. In 1986, he was transferred to the Group Accounts Department and handled matters relating to the Petronas group's accounting policies, preparation of consolidated accounts and financial reporting for internal and external government use. In addition, he also managed the financial reporting of the Research Fund and Retirement Fund during his time there and worked closely with Planning and Treasury division on the Petronas group's financial matters.

In 1989, he joined Petronas Trading Corporation Sdn Bhd, a trading arm of Petronas which was then a newly set up company, as the Head of Accounts and Administration. He spearheaded the start-up of the company and was responsible for various departments—namely accounting, finance, treasury, human resource and IT.

Subsequently in 1994, he joined Petronas Maritime Sdn Bhd as a Finance and Administrative Manager, which was then a newly set up company to manage marine vessels inspection and port logistics business within the Petronas group. He spearheaded the start-up of the company and was responsible for various departments—namely accounting, finance, treasury and human resource. During this time he also supervised the accounting and finance functions of Petronas Group's port logistics companies such as Sungai Udang Port Sdn Bhd and Kertih Port Sdn Bhd.

In 1995, he joined Malakoff Berhad a company which was listed on the Kuala Lumpur Stock Exchange (now known as Bursa Securities) whose operations included power generation and plantation, as a Senior Manager. He was made the General Manager of the Finance Division within six months of joining Malakoff Berhad. He was responsible for the financial affairs of the Malakoff Berhad group, a role which included compliance with the reporting and regulatory requirements under Bursa Securities and the SC. He was also responsible for the financial affairs of the Segari power plant construction project during his time at Malakoff Berhad.

He joined KPMG in 1999 as a Director in the Assurance and Audit Division, before he was promoted to Principal in the Assurance Division in October 2001 and to Partner in August 2006. He retired in December 2015. He has been an Independent Non-Executive Director of Malaysian Resources Corporation Berhad since January 2016.

Hasman Yusri obtained a Postgraduate Diploma in Islamic Studies from International Islamic University Malaysia in 1995 and is also a member of the Malaysian Institute of Accountants and became a graduate member of the Association of Chartered Certified Accountants in 1984, and was subsequently admitted to the association in 1993, thereafter becoming a Fellow of the association. Throughout his career, he has been involved in various special assignments that have included reviews of profit and cash flow forecasts, due diligence, share valuations, corporate restructuring and he has acted as reporting accountant on various flotation and initial public offerings. Furthermore, he was a speaker at the Ministry of Finance Directors Training Series II "Roles and Responsibilities of Board Committees" in January 2010. He is also a member of the Malaysian Accounting Standards Board Working Group 59 (Operating Segments) and a member of Malaysian Accounting Standards Board Working Group 58 (Management Commentary).

Rozilawati Binti Haji Basir

Independent Non-Executive Director

Rozilawati Binti Haji Basir is an independent non-executive director of the Group. Rozilawati began her career as a Research & Analyst Assistant in Capital Corp Securities Malaysia Sdn Bhd in 1994 before moving to Kumpulan Fima Berhad in 1996 as a Corporate Services Executive. She further worked in the United Kingdom between 1999 and 2000 as a Business Executive in Bristol Enterprise Centre of the University of Bristol. She then assumed a Senior Management position in Nationwide Express Courier Services Berhad ("**NECSB**") where she served as an Executive Director for the Business Development Department between 2000 and 2003 before assuming her position as the Chief Executive Officer of NECSB in 2003. Rozilawati was the Founding President of Logistics and Supply Chain LSCom from 2004 until 2006. In 2010, she became the Chairman of NECSB where she served in this position till 2014. She then became the Managing Director of Nationwide Express Holdings Berhad from 2014 till 2018. She has numerous achievements in corporate exercises, Mergers & Acquisitions and initial public offerings, amongst others. She was also a notable speaker in several conventions and conferences that were held between 2004 and 2017. She was the President of Association of Malaysian Express Carriers ("**AMEC**") for three terms since 2015.

Rozilawati received her Degree in Social Sciences majoring in Law, University of Hertfordshire, United Kingdom in 1993. She furthered her education and obtained her Masters in Business Administration in International Business from the University of Bristol, United Kingdom in 1999.

Senior Management

The following table and description below sets forth certain information concerning the key management of Serba Dinamik as at the date of this Offering Circular:

Name	Position
Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah	Group Managing Director and Chief Executive Officer
Syed Nazim Bin Syed Faisal	Group Chief Financial Officer
Ir. Abdul Halim Bin Mohd Damiah	Vice President, EPCC Business Unit
Afandi Bin Abd Hamid	Vice President, O&M Business Unit
Nazrin Nasir	Vice President, Special Projects

Syed Nazim Bin Syed Faisal

Group Chief Financial Officer

Syed Nazim joined the Group as Chief Financial Officer in August 2015 and was subsequently promoted to Group Chief Financial Officer in June 2016. He has 14 years of relevant experience. He began his career in the Assurance division of KPMG as an Audit Assistant in 2003, following which he joined MISC Berhad as Strategic Planning Manager in 2009. He has also held positions as Head of Statutory and Management Reporting at RHB Islamic Bank Berhad (2012) and as Vice President, Financial Compliance and Administration at Ibdar Bank BSC(c), Kingdom of Bahrain (2013-2015).

Syed Nazim obtained a Bachelor of Accounting from the International Islamic University, Malaysia in 2004. He also holds a Master's Degree in Islamic Finance Practice which he obtained from the International Centre for Education in Islamic Finance, Malaysia in 2014 and a Certificate in Islamic Banking and Finance Law which he obtained from the International Islamic University Malaysia in 2013. Syed Nazim has been a member of the Malaysian Institute of Accountants since 2007.

Ir. Abdul Halim Bin Mohd Damiah

Vice President, EPCC Business Unit

Ir Abdul Halim joined the Group in April 2011 and is the Vice President of the EPCC Business Unit. He has 25 years of relevant experience. He began his career in 1992 as a Maintenance Engineer at SNC Industrial Laminates Sdn Bhd, a subsidiary of Sumitomo Bakelite Company Limited, and in 1994 went on to hold the position of Electrical Engineer, subsequently promoted to Senior Electrical Engineer in 1998, at Holcim (Malaysia) Sdn Bhd. He also held the position of Electrical Quality Assurance Senior Executive in the Marine Business Unit in 2004, subsequently promoted to Project Manager in the Yard Development Division, at Malaysia Marine and Heavy Engineering Sdn Bhd and General Manager at EKG Engineering in 2010.

Ir Abdul Halim graduated with a Bachelor's Degree in Electrical Engineering from the University of Malaya, Malaysia in 1991. He has been a member of the Royal International Naval Architecture since 2008 and a registered Professional Engineer (Electrical) with the Board of Engineers Malaysia since 2006.

Afandi Bin Abd Hamid

Vice President, O&M Business Unit

Afandi joined the Group as a Technical Engineer in 2001, before being promoted to Machinery Engineer in 2004 and was appointed to his current role as Vice President of the O&M Business Unit in September 2013. He began his career as a Mechanical Trainee with Malaysia LNG Sdn Bhd in 1991, before joining Asean Bintulu Fertiliser Sdn Bhd as a Mechanical Technician in 1992. Afandi went on to join Petronas Penapisan Melaka Sdn Bhd as Mechanical Technician (Construction) in 1993, before receiving successive promotions to IMI Technician in 1995, Rotating Equipment Inspector in 1996 and Senior IMI Technician in 1998. He finally went on to join Petronas Carigali Sdn Bhd as a Conditioned Based Maintenance Specialist in 2000. He has 26 years of relevant experience.

Afandi graduated with a Bachelor of Science in Engineering from the Liberty International University, United States of America in 2004 where he was awarded an Award of Academic Excellence. He also obtained a Certificate as a Mechanical Technician from the Petroleum Industrial Training Institute Malaysia in 1993 and

Vibration Specialist Certificates 1 and 2 from the Vibration Institute, United States of America in 1997. He is also a member of the Institute of Materials, Malaysia Vibration Committee.

Nazrin Nasir

Vice President, Special Projects

Nazrin is currently the Vice President of the Special Projects Division of Serba Dinamik, primarily responsible for spearheading the growth of the Group's asset ownership portfolio. He was appointed to this position on 27 May 2019. He carries with him almost 20 years of experience in the financial and corporate sectors. Prior to joining Serba Dinamik, he was the Director Coverage of Affin Hwang Capital and Head of Debt Capital Markets at Bank Muamalat (M) Berhad. He started his career with Tenaga Nasional Berhad, where he gained experience in the diversified financial field, with experience ranging from capital markets to treasury management and investor relationships. He has also previously served in corporate finance and business development positions at Astro All Asia Networks plc.

Nasir obtained a Bachelor of Commerce (Accounting & Finance) with Honours from Lincoln University, New Zealand. He holds the Capital Market Services Representatives License (CMSRL) on Corporate Finance from the Securities Commission of Malaysia.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with each of the consolidated financial statements and the accompanying notes of (i) Serba Dinamik as of and for the year ended 31 December 2017 and (ii) SDGB as of and for the year ended 31 December 2018 and for the six months ended 30 June 2019, included elsewhere in this Offering Circular. The following section contains financial information for both Serba Dinamik and SDGB, as Serba Dinamik was only incorporated in December 2015 as part of the corporate restructuring exercise conducted for the initial public offering of Serba Dinamik in February 2017. As such, consolidated financial information for Serba Dinamik is only available after its incorporation. In addition, the financial statements of Serba Dinamik as of and for the years ended 31 December 2016 present certain financial information as of 5 December 2015 and illustrate the operations of the Group for the period from 25 May 2016 (the date in which Serba Dinamik acquired the entire issued and paid-up share capital of SDGB) to 31 December 2016. Accordingly, for the purposes of this section, we have presented SDGB's financial information and results of operations for the financial years ended 31 December 2016 and 2017 and Serba Dinamik's financial information and results of operations for the financial years ended 31 December 2017 and 2018 and for the six-months ended 30 June 2018 and 2019. For more information on the corporate restructuring conducted by the Group, see "Description of Serba Dinamik and the Group—Corporate History—Corporate Restructuring".

The consolidated financial statements of Serba Dinamik as of and for the years ended 31 December 2017 and 2018 and for the six-months ended 30 June 2019 were prepared in accordance with MFRS, IFRS and the requirements of the Malaysian Companies Act, 2016.

The consolidated financial statements of SDGB as of and for the years ended 31 December 2016 and 2017 were prepared in accordance with MFRS, IFRS and the requirements of the Malaysian Companies Act, 2016.

This section includes forward-looking statements that involve risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. All statements, other than statements of historical facts, included in this section that address activities, events or developments which the Group expects or anticipates will or may occur in the future are forward-looking statements. These statements are based on assumptions and analyses the Group made in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors the Group believes are appropriate under the circumstances. For a discussion of some of those risks and uncertainties, refer to the sections titled "Forward-looking Statements" and "Risk Factors".

Overview

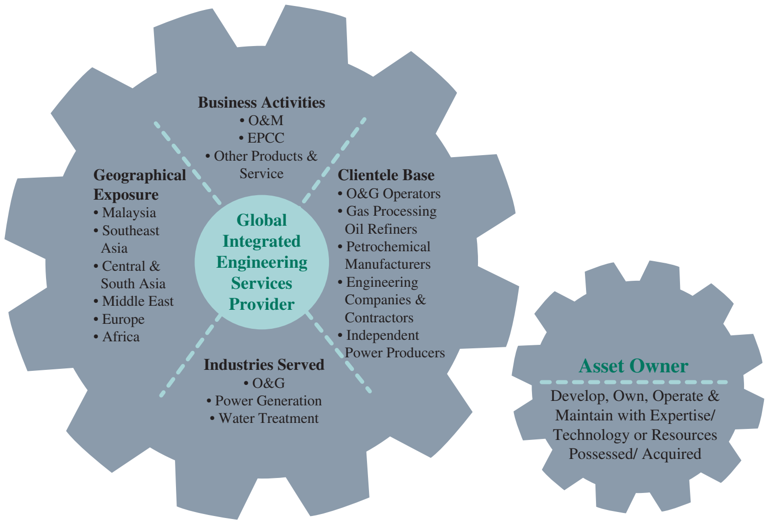
The Group is an energy services group providing engineering solutions to the O&G, power generation, water and utilities industries with operational facilities in Malaysia, Indonesia, the UAE, Bahrain and the UK. As an engineering solutions provider, the Group's business activities comprise O&M services, EPCC works and other products and services.

With regards to the Group's O&M services, the Group carries out MRO of rotating equipment including gas and steam turbines, engines, motors, pumps, compressors and industrial fans; and IRM of static equipment and structures including boilers, unfired pressure vessels and piping systems and structures. The types of rotating equipment that the Group services are located in, among others, O&G production platforms, gas processing plants, oil refineries, petrochemical manufacturing plants, power generation plants, LNG plants and more recently, water and utilities plants. Within the power generation industry, the Group services independent power producers as well as O&G customers that have power generation equipment for their own use.

The Group has the capabilities to carry out EPCC of plants, facilities, road infrastructure and buildings including small hydropower plants, CNG plants, water treatment plants, sewerage treatment plants, chemical plants, microturbine generators, steel structures, piping systems and firefighting systems. The Group also focuses on minor fabrication works including, among others, steel structures, piping systems, installation of rotating and static equipment as well as construction of plants, amenities and buildings.

Other products and services include the provision of process control and instrumentation, technical training, ICT solutions and services, supply of products and parts and provision of logistics services. ICT services is the primary contributor to this segment, with technical education and training services and individual purchase orders accounting for the remaining.

The Group's business model is summarised below:



The industries that the Group serves, as segmented by revenue and their contribution to revenue for the respective periods indicated in the table below, are as follows:

	SDGB		Serba Dinamik			
	For the financial year ended 31 December		For the financial year ended 31 December		For the six months ended 30 June	
	2016	2017	2017	2018	2018	2019
			(%)			
Industry Sectors						
O&G	94.6	94.7	94.7	96.9	95.0	92.0
Power generation	3.2	3.1	3.1	1.8	4.4	2.9
Others(1)	2.2	2.2	2.2	1.3	0.6	5.1
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

(1) Includes pulp and paper, wastewater treatment, desalination, mining, fertilisers and metals.

The Group's revenue is largely derived from the O&G industry. Within the O&G industry, the sectors that the Group services include upstream production of O&G and downstream processing, refining and manufacturing sectors of the O&G industry. As for the power generation industry, the Group services engineering companies and contractors, independent power producers as well as O&G customers that have power generation equipment for their own use. While the Group intends to continue to focus on the energy industry, the Group has invested and intends to continue to invest in other industries, such as the water and utilities industries, to create new revenue streams, to provide it with additional growth opportunities and to reduce its reliance on any one industry. For example, the Group expanded into the O&M services of hydropower plants and water treatment plants in early 2017. The Group also intends to diversify in terms of geography. In 2017, the Group expanded into Africa by acquiring a 25.0% equity interest in a joint venture company in Tanzania to set up and run a chlor-alkali plant and in 2019, expanded into Uzbekistan by securing an EPCC contract for a 90 mtpd chlor-alkali plant and steam turbine power plant, the latter contract to be completed within two years from 8 August 2019 to 7 August 2021.

Since 2015, the Group has adopted an asset ownership business model into its operations to further grow and sustain its business. Under this model, the Group acquires minority equity stakes in companies with projects within the Group's scope of expertise which provide dividend streams as well as enable the Group to secure income from EPCC work before completion of these projects and the O&M services once the projects are completed. One example is the Group's CNG plant in Muaro Jambi, Sumatra, Indonesia and its small gas power plant in Ambon Island, Indonesia, where the Group has developed and currently owns, operates and maintains these assets. In 2015, the Group also acquired a 30.0% stake in a company which operates a small hydropower project in Kota Marudu. In 2017, the Group acquired minority interests in companies with water and sewerage treatment plants in Terengganu, Malaysia and a chlor-alkali plant in Tanzania. In 2018, the Group signed share sale agreements to acquire minority interests in two companies to develop a mini hydro power plant in Laos and LNG facilities in Lumut, Perak, Malaysia, for which the acquisitions were completed in 2019.

SDGB's consolidated revenue for the financial years ended 31 December 2016 and 2017 was RM2,168.3 million and RM2,722.3 million respectively. SDGB's EBITDA for the financial years ended 31 December 2016 and 2017 was RM355.9 million and RM451.0 million, respectively.

Serba Dinamik's consolidated revenue for the financial years ended 31 December 2017 and 2018 was RM2,722.3 million and RM3,283.2 million (U.S.$793.8 million), respectively. Serba Dinamik's EBITDA for the financial years ended 31 December 2017 and 2018 was RM449.0 million and RM579.0 million (U.S.$140.0 million), respectively. For the six months ended 30 June 2018 and 2019, Serba Dinamik's consolidated revenue was RM1,535.0 million and RM2,156.8 million (U.S.$521.5 million), respectively. For the same periods, Serba Dinamik's EBITDA was RM262.1 million and RM396.6 million (U.S.$95.9 million), respectively.

Significant factors affecting the Group's results of operations

The Group believes that the following factors, among others, have had and will continue to have a material effect on its results of operations and financial condition. As certain of these factors are beyond the Group's control and a number of these factors have historically been volatile, past performance will not necessarily be indicative of future performance and it is difficult to predict future performance with any degree of certainty. In addition, important factors that could cause the Group's actual results of operations or financial condition to differ materially from those expressed or implied below include, but are not limited to, factors indicated in this Offering Circular under the section titled "*Risk Factors*".

Level of activity in the O&G industry in Malaysia and overseas

The Group's revenue is predominantly derived from customers and projects in the O&G industry. For the financial years ended 31 December 2016 and 2017, the O&G sector contributed to 94.6% and 94.7% of SDGB's total revenue, respectively. For the financial years ended 31 December 2017 and 2018 and for the six months ended 30 June 2018 and 2019, the O&G sector contributed to 94.7%, 96.9% and 95.0% and 92.0% of Serba Dinamik's total revenue, respectively. The Group's O&M segment continued to grow from the financial year ended 31 December 2016 to the financial year ended 31 December 2018, from RM1,930.5 million to RM2,928.6 million. Accordingly, the level of activity in the O&G industry will impact the level of demand from the Group's customers for its products and services. Although costs incurred for the Group's services are not directly affected by the price of oil, during periods of rising oil prices, O&G exploration, development and production activities are expected to increase. Conversely, prolonged depressed O&G prices will generally lead to decreased O&G activities and spending in the oil and gas industry. However, certain O&G activities which may require the Group's services are, to a certain extent, less affected, as operations still continue. Particularly in the production of crude oil and natural gas and downstream refineries, processing and petrochemical plants for example, assets still need to be maintained to ensure the health of a customer's assets as well as to comply with various health, safety and environmental regulations.

The Group's customers or projects are primarily in the production and refining segments of crude O&G products. In contrast to upstream exploration activities which are more susceptible to a reduction in capital expenditure due to lower crude oil prices, the Group's customers who are in the production stages would be focusing on making their existing wells more efficient and ensuring that interruptions in production are minimised. This in turn facilitates the need for MRO and IRM services.

The Group's customers that operate in the downstream O&G segment are mainly involved in, among others, refining and processing of O&G, and manufacturing of petrochemical products. These companies, which include, among others, refineries, gas processing plants, LNG liquefaction plants and petrochemical plants, would be less affected as they benefit from the lower crude O&G as feedstock for their processing and manufacturing operations.

In general, O&G and power generating assets require more maintenance as they age as they progressively accumulate wear and tear. In this respect, O&M services including MRO and IRM services are required to sustain safety, efficiency and to satisfy regulatory requirements to ensure production facilities are running productively, efficiently and cost effectively.

The Group also has a diversified geographical customer base. For the financial year ended 31 December 2018, 71.9% of Serba Dinamik's total revenue was generated overseas, with the Middle East region accounting for 61.5% of total revenue. For the six months ended 30 June 2019, 70.0% of Serba Dinamik's total revenue was generated overseas, with the Middle East region accounting for 59.6% of Serba Dinamik's total revenue. Since 2016, the Group has been actively involved in the provision of engineering solution services in various countries within the Middle East, mainly Qatar, Bahrain, KSA, UAE and Oman. SDGB's revenue derived from the Middle

East increased from RM1,113.8 million for the financial year ended 31 December 2016 to RM1,607.20 million for the financial year ended 31 December 2017. Serba Dinamik's revenue derived from the Middle East increased from RM1,607.20 million for the financial year ended 31 December 2017 to RM2,017.9 million for the financial year ended 31 December 2018. As a result, the Group is also affected by the levels of activity overseas, and not only in Malaysia. The Group expects that the Middle East will remain the main contributor to its total revenue by geography, with incremental improvements to the Group's operating margins driven by higher achievable margins in O&M and EPCC contracts with Middle Eastern customers.

The Group's ability to grow its orderbook by securing new projects and contracts

The Group's revenue is driven by the size of its orderbook, which depends on its ability to secure contracts for its O&M and EPCC segments. While the Group has primarily built a track record in providing O&M services and EPCC works to customers in the O&G industry, the Group has diversified its customer base to include customers in the power generation industry and the water and utilities industries. The Group's revenue growth will depend on its ability to secure both maintenance and EPCC contracts in the industries in which it operates, primarily in the O&G, power generation and water and utilities industries.

While the Group's O&M revenue is largely dependent on the work orders received under the O&M contracts, the Group has seen strong growth trends in its orderbooks for both O&M services and EPCC contracts from the financial year ended 31 December 2016 to the financial year ended 31 December 2018, which are driven by continuous new contract wins and high renewal rates from existing contracts. As an ISP, the Group is able to position itself as a cost-effective alternative to OEM service providers, which enhances its ability to achieve continual and consistent growth of its orderbook. The Group primarily acquires contracts in its O&M and EPCC business through a typical tender and bidding process (as well as through contracts awarded as part of larger transactions under its asset ownership business model), and the Group believes that its successful track record will translate into a continued conversion of global tenders into new contracts. See "*Description of Serba Dinamik and the Group—Competitive Strengths—Recurring cash flow generation underpinned by proven order book replenishment and strong revenue growth*" and "*Risk Factors—The Group's order book is subject to unexpected adjustments and cancellations may not be indicative of its future results of operations*".

In Malaysia, the Group has built its reputation and business network to secure projects and contracts from its new and existing customers. The Group has managed to maintain a strong and sustainable relationship with its existing customers with the longest relationship spanning over 25 years. For its overseas operations, in addition to the Group's reputation and business network, the Group also works with its foreign business partners to secure overseas projects and contracts. The Group's competitive strengths and foreign business partners are expected to provide it with the leverage to secure projects and/or contracts.

The Group also expects its asset ownership business model to improve its ability to secure and negotiate for projects and contracts. Under this model, the Group acquires minority equity interests in companies within the Group's scope of expertise so as to secure income from the EPCC of the projects, the O&M services in relation to the assets as well as income from the dividend streams associated with the equity markets held by the Group. See "*Description of Serba Dinamik and the Group—Competitive Strengths—Business synergies from disciplined asset ownership model*".

Procurement and/or renewal and duration of contracts

The Group's revenue is affected by the Group's ability to procure new contracts and the work orders issued under these contracts. For O&M service contracts in particular, although the Group may have secured such contracts, revenue is not generated at the time the contracts are awarded unless work orders are requested by the customer and carried out by the parties in accordance with the terms of the contract. The Group's results of operations and financial condition may be materially and adversely affected if there is a decline in the number of work orders issued.

In addition, the Group's maintenance contracts are generally for terms of between one to five years. As the O&M services activities undertaken by the Group's customers are typically recurring in nature in view of the scheduled requirement for maintenance, the Group's revenue growth would depend on its ability to secure new or obtain a renewal of the maintenance contracts upon the completion, expiry or termination of existing maintenance contracts.

In relation to the EPCC segment, the duration of the contracts secured by the Group would depend on the nature and complexity of the specific EPCC contract. One of the Group's strategies to secure EPCC contracts is to offer O&M services after the EPCC contracts have been completed in order to provide the Group with recurring income over the period of maintenance contracts.

Cost of operations

The Group's margins are affected by the direct cost of operations which mainly consists of purchases of materials such as machine and equipment parts, consumables, tools and equipment, services provided by suppliers which include a combination of mechanical, electrical and/or instrumentation work, wages and salaries and professional fees.

The above cost components, except for manpower contract costs, depend on the nature of the contracts and the Group's customers, and are typically based on the following methods of determining the Group's rates:

- *lump sum method*—where the Group negotiates and secures a contract that has a pre-determined cost value of work order but with built-in unit rates for the various types of equipment required;
- *cost plus method*—where the Group secures a contract which has a fixed mark-up to the cost value of work orders i.e. cost plus mark-up; or
- *unit rate method*—where the Group agrees upon fixed rates for parts, machines and services that are provided to customers upon their requisition.

Under all three methods, the Group is required to estimate, manage and monitor its cost of operations to ensure adequate margins can be earned from each contract. Failure to perform the right estimate, management or monitoring of the Group's costs for a contract will result in lower margins on a particular contract.

Dependence on skilled professionals/engineers

As an energy services group providing engineering solutions and serving customers in the O&G and power generation industries, the Group requires certified, skilled and experienced technical professionals to execute the projects and contracts awarded to the Group. Due to supply and demand conditions and competition among other engineering-based companies, the number of personnel with the relevant qualifications and experience in the industry may be limited. The Group's cost of operations may be higher if the Group is required to compete for such skilled and experienced technical professionals.

Nonetheless, in line with the Group's continuous requirements for skilled human resources, the Group also provides technical training as part of its other products and services segment. The Group has two City & Guilds Approved Centres in Bintulu, Sarawak and Paka, Terengganu in Malaysia. Please refer to "*Description of Serba Dinamik and the Group—Other products and services—Technical training*" for more information.

Delays in completion of a project or work order for a contract

The revenue derived from a specific project or work order for a contract can be impaired by a number of factors such as delays in accessing a site, work delays due to geotechnical conditions or variations at site and delays in delivery of materials and parts sourced from overseas, none of which factors are within the Group's control.

In order to address the risk of delays, the Group's project management team conducts periodic reviews with its customers during the entire phase of a given project or contract. The Group will also hold periodic progress meetings with the Group's customers' management to continuously manage customers' expectations and work progress and be proactive in addressing any anticipated issues that may arise.

Foreign currency and interest rate fluctuations

Transactions for Serba Dinamik's subsidiaries outside of Malaysia, such as the Obligor, are conducted in the currency of the primary economic environment in which the entity operates (the functional currency). In particular, the Group is predominantly exposed to fluctuations in the Malaysian Ringgit against the U.S. dollar as revenue from overseas projects and contracts is typically denominated in U.S. dollars. For the financial year ended 31 December 2016 and 2017, 64.4% and 68.1% of SDGB's revenue was derived from countries outside of Malaysia. For the financial years ended 31 December 2017 and 2018, and the six months ended 30 June 2018 and 2019, 68.1%, 71.9%, 71.6% and 70.0% Serba Dinamik's revenue was derived from countries outside of Malaysia, respectively.

A portion of the Group's cost of operations are also payable in U.S. dollars and this portion typically follows the revenue mix of the Group. For the financial year ended 31 December 2016 and 2017, 57.2% and 64.9% of SDGB's cost of operations are payable in U.S. dollars. For the financial years ended 31 December 2017 and 2018 and the six months ended 30 June 2018 and 2019, 64.9%, 66.1%, 69.6% and 67.4% of Serba Dinamik's cost of operations are payable in U.S. dollars, respectively.

Serba Dinamik aims to match its U.S. dollar cashflows from overseas operations with its U.S. dollar debt issuances. For example, on 2 May 2019 the Group issued a U.S.$300 million sukuk bond. Any unfavourable movements in the USD exchange rate may adversely affect the Group's profitability. For the financial years ended 31 December 2016 and 2017, SDGB experienced foreign exchange losses of RM2.7 million and RM14.3 million, respectively, as a result of foreign exchange fluctuations. For the financial years ended 31 December 2017 and 2018 and the six months ended 30 June 2018 and 2019, Serba Dinamik experienced foreign exchange losses of RM14.3 million, RM3.9 million, RM2.3 million and RM7.2 million, respectively, as a result of foreign exchange fluctuations. See "*—Risk management—Foreign currency risk*" below. While the Group does not use any hedging instruments in its daily operations, the Group maintains its cash inflow in a U.S. dollar-denominated bank account to provide it with a natural foreign currency hedge.

The assets and liabilities for Serba Dinamik's subsidiaries outside of Malaysia are measured in U.S. dollars and are then translated to Malaysian Ringgit for presentation of Serba Dinamik's consolidated operating results. As currency exchange rates fluctuate, translation of the operating results of Serba Dinamik's subsidiaries outside Malaysia will affect the period to period comparison of the Group's results of operations. For example, in the financial year ended 31 December 2017, the Malaysian Ringgit depreciated against the U.S. dollar resulting in an unfavourable foreign exchange impact in that year, and a foreign currency translation difference for loss on foreign operations of RM61.2 million. Please refer to "*Risk Factors—The Group is exposed to risks arising from foreign exchange fluctuations which may adversely affect its financial performance*" for more information on the Group's exposure to foreign currency risk.

The Group's results of operations are also exposed to interest rate fluctuations. As at 30 June 2019, Serba Dinamik has RM2,484.3 million of borrowings. Of Serba Dinamik's total borrowings, RM353.1 million, or 14.2%, are floating-rate loans. Any increase in the interest rate of the Group's borrowings would increase its interest expense and therefore, adversely affect its profitability.

Implementation of expansion plans to own and operate facilities

The Group's current business segments are O&M services, EPCC works and other products and services. While the Group expects its growth to continue to be driven by O&M services and EPCC works, it has also started to extend its core competencies in providing maintenance services by expanding its asset ownership business model to diversify its revenue streams. The Group embarked on this strategy with its first CNG plant in Muaro Jambi, Sumatra in Indonesia, which commenced operations with the commissioning of the CNG plant and gas-instreaming on 25 November 2016.

Moving forward, the Group intends to continue to expand its asset ownership business model. The Group believes that the expansion of its business through the asset ownership business model will provide it with the opportunity to enlarge and diversify its revenue streams by expanding its range of products and services. See "*Description of Serba Dinamik and the Group—Strategic Objectives—Continued focus on asset ownership business model to ensure sustainable long term recurring income*" and "*—Competitive Strengths—Business synergies from disciplined asset ownership business model*", for further information on the Group's asset ownership business model.

The impact of the Group's acquisitions

In addition to acquisitions made as part of its asset ownership business model, the Group intends to continue to invest in or acquire companies that are complementary, or which provide growth opportunities, to its business, and which enhance its value proposition and overall product offerings. See "*Description of Serba Dinamik and the Group—Strategic Objectives—Pursue disciplined acquisitions which add value to the supply chain and strengthen the Group's market position*". The Group has made a number of acquisitions since the beginning of 2016. The acquired companies have either been consolidated with, or accounted for as associates in, the Group's financial statements, from the date of acquisition. Companies acquired in pursuance of the asset ownership business model are usually accounted for as associates, on account of the minority equity interest that the Group acquires. The acquisitions that the Group has made outside of Malaysia have increased its income and assets, changed the balance of results it recognises in currencies other than the Malaysian Ringgit (the Group's reporting currency) and increased its indebtedness.

The following are the Group's most significant acquisitions (defined as those with a purchase consolidation of above RM10.0 million) in the period under review:

- In February 2017, the Group acquired a 40.0% equity interest in Konsortium KAJV for RM34.0 million and participated in the development of a 120 MLD conventional water treatment plant and a 28 MLD membrane water treatment plant as part of the Kuala Terengganu Utara Water Supply Scheme for the State Government of Terengganu, Malaysia. The rationale for the acquisition was for the Group to be able to gain access to and be awarded the EPCC and O&M contracts for the plants;

- In August 2017, the Group acquired a 30% equity interest in Al Murisi Holding Sdn Bhd for RM18.3 million, to participate in the development of industrial, commercial and residential projects in Pengerang, Johor;
- In March 2018, the Group acquired a 25.0% equity interest in Sufini Holdings Ltd. for consideration of RM1.0 million, which will be the owner of a chlor-alkali plant in Tanzania. Together with the acquisition, the Group was awarded the EPCC and O&M contracts for the plant;
- In April 2018, the Group acquired a 24.8% interest in Singapore-listed CSE Global Limited, an international technology group specialising in systems integration, for RM170.6 million, which provides the Group with access to a diverse customer base and new markets in the United States, Mexico, Australia and New Zealand as well as access to technological capability in process control and instrumentation;
- In April 2018, the Group acquired a 49.0% equity interest in Al Sagar Engineering Group LLC and Al Sagar National Establishment, a pump supplier in the UAE, for RM10.5 million, which provided the Group with access to licences in the oil and gas, power generation and water and utility segments across the UAE;
- In July 2018, the Group acquired a 15.0% interest in Green & Smart Holdings PLC for RM17.0 million, to participate in the development of a 2.7MW biogas power plant in Teluk Intan, Perak. Subsequently in November 2018, the Group acquired an additional 10.0% interest in Green & Smart Holdings PLC for consideration of RM13.0 million;
- In August 2018, for consideration of RM6.0 million, the Group acquired a 20.0% stake in a turbines blade manufacturer, La Rapida SA, in Switzerland;
- In September 2018, for consideration of RM6.5 million, the Group commenced the acquisition of a 100.0% stake of Psicon AVV and a 25.0% stake of Psicon BV, both of which focus on rotating equipment performance upgrading, process module engineering, and the trading and supply of steam turbines and spare parts within Europe, Africa, the Middle East and Asia. The acquisition of Psicon BV was completed in May 2019 and the Group expects the acquisition of Psicon AVV to be completed by the end of 2019;
- In October 2018, for consideration of RM3.3 million, the Group commenced the acquisition of a 49.0% equity interest in OHP Ventures Incorporated and participated in the development of hydropower plants in Houaphan Province, Laos. The acquisition was completed in May 2019;
- In October 2018, the Group commenced the acquisition of a 42.3% interest in E&E Gas Sdn Bhd for RM26.4 million, to participate in the development LNG facilities in Lumut, Perak. The acquisition was completed in June 2019;
- In December 2018, the Group acquired a 30.0% interest in eNoah for RM14.9 million, which provides the Group to leverage on eNoah's technological expertise and expand its geographical footprint in India, Australia, USA and Singapore; and
- In July 2019, the Group acquired a 22.5% stake in a turbine manufacturer for hydropower plants, Geppert GmBH.

The Group's acquisitions have been primarily financed with internal funds, borrowings and proceeds from the Group's initial public offering. Serba Dinamik's total indebtedness as of 30 June 2019 was RM2,484.3 million and as of 31 December 2018 was RM1,711.5 million, compared to RM706.0 million as of 31 December 2017. Its interest and finance charges increased to RM62.1 million in the financial year ended 31 December 2018 from RM37.1 million in the financial period ended 31 December 2017, in both cases primarily as a result of the incurrence of debt to finance its acquisitions.

Capital expenditure is expected to increase in the future

The Group incurs capital expenditure primarily in connection with freehold and leasehold land, buildings, plant and machinery, motor vehicles, furniture, fittings and office equipment, tools and equipment, office renovation and work in progress to cater to the maintenance and expansion of the Group's business both in Malaysia and overseas. In addition, owing to its asset ownership business model (see "*Description of Serba Dinamik and the Group—Competitive Strengths—Business synergies from disciplined asset ownership model*"), minimal capital expenditure is required to make an investment. As such, while the Group has growing capital expenditure requirements in the short-term to support its growth and implement its business strategy (especially in relation to exploiting opportunities presented by its asset ownership model), its capital expenditure as a percentage of revenue is expected to decrease over time as the Group achieves increasing economies of scale. As a result, the Group's capital expenditure is related to the levels of the Group's business activities and the number of projects and contracts that it undertakes. See "*—Capital Expenditure—Historical capital expenditure*", below.

For the financial years ended 31 December 2016 and 2017, SDGB's total capital expenditure was RM201.8 million and RM265.4 million, respectively. For the financial year ended 31 December 2017 and 2018, Serba Dinamik's total capital expenditure was RM265.4 million and RM695.9 million, respectively. As at 31 December 2018, Serba Dinamik has incurred capital expenditures of RM695.9 million of which RM212.2 million is attributable to PeIP, RM48.4 million is attributable to the Bintulu Integrated Energy Hub and RM435.3 million for other capital expenditure such as plant and machinery and tools and equipment. As at 30 June 2019, Serba Dinamik has incurred capital expenditures of RM300.1 million, of which RM26.1 million was attributable to PeIP, RM60.1 million was attributable to the Bintulu Integrated Energy Hub and RM203.5 million was attributable to other capital expenditure such as plant and machinery and tools and equipment. In the future, the Group expects its capital expenditure to increase significantly due to its strategic goals in Malaysia, particularly in relation to its investment in the Bintulu Integrated Energy Hub, the PeIP and the Aromatics Complex, as well as Central Asia, particularly for special projects such as the Uzbekistan Caustic Flakes and Chlorine Plant Project and the Turkmengaz Project. See "*Use of Proceeds*" and "*Description of Serba Dinamik and the Group—Key Recent Developments*" for more information on these projects.

Critical accounting policies and practices

The discussion and analysis of the Group's results of operations and financial condition is based on the audited consolidated financial information of SDGB and Serba Dinamik, which has been prepared in accordance with MFRS and IFRS. In preparing the Group's financial statements in conformity with the MFRS, the Group is required to make judgements, estimates and assumptions that affect application of policies and the reported amounts of assets, liabilities income and expenses.

The Group's results of operations and financial condition are sensitive to accounting methods, assumptions and estimates that underlie the preparation of its consolidated financial information. Historical experience and various other assumptions and estimates the Group currently believes to be reasonable form the basis for making its judgments on matters that are not readily apparent from other sources. The Group's management evaluates these estimates on an ongoing basis. Actual results may differ from these estimates as the facts, circumstances and conditions may change.

The selection of critical accounting policies, the judgments and other uncertainties affecting the application of those policies, as well as the sensitivity of reported results to changes in conditions and assumptions, are all factors investors should consider when reviewing the Group's audited financial statements. The Group's significant accounting policies are summarised in Note 2 to Serba Dinamik and SDGB's consolidated financial statements included elsewhere in this Offering Circular. The Group believes that the following critical accounting policies and practices involve a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in such foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("**FCTR**") in equity.

*(ii) Operations denominated in functional currencies other than Ringgit Malaysia ("**RM**")*

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the relevant transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that significant influence is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other operating income” and “administrative expenses” respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Assets under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative period are as follows:

- Buildings—50 years
- Plant and machinery—10 years
- Motor vehicles—5 years
- Furniture, fittings and office equipment—3-10 years

- Tools and equipment—10 years
- Office renovation—10 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

Revenue and other income

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over an asset or service to the customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of an asset or service at the relevant point in time unless one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Services rendered

Revenue from services rendered is recognised in profit or loss based on work orders and contract terms, the agreed billing schedule as well as based on overall performance of services rendered.

(iii) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(iv) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(v) Rental income

Rental income is recognised in profit or loss as it accrues, based on rates agreed with tenants.

(vi) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

(vii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(viii) Interest income

Interest income is recognised in profit or loss as it accrues, taking into account the effective yield on the asset.

(ix) Management fees

Management fees are recognised in profit or loss as they accrue at contracted rates.

Differences between SDGB's and Serba Dinamik's financial results of operations

Serba Dinamik was incorporated on 2 December 2015 as a private limited company and was subsequently converted to a public limited company on 13 May 2016 in preparation for its initial public offering on Bursa Malaysia's main market. Serba Dinamik subsequently acquired the entire issued and paid-up share capital of SDGB in May 2016 to form the Group.

As a result, the only financial information available for Serba Dinamik commences as of 5 December 2015 and the consolidated financial information of Serba Dinamik for the financial year ended 31 December 2016 effectively only illustrates the operations of the Group for the period of seven months from the date of acquisition from 25 May 2016 to 31 December 2016. As at the date of this Offering Circular, Serba Dinamik has full-year financial information for the financial years ended 31 December 2017 and 2018. The following section intends to show the differences between the selected financial information of SDGB and Serba Dinamik for the financial year ended 31 December 2017, which is the overlapping year for which the financial information is presented in this Offering Circular.

The table below sets forth the differences between SDGB's and Serba Dinamik's statement of profit or loss and other comprehensive income for the financial year ended 31 December 2017:

Particulars	For the financial year ended 31 December 2017	
	SDGB	**Serba Dinamik**
	RM in millions	
Revenue	2,722.3	2,722.3
Cost of sales and services	(2,245.0)	(2,238.4)
Gross profit	**477.3**	**483.9**
Other operating income	4.1	4.1
Other operating expense	(32.3)	(32.3)
Administrative expenses	(65.0)	(73.6)
Results from operating activities	**384.1**	**382.1**
Finance costs	(37.0)	(37.0)
Finance income	2.7	3.1
Net finance (costs)/income	**(34.3)**	**(33.9)**
Share of results of equity accounted associates	(2.1)	(2.1)
Profit before tax	347.7	346.1
Tax expense	(41.3)	(41.3)
Profit for the period	**306.4**	**304.8**
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences for foreign operations	(64.0)	(61.2)
Total comprehensive income for the year/period	**242.4**	**243.6**

The differences in cost of sales and services and administrative expenses between the two entities is due to the classification of management fees which Serba Dinamik charges to SDGB and its subsidiaries. This amount is classified as cost of sales and services for SDGB but is considered an administrative expense for Serba Dinamik.

The table below sets forth the differences between SDGB's and Serba Dinamik's statement of financial position as at 31 December 2017:

Particulars	As at 31 December 2017	
	SDGB	Serba Dinamik
	RM in millions	
Assets		
Property, plant and equipment	658.1	658.1
Investment in subsidiaries	—	—
Investment in associates	44.1	44.1
Other investments	0.3	0.3
Intangible assets	7.0	7.0
Deferred tax assets	2.8	2.8
Total Non-Current Assets	**712.3**	**712.3**
Inventories	577.8	577.8
Trade and other receivables	838.4	839.7
Contract assets	40.5	40.5
Deposits and prepayments	40.2	40.2
Current tax assets	0.5	0.5
Other investments	48.5	48.5
Cash and cash equivalents	297.0	300.8
Total Current Assets	**1,842.9**	**1,848.1**
Total Assets	**2,555.2**	**2,560.4**
Equity		
Share capital(1)	97.1	928.2
Merger reserve	—	(434.7)(2)
Other reserve	63.6	64.6
Retained earnings	825.8	825.8
Total equity attributable to owners of the Company	**986.5**	**1,383.9**
Non-controlling interests	3.9	3.9
Total equity	**990.4**	**1,387.7**
Liabilities		
Deferred tax liabilities	15.6	15.6
Loans and borrowings	46.3	24.8
Employment benefits	0.6	0.6
Total Non-Current Liabilities	**62.5**	**41.0**
Trade and other payables	806.4	423.3
Loans and borrowings	659.7	681.3
Current tax liabilities	36.2	27.1
Total Current Liabilities	**1,502.3**	**1,131.7**
Total Liabilities	**1,564.8**	**1,172.7**
Total Equity and Liabilities	**2,555.2**	**2,560.4**

(1) The difference in share capital is primarily due to the issuance of 271,400,000 new ordinary shares by Serba Dinamik as part of its initial public offering in addition to an offer for sale by the existing shareholders of 118,000,000 shares of the total enlarged capital of Serba Dinamik.

(2) As a result of the acquisition of SDGB by Serba Dinamik.

The differences in SDGB's and Serba Dinamik's liabilities in their statements of financial position stem from intercompany transfers from Serba Dinamik to SDGB.

The table below sets forth the differences between SDGB's and Serba Dinamik's cash flows for the time periods indicated:

Particulars	As at 31 December 2017	
	SDGB	Serba Dinamik
	RM in millions	
Net cash flows from operating activities	468.5	85.3
Net cash flows from/(used in) investing activities	(344.6)	(354.1)
Net cash flows (used in)/from financing activities	(9.2)	387.2
Net increase/(decrease) in cash and cash equivalents	114.7	118.4
Effect of exchange rate fluctuations on cash held	(3.7)	(3.7)
Cash and cash equivalents at the beginning of year	43.7	43.7
Cash and cash equivalents at end of year	154.7	158.4

The differences in SDGB's and Serba Dinamik's net cash flows from operating activities and net cash flows (used in)/from financing activities is mainly due to intercompany transfers from Serba Dinamik to SDGB. Serba Dinamik's proceeds from its initial public offering process is distributed to SDGB, which results in SDGB having higher net cash flows than Serba Dinamik from operating activities.

Explanation of key income statement items

Revenue

The Group's principal sources of revenue are derived from the provision of O&M services and EPCC works, with the remaining revenue derived from the other products and services segment, which are supportive and complementary to the Group's provision of O&M services and EPCC works.

O&M services is the largest revenue contributor and accounted for 89.0% and 86.1% of SDGB's total revenue in the financial year ended 31 December 2016 and 2017, and 86.1% and 89.2% of Serba Dinamik's total revenue in the financial years ended 31 December 2017 and 2018, respectively. For the six months ended 30 June 2018 and 2019, O&M services contributed to 88.4% and 85.5% of Serba Dinamik's total revenue, respectively.

EPCC works is the second largest revenue contributor and accounted for 10.7% and 13.7% of SDGB's revenue in the financial year ended 31 December 2016 and 2017, and 13.7% and 10.6% of Serba Dinamik's total revenue in the financial years ended 31 December 2017 and 2018, respectively. For the six months ended 30 June 2018 and 2019, EPCC works contributed to 11.3% and 12.0% of Serba Dinamik's total revenue, respectively.

Other products and services include the provision of process control and instrumentation, technical training, ICT solutions and services and the supply of products and parts. It accounted for 0.3% and 0.2% of SDGB's total revenue in the financial year ended 31 December 2016 and 2017, and accounted for 0.2% and 0.2% of Serba Dinamik's total revenue in the financial years ended 31 December 2017 and 2018, respectively. For the six months ended 30 June 2018 and 2019, ICT solutions and services contributed to 0.3% and 2.5% of Serba Dinamik's total revenue, respectively. Revenue from this business segment increased significantly in the year ended 31 December 2019 as a result of growth in ICT solutions and services.

The table below sets forth the breakdown of the revenue generated from operating segments for SDGB and Serba Dinamik for the time periods indicated:

	SDGB				Serba Dinamik											
	For the financial year ended 31 December				For the financial year ended 31 December						For the six months ended 30 June					
	2016		2017		2017		2018				2018		2019			
	RM in millions	*%*	*RM in millions*	*%*	*RM in millions*	*%*	*RM in millions*	*U.S.$ in millions*	*%*		*RM in millions*	*%*	*RM in millions*	*U.S.$ in millions*	*%*	
Operating Segment																
O&M services	1,930.5	89.0	2,342.7	86.1	2,342.7	86.1	2,928.6	708	89.2		1,357.1	88.4	1,844.2	445.9	85.5	
MRO of rotating equipment	1,819.5	83.9	2,179.4	80.1	2,179.4	80.1	2,653.6	641.5	80.8		1,217.0	79.3	1,726.1	417.3	80.0	
IRM of static equipment and structures	111.0	5.1	163.3	6.0	163.3	6.0	274.9	66.4	8.4		140.1	9.1	118.1	28.5	5.5	
EPCC works	232.6	10.7	374.3	13.7	374.3	13.7	346.8	83.8	10.6		173.9	11.3	258.4	62.5	12.0	
Other products and services[(1)]	5.2	0.3	5.3	0.2	5.3	0.2	7.8	1.8	0.2		4.0	0.3	54.2	13.1	2.5	
Total Revenue	**2,168.3**	**100.0**	**2,722.3**	**100.0**	**2,722.3**	**100.0**	**3,283.2**	**793.8**	**100.0**		**1,535.0**	**100.0**	**2,156.8**	**521.5**	**100.0**	

(1) Other products and services include the provision of process control and instrumentation, technical training, ICT solutions and services, supply of products and parts and provision of logistics services.

The table below set forth a breakdown of revenue by jurisdiction for SDGB and Serba Dinamik for the time periods indicated:

	SDGB				Serba Dinamik									
	For the financial year ended 31 December				For the financial year ended 31 December					For the six months ended 30 June				
	2016		2017		2017		2018			2018		2019		
	RM in millions	*%*	*RM in millions*	*%*	*RM in millions*	*%*	*RM in millions*	*U.S.$ in millions*	*%*	*RM in millions*	*%*	*RM in millions*	*U.S.$ in millions*	*%*
Regions														
Southeast Asia														
Malaysia	770.3	35.6	869.1	31.9	869.1	31.9	920.3	222.5	28.1	435.3	28.4	647.4	156.6	30.0
Indonesia	178.7	8.2	101.1	3.7	101.1	3.7	70.4	17.0	2.1	15.7	1.0	99.0	23.9	4.6
Laos	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.9	2.6	0.5
Sub-total	**949.0**	**43.8**	**970.2**	**35.6**	**970.2**	**35.6**	**990.7**	**239.5**	**30.2**	**451.0**	**29.4**	**757.4**	**183.1**	**35.1**
Central and South Asia														
Turkmenistan	102.8	4.7	139.9	5.2	139.9	5.2	239.5	57.9	7.3	103.1	6.7	58.3	14.1	2.7
Kazakhstan	0.0	0.0	0.0	0.0	0.0	0.0	1.8	0.4	0.0	0.0	0.0	0.0	0.0	0.0
India	0.0	0.0	0.5	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	14.0	3.4	0.7
Uzbekistan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.2	0.0
Sub-total	**102.8**	**4.7**	**140.4**	**5.2**	**140.4**	**5.2**	**241.3**	**58.3**	**7.3**	**103.1**	**6.7**	**73.2**	**17.7**	**3.4**
Middle East														
Bahrain	164.1	7.6	341.2	12.5	341.2	12.5	327.2	79.1	10.0	121.5	7.8	179.8	43.5	8.3
UAE	213.5	9.9	289.6	10.6	289.6	10.6	674.9	163.2	20.6	341.9	22.3	417.1	100.9	19.3
Qatar	348.8	16.1	491.4	18.1	491.4	18.1	681.2	164.7	20.7	315.7	20.6	541.4	130.9	25.1
Oman	39.7	1.8	118.4	4.3	118.4	4.3	46.8	11.3	1.4	35.9	2.3	0.0	0.0	0.0
KSA	279.7	12.9	303.6	11.2	303.6	11.2	275.0	66.5	8.4	151.5	9.9	132.7	32.1	6.2
Kuwait	68.0	3.1	63.0	2.3	63.0	2.3	12.8	3.1	0.4	12.5	0.8	14.7	3.6	0.7
Sub-total	**1,113.8**	**51.4**	**1,607.2**	**59.0**	**1,607.2**	**59.0**	**2,017.9**	**487.9**	**61.5**	**979.0**	**63.8**	**1,285.7**	**310.9**	**59.6**
Africa														
Tanzania	0.0	0.0	0.0	0.0	0.0	0.0	29.9	7.2	0.9	0.0	0.0	39.3	9.5	1.8
Europe														
UK	2.7	0.1	4.5	0.2	4.5	0.2	3.4	0.8	0.1	1.9	0.1	1.2	0.3	0.1
Total	**2,168.3**	**100.0**	**2,722.3**	**100.0**	**2,722.3**	**100.0**	**3,283.2**	**793.8**	**100.0**	**1,535.0**	**100.0**	**2,156.8**	**521.5**	**100.0**

For the past three financial years, the Group's business operations were mainly focused within the Middle East and Malaysia. The Middle East was the Group's main revenue contributor, and contributed 51.4% and 59.0% to SDGB's revenue in the financial year ended 31 December 2016 and 2017 and 59.0% and 61.5% to Serba Dinamik's revenue in the financial years ended 31 December 2017 and 2018, respectively. For the six months ended 30 June 2018 and 2019, the Middle East contributed to 63.8% and 59.6% of Serba Dinamik's revenue, respectively.

Malaysia contributed 35.6% and 31.9% to SDGB's revenue in the financial years ended 31 December 2016 and 2017, and 31.9% and 28.1% to Serba Dinamik's revenue in the financial years ended 31 December 2017 and 2018, respectively. Despite the decline in contribution to revenue during those years, SDGB's Malaysian operations continued to grow in revenue terms from RM770.3 million in the financial year ended 31 December 2016 to RM869.1 million in the financial year ended 31 December 2018. Similarly, Serba Dinamik's Malaysian operations continued to grow in revenue terms from RM869.1 million in the financial year ended 31 December 2017 to RM920.3 million in the financial year ended 31 December 2018. For the six months ended 30 June 2018, Serba Dinamik's Malaysian operations increased from RM435.3 million to RM647.4 million for the six months ended 30 June 2019.

The increase in revenue is mainly attributed to the growth in demand for O&M services locally as well as overseas.

Cost of sales and services

Cost of sales and services consist of costs of parts, consumables and services, professional fees, personnel expenses, depreciation and others.

The table below set forth a breakdown of cost of sales and services for SDGB and Serba Dinamik for the time periods indicated:

	SDGB				Serba Dinamik											
	For the financial year ended 31 December				For the financial year ended 31 December						For the six months ended 30 June					
	2016		2017		2017		2018				2018		2019			
	RM in millions	*%*	*RM in millions*	*%*	*RM in millions*	*%*	*RM in millions*	*U.S.$ in millions*	*%*		*RM in millions*	*%*	*RM in millions*	*U.S.$ in millions*	*%*	
Parts, consumables and manpower(1) . .	1,692.3	94.3	2,100.0	93.5	2,100.0	93.8	2,490.0	602.0	92.2		1,167.7	92.3	1,659.0	401.1	93.5	
Professional fees(2) . .	12.3	0.7	18.5	0.8	18.5	0.8	28.7	6.9	1.1		14.8	1.2	11.2	2.7	0.6	
Personnel expenses(3)	30.4	1.7	37.9	1.7	37.9	1.7	46.2	11.2	1.7		20.2	1.6	29.1	7.0	1.7	
Depreciation(4)	47.9	2.7	64.0	2.9	64.0	2.9	83.3	20.1	3.1		36.3	2.9	59.2	14.3	3.4	
Others(5)	11.7	0.6	24.6	1.1	18.0	0.8	52.7	12.7	1.9		26.0	2.0	14.9	3.6	0.9	
Total	**1,794.6**	**100.0**	**2,245.0**	**100.0**	**2,238.4**	**100.0**	**2,700.9**	**653.0**	**100.0**		**1,265.0**	**100.0**	**1,773.4**	**428.8**	**100.0**	

(1) Parts comprise machine and equipment parts, tools and equipment, microturbines, compressors, piping and metal structures. Consumables comprise oil, lubricants and fuel. Manpower refers to amounts paid for the manpower required for the supply of parts and provision of services.

(2) Professional fees include fees paid to third-party service providers for the provision of technical consultancy, technical analysis and testing services.

(3) Personnel expenses refers to wages and salaries of personnel directly related to the contracts and projects as well as technical personnel.

(4) Refers to depreciation of plants and machinery and tools and equipment.

(5) Other cost of sales and services includes hiring and chartering of equipment, travelling and transportation and maintenance of own machineries and equipment.

Starting from the financial year ended 1 January 2018, the Group reclassified "cost of sales and services" into "cost of contracts with customers", which consists of cost of sales and services and construction costs, as set forth below:

	SDGB		Serba Dinamik									
	For the financial year ended 31 December		For the financial year ended 31 December					For the six months ended 30 June				
	2017		2017		2018			2018		2019		
	RM in millions	*%*	*RM in millions*	*%*	*RM in millions*	*U.S.$ in millions*	*%*	*RM in millions*	*%*	*RM in millions*	*U.S.$ in millions*	*%*
Cost of contracts with customers												
Cost of sales and services . . .	2,221.5	99.0	2,214.8	98.9	2,624.1	634.5	97.2	1,239.4	98.0	1,720.6	409.6	97.0
Construction cost	23.5	1.0	23.5	1.1	76.8	18.5	2.8	25.6	2.0	52.8	12.8	3.0
Total	**2,245.0**	**100.0**	**2,238.4**	**100.0**	**2,700.9**	**653.0**	**100.0**	**1,265.0**	**100.0**	**1,773.4**	**422.4**	**100.0**

Gross profit

Gross profit is equal to revenue less cost of sales and services. Gross profit margin is equal to gross profit divided by revenue.

The table below sets forth the breakdown of SDGB's and Serba Dinamik's gross profit by operating segments for the time periods indicated:

	SDGB				Serba Dinamik									
	For the financial year ended 31 December				For the financial year ended 31 December					For the six months ended 30 June				
	2016		2017		2017		2018			2018		2019		
	RM in millions	*%*	*RM in millions*	*%*	*RM in millions*	*%*	*RM in millions*	*U.S.$ in millions*	*%*	*RM in millions*	*%*	*RM in millions*	*U.S.$ in millions*	*%*
Operating segments														
O&M services	333.7	17.3	413.0	17.6	419.6	17.9	524.3	126.8	17.9	240.9	17.7	334.0	80.8	18.1
EPCC works	38.9	16.7	63.0	16.8	63.0	16.8	55.9	13.5	16.1	27.9	16.0	39.3	9.5	15.2
Other products and services	1.1	21.2	1.3	24.5	1.3	24.5	2.1	0.5	26.9	1.2	30.9	10.1	2.4	18.7

Other operating income

Other operating income includes grants, unrealised foreign exchange gain, rental income and others. The Group has historically received government grants for training services and the development of its service centres. In the financial year ended 31 December 2017, the Group received government grants for the construction of its workshops and to fund the purchase of machinery and equipment for the Bintulu service centre and the Labuan service centre.

The table below sets forth the breakdown of SDGB's and Serba Dinamik's other operating income for the time periods indicated:

	SDGB				**Serba Dinamik**											
	For the financial year ended 31 December				**For the financial year ended 31 December**						**For the six months ended 30 June**					
	2016		**2017**		**2017**		**2018**				**2018**		**2019**			
	RM in millions	*%*	*RM in millions*	*%*	*RM in millions*	*%*	*RM in millions*	*U.S.$ in millions*	*%*		*RM in millions*	*%*	*RM in millions*	*U.S.$ in millions*	*%*	
Other operating income																
Grants	0.0	0.0	3.2	78.0	3.2	78.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0	
Foreign exchange gain	1.1	100.0	0.2	4.9	0.2	4.9	3.4	0.8	43.0		1.3	37.1	0.9	0.2	27.3	
Rental income	0.0	0.0	0.1	2.5	0.1	2.5	2.3	0.6	29.1		1.0	28.6	1.1	0.3	33.3	
Others	0.0	0.0	0.6	14.6	0.6	14.6	2.2	0.5	27.9		1.2	34.3	1.3	0.3	39.4	
Total	**1.1**	**100.0**	**4.1**	**100.0**	**4.1**	**100.0**	**7.9**	**1.9**	**100.0**		**3.5**	**100.0**	**3.3**	**0.8**	**100.0**	

Administrative and other operating expenses

Administrative and other operating expenses include personnel expenses, professional fees, depreciation of property, plant and equipment, foreign exchange loss, write-offs/impairment and provisions, and other administrative expenses.

The table below sets forth the breakdown of SDGB's and Serba Dinamik's administrative expenses for the time periods indicated:

	SDGB				**Serba Dinamik**									
	For the financial year ended 31 December				**For the financial year ended 31 December**					**For the six months ended 30 June**				
	2016		**2017**		**2017**		**2018**			**2018**		**2019**		
	RM in millions	*%*	*RM in millions*	*%*	*RM in millions*	*%*	*RM in millions*	*U.S.$ in millions*	*%*	*RM in millions*	*%*	*RM in millions*	*U.S.$ in millions*	*%*
Personnel expenses(1)	21.7	30.2	27.3	28.1	28.9	27.4	39.5	9.6	33.8	17.7	32.3	19.8	4.8	30.3
Professional fees(2)	27.2	37.8	13.4	13.8	19.7	18.6	13.7	3.3	11.7	6.0	10.9	13.6	3.3	20.8
Depreciation(3)	5.0	7.0	4.9	5.0	4.9	4.6	6.5	1.6	5.7	3.0	5.5	3.1	0.7	4.8
Foreign exchange loss	2.7	3.8	14.3	14.7	14.3	13.5	3.9	0.9	3.3	2.3	4.3	7.2	1.7	11.1
Other administrative expenses(4)	15.3	21.3	37.4	38.4	38.0	35.9	53.3	12.9	45.5	25.8	46.9	21.5	5.2	33.0
Total	**71.9**	**100.0**	**97.3**	**100.0**	**105.9**	**100.0**	**116.9**	**28.3**	**100.0**	**54.8**	**100.0**	**65.2**	**15.8**	**100.0**

(1) Personnel expenses include salary and wages, staff training expenses, staff travel expenses, employee retirement plan contributions, medical claims and directors' remuneration.

(2) Professional fees incurred include legal fees, consultation fees, secretarial fees, audit fees, taxation and assessment fees.

(3) Depreciation charged under administrative expenses is mainly on buildings, motor vehicles, furniture, fittings and office equipment and office renovation. Depreciation of plant and machinery and tools and equipment are charged under cost of sales and services.

(4) Other administrative expenses include office expenses such as printing, stationary and courier charges, maintenance of office equipment and motor vehicles, travelling and transportation expense, marketing expense, levies and rentals, utilities, office amenities made by the Group and a one-off penalty of RM16.0 million from the Inland Revenue Board in Malaysia for dues related to prior year tax assessments from 2010 to 2015.

Finance costs and finance income

Finance costs relates to the Group's interest expense on borrowings taken for project financing and to finance the acquisition of companies, bank overdrafts, trade loans, overdue charges, late payment and trade interest, and other finance costs.

Finance income relates to interest income from term deposits placed with financial institutions.

The table below sets forth SDGB's and Serba Dinamik's finance income and finance costs for the time periods indicated:

	SDGB		Serba Dinamik					
	For the financial year ended 31 December		For the financial year ended 31 December			For the six months ended 30 June		
	2016	2017	2017	2018		2018	2019	
	RM in millions	*RM in millions*	*RM in millions*	*RM in millions*	*U.S.$ in millions*	*RM in millions*	*RM in millions*	*U.S.$ in millions*
Finance income	4.0	2.7	3.1	12.5	3.0	2.1	11.9	2.9
Finance costs	39.0	37.0	37.1	62.1	15.0	19.3	53.8	13.0

Share of results of equity accounted associates

The Group's share of profit of equity-accounted associates, net of tax, reflects the results of its investments in its associates: Adat Sanjung Sdn. Bhd, Konsortium Amanie JV Sdn Bhd., Sufini Holdings Ltd, CSE Global Limited, Al-Sagar Engineering Group L.L.C, Sreem Serba Turbines PVT Ltd, Green & Smart Holdings PLC, Psicon BV, E&E Gas Sdn Bhd, eNoah iSolution Pvt Ltd. and La Rapida SA.

Tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

The Group is subject to income tax at the applicable statutory tax rates in Malaysia and overseas where the Group has foreign subsidiaries.

The table below sets forth SDGB's and Serba Dinamik's tax expense and statutory and effective tax rates for the time periods indicated:

	SDGB		Serba Dinamik			
	For the financial year ended 31 December		For the financial year ended 31 December		For the six months ended 30 June	
	2016	2017	2017	2018	2018	2019
	RM in millions except where stated					
Tax expense	22.1	41.3	41.3	44.8	9.1	25.5
Statutory tax rate (%)	24.0	24.0	24.0	24.0	24.0	24.0
Effective tax rate (%)	8.3	11.9	11.9	10.3	4.4	8.7

The Group benefits from preferential tax treatment and tax benefits such that its effective tax rate for the financial years ended 31 December 2016, 2017 and 2018 were lower than the statutory tax rates. First, income derived from sources outside Malaysia and received in Malaysia is exempt from Malaysian income tax by virtue of Subparagraph 28(1), Schedule 6 of the Income Tax Act 1967. Under the preferential tax treatment given to Labuan entities incorporated or registered under the Labuan Companies Act 1990, such entity can qualify and elect to pay tax of RM20,000 per annum under Section 7(1) of the Labuan Offshore Business Activity Tax Act, 1990. In this respect, the Group's subsidiary, Serba Dinamik International, which was incorporated in Labuan Malaysia, qualifies and has elected to pay a tax of RM20,000 per annum. However, the 2019 budget by the Government abolished the RM20,000 per annum tax for qualifying Labuan entities who have elected the tax. Effective 1 January 2019 and going forward, the tax rate imposed on Labuan business activities is three per cent. of net profits and the Group expects its effective tax rate to be between 10% to 12%.

In 2017, two of the Group's subsidiaries were subject to an investigation by the Malaysian tax authority, Lembaga Hasil Dalam Negeri ("**LHDN**"). for the assessment years 2010 to 2015. The tax investigation was settled in January 2018 and the Group agreed to pay a tax settlement of RM45 million, consisting of additional tax payable of RM29 million and tax penalties of RM16 million. While the matter was settled in January 2018, it is recorded as a tax expense in the financial year ended 31 December 2017 as the settlement occurred before the Group's 2018 financials were signed. The Group's subsidiaries have agreed on an instalment plan with LHDN. As at 30 June 2019, there were no outstanding amounts under the additional tax payable and tax penalties.

Foreign currency translation differences for foreign operations

Assets, liabilities and transactions for Serba Dinamik's subsidiaries outside of Malaysia are measured in the currency of the primary economic environment in which the entity operates (the "**functional currency**") and are then translated to Malaysian Ringgit for presentation of Serba Dinamik's consolidated operating results. In particular, one of Serba Dinamik's subsidiaries, Serba Dinamik International, uses U.S. dollars as its functional currency. The income statement of each entity is translated into Malaysian Ringgit at a monthly average rate for the period while the balance sheet is translated at the period end date. Foreign currency translation differences arise as a result of the translation of Serba Dinamik International's results of operation and financial position for the respective financial years from U.S. dollars to Malaysian Ringgit.

Results of operations

The following table sets forth the Group's consolidated statements of profit or loss and expenses and other comprehensive income for the time periods indicated:

	SDGB		Serba Dinamik					
	For the financial year ended 31 December		For the financial year ended 31 December			For the six months ended 30 June		
	2016	2017	2017	2018		2018	2019	
	RM in millions		*RM in millions*		*U.S.$ in million*	*RM in millions*		*U.S.$ in million*
Revenue	2,168.3	2,722.3	2,722.3	3,283.2	793.8	1,535.0	2,156.8	521.5
Cost of sales/services	(1,794.6)	(2,245.0)	(2,238.4)	(2,700.9)	(653.0)	(1,265.0)	(1,773.4)	(428.8)
Gross profit	**373.7**	**477.3**	**483.9**	**582.3**	**140.8**	**270.0**	**383.3**	**92.7**
Other operating income	1.1	4.1	4.1	7.9	1.9	3.5	3.3	0.8
Administrative and other operating expenses	(71.9)	(97.3)	(105.9)	(116.9)	(28.3)	(54.8)	(65.2)	(15.8)
Results from operating activities	**302.9**	**384.1**	**382.1**	**473.3**	**114.4**	**218.7**	**321.5**	**77.7**
Finance costs	(39.0)	(37.0)	(37.1)	(62.1)	(15.0)	(19.3)	(53.8)	(13.0)
Finance income	4.0	2.7	3.1	12.5	3.0	2.1	11.9	2.9
Net finance (costs)/income	**(35.0)**	**(34.3)**	**(33.9)**	**(49.6)**	**(12.0)**	**(17.1)**	**(41.9)**	**(10.1)**
Share of results of equity accounted associates	—	(2.1)	(2.1)	13.9	3.4	4.1	11.6	2.8
Profit before tax	**267.9**	**347.7**	**346.1**	**437.6**	**105.8**	**205.6**	**291.2**	**70.4**
Tax expense	(22.1)	(41.3)	(41.3)	(44.8)	(10.8)	(9.1)	(25.5)	(6.2)
Profit for the period	**245.8**	**306.4**	**304.8**	**392.8**	**95.0**	**196.5**	**265.7**	**64.2**
Items that may be reclassified subsequently to profit or loss								
Share of other comprehensive income of equity accounted associated	—	—	—	3.4	0.8	—	(3.8)	(0.9)
Foreign currency translation differences for foreign operations.	35.4	(64.0)	(61.2)	0.3	0.1	(5.9)	11.4	2.8
Total comprehensive income for the year/period	**281.2**	**242.4**	**243.6**	**396.5**	**95.9**	**190.7**	**273.4**	**66.1**

Results of operations of Serba Dinamik for the six months ended 30 June 2019 compared to the six months ended 30 June 2018

Revenue

Revenue increased by 40.5% or RM621.8 million to RM2,156.8 million (U.S.$521.5 million) for the six months ended 30 June 2019 compared to RM1,535.0 million for the six months ended 30 June 2018. This increase was primarily due to an increase in revenue from the O&M segment, on account of (i) an increase in the number of contracts for the MRO of rotating equipment amounting to RM1,726.1 million (U.S.$417.3 million) for the six months ended 30 June 2019 compared to RM1,217.0 million for the six months ended 30 June 2018 and (ii) an increase in the number of contracts for the EPCC segment, which generated revenues of RM258.4 million

(U.S.$62.5 million) for the six months ended 30 June 2019 compared to RM173.9 million for the six months ended 30 June 2018. Other products and services also increased due to a growth in the ICT solutions and services segment.

For the six months ended 30 June 2019, 70.0% of Serba Dinamik's revenue was derived from contracts outside of Malaysia while the remaining 30.0% was generated in Malaysia. Revenue for the Group's MRO of rotating equipment was mostly generated from contracts in Qatar and Malaysia, and revenue for the Group's IRM of static equipment was primarily attributable from contracts in the UAE and Malaysia.

Cost of sales/services

Cost of sales increased by 40.2% or RM508.4 million, to RM1,773.4 million (U.S.$428.8 million) for the six months ended 30 June 2019 compared to RM1,265.0 million for the six months ended 30 June 2018, primarily due to an increase in operational activity during the period. Parts, consumables and manpower were the largest component of cost of sales and increased to RM1,659.0 million (U.S.$401.1 million) for the six months ended 30 June 2019 compared to RM1,167.8 million for the six months ended 30 June 2018. Depreciation increased by 63.0% or RM22.9 million to RM59.2 million (U.S.$14.3 million) for the six months ended 30 June 2019 compared to RM36.3 million for the six months ended 30 June 2018 primarily due to an increase in tools and equipment and plant and machinery purchased during the six months ended 30 June 2018.

Gross profit and gross margin

For the foregoing reasons, gross profit increased by 42.0% or RM113.4 million to RM383.4 million (U.S.$92.7 million) for the six months ended 30 June 2019 compared to RM270.0 million for the six months ended 30 June 2018. Gross margins were relatively consistent for the six months ended 30 June 2019 and the six months ended 30 June 2018 at 17.8% and 17.5%, respectively.

Other operating income

Other operating income decreased by 6.0% or RM0.2 million to RM3.3 million (U.S.$0.8 million) for the six months ended 30 June 2019 compared to RM3.5 million for the six months ended 30 June 2018. This increase was primarily due to a decrease in foreign exchange gains and rental income.

Administrative & other operating expenses

Administrative expenses & other operating expenses increased by 19.0% or RM10.4 million to RM65.2 million (U.S.$15.8 million) for the six months ended 30 June 2019 compared to RM54.8 million for the six months ended 30 June 2018, primarily due to an increase in professional fees in relation to the U.S. dollar sukuk issuance and foreign exchange loss to RM13.6 million (U.S.$3.3 million) and RM7.2 million (U.S.$1.7 million) respectively for the six months ended 30 June 2019 from RM6.0 million and RM2.3 million, respectively, for the six months ended 30 June 2018.

Finance costs

Finance costs increased by 178.8% or RM34.5 million to RM53.8 million (U.S.$13.0 million) for the six months ended 30 June 2019 compared to RM19.3 million for the six months ended 30 June 2018 as a result of an increase in borrowings.

Finance income

Finance income increased by 466.7% or RM9.8 million to RM11.9 million (U.S.$2.9 million) for the six months ended 30 June 2019 compared to RM2.1 million for the six months ended 30 June 2018 as a result of an increase in interest received from higher levels of bank deposits.

Share of results of equity accounted associates

Share of results of equity accounted associates increased by 182.9% or RM7.5 million to RM11.6 million (U.S.$2.8 million) for the six months ended 30 June 2019 compared to RM4.1 million for the six months ended 30 June 2018, primarily due to higher contributions as a result of the Group's acquisition of CSE Global Limited.

Tax expense

Tax expense increased by 180.2% or RM16.4 million to RM25.5 million for the six months ended 30 June 2019 from RM9.1 million for the six months ended 30 June 2018, primarily due to an increase in the Group's operating profit and the abolishment of the favourable RM20,000 tax election for Labuan companies effective 1 January 2019.

Profit for the period

For the foregoing reasons, profit for the period increased by 35.2% or RM69.2 million to RM265.7 million (U.S.$64.2 million) for the six months ended 30 June 2019 compared to RM196.5 million for the six months ended 30 June 2018.

Foreign currency translation differences for operations

Foreign currency translation differences for operations was RM11.4 million (U.S.$2.8 million) for the six months ended 30 June 2019 compared to a loss of RM5.9 million for the six months ended 30 June 2018. This was primarily attributable to the appreciation of the Malaysian Ringgit against the U.S. dollar.

Total comprehensive income for the period

For the foregoing reasons, total comprehensive income for the period increased by 43.4% or RM82.7 million to RM273.4 million (U.S.$66.1 million) for the six months ended 30 June 2019 compared to RM190.7 million for the six months ended 30 June 2018.

Results of operations of Serba Dinamik for the financial year ended 31 December 2018 compared to the financial year ended 31 December 2017

Revenue

Revenue increased by 20.6% or RM560.9 million to RM3,283.2 million (U.S.$793.8 million) for the financial year ended 31 December 2018 compared to RM2,722.3 million for the financial year ended 31 December 2017. This increase was primarily due to an increase in revenue from the O&M segment, on account of (i) an increase in the number of contracts for the MRO of rotating equipment amounting to RM2,653.6 million (U.S.$641.5 million) for the financial year ended 31 December 2018 compared to RM2,179.4 million for the financial year ended 31 December 2017 and (ii) an increase in the number of contracts for the IRM of static equipment, which generated revenue of RM274.9 million (U.S.$66.4 million) for the financial year ended 31 December 2018 compared to RM163.3 million in the financial year ended 31 December 2017.

For the financial year ended 31 December 2018, 71.9% of Serba Dinamik's revenue was derived from contracts outside of Malaysia while the remaining 28.1% was generated in Malaysia. Revenue for the Group's MRO of rotating equipment was mostly generated from contracts in Qatar and Malaysia, and revenue for the Group's IRM of static equipment was primarily attributable from contracts in the UAE and Malaysia.

Cost of contracts with customers

Cost of contracts with customers increased by 20.7% or RM462.5 million, consistent with the Group's revenue growth, to RM2,700.9 million (U.S.$653.0 million) for the financial year ended 31 December 2018 compared to RM2,238.4 million for the financial year ended 31 December 2017, primarily due to an increase in operational activity during the period. Cost of sales and services were the largest component of cost of contracts with customers and increased to RM2,624.1 million (U.S.$634.5 million) in the financial year ended 31 December 2018 compared to RM2,214.8 million in the financial year ended 31 December 2017 primarily due to an increase in parts, consumables and manpower costs in relation to the provision of the Group's services.

Gross profit and gross margin

For the foregoing reasons, gross profit increased by 20.3% or RM98.4 million to RM582.3 million (U.S.$140.8 million) for the financial year ended 31 December 2018 compared to RM483.9 million for the financial year ended 31 December 2017. Gross margins were relatively consistent for the financial year ended 31 December 2018 and the financial year ended 31 December 2017 at 17.7% and 17.8%, respectively.

Other operating income

Other operating income increased by 92.7% or RM3.8 million to RM7.9 million (U.S.$1.9 million) for the financial year ended 31 December 2018 compared to RM4.1 million for the financial year ended 31 December 2017. This increase was primarily attributable to foreign exchange gain and rental income.

Administrative & other operating expenses

Administrative expenses & other operating expenses increased by 10.4% or RM11.0 million to RM116.9 million (U.S.$28.3 million) for the financial year ended 31 December 2018 compared to RM105.9 million for the financial year ended 31 December 2017, primarily due to an increase in depreciation of property, plant and equipment to RM6.5 million (U.S.$1.6 million) for the financial year ended 31 December 2018 from RM4.9 million for the financial year ended 31 December 2017 and an increase in personnel expenses to RM39.5 million (U.S.$9.6 million) for the financial year ended 31 December 2018 from RM28.9 million for the financial year ended 31 December 2017.

Finance costs

Finance costs increased by 67.5% or RM25.0 million to RM62.1 million (U.S.$15.0 million) for the financial year ended 31 December 2018 compared to RM37.1 million for the financial year ended 31 December 2017 as a result of an increase in borrowings.

Finance income

Finance income increased by 303.2% or RM9.4 million to RM12.5 million (U.S.$3.0 million) for the financial year ended 31 December 2018 compared to RM3.1 million for the financial year ended 31 December 2017 as a result of an increase in interest received from higher levels of bank deposits.

Share of results of equity accounted associates

Share of results of equity accounted associates increased by RM16.0 million to a profit of RM13.9 million (U.S.$3.4 million) for the financial year ended 31 December 2018 compared to a loss of RM2.1 million for the financial year ended 31 December 2017. This was primarily attributable to the Group's acquisition of CSE Global Limited in the financial year ended 31 December 2018, which contributed RM10.7 million for the financial year ended 31 December 2018.

Tax expense

Tax expense increased by 8.5% or RM3.5 million to RM44.8 million for the financial year ended 31 December 2018 from RM41.3 million for the financial year ended 31 December 2017, primarily due to the Government's abolishment of the RM20,000 per annum tax for Labuan entities effective 1 January 2019.

Profit for the period

For the foregoing reasons, profit for the period increased by 28.9% or RM88.0 million to RM392.8 million (U.S.$95.0 million) for the financial year ended 31 December 2018 compared to RM304.8 million for the financial year ended 31 December 2017.

Foreign currency translation differences for operations

Foreign currency translation differences for operations was RM0.3 million (U.S.$0.1 million) for the financial year ended 31 December 2018 compared to a loss of RM61.2 million for the financial year ended 31 December 2017, primarily as a result of the appreciation of the Malaysian Ringgit against the U.S. dollar.

Total comprehensive income for the period

For the foregoing reasons, total comprehensive income for the period increased by 62.8% or RM152.9 million to RM396.5 million (U.S.$95.9 million) for the financial year ended 31 December 2018 compared to RM243.6 million for the financial year ended 31 December 2017.

Results of operations of SDGB for the financial year ended 31 December 2017 compared to the financial year ended 31 December 2016

Revenue

Revenue increased by 25.5% or RM554.0 million to RM2,722.3 million for the financial year ended 31 December 2017 compared to RM2,168.3 million for the financial year ended 31 December 2016. This increase was primarily attributable to:

- an increase in revenue from the O&M segment, on account of (i) an increase in the number of contracts for the MRO of rotating equipment to RM2,179.4 million in the financial year ended 31 December 2017 compared to RM1,819.5 million in the financial year ended 31 December 2016, and (ii) an increase in the IRM of static equipment segment to RM163.3 million in the financial year ended 31 December 2017, compared to RM111.0 million in the financial year ended 31 December 2016; and
- an increase in revenue from the EPCC works segment to RM374.3 million in the financial year ended 31 December 2017 compared to RM232.6 million for the financial year ended 31 December 2016.

Under the MRO segment, 71.3% of revenue was derived from contracts outside of Malaysia while the remaining 28.7% was generated in Malaysia. Most of the revenue from the IRM of static equipment was generated from contracts in the UAE and Turkmenistan. The largest contribution to the EPCC works segment was generated from contracts in the Middle East followed by contracts relating to the construction of hydro power plants in Kota Marudu, Sabah and the 28 MLD power treatment plant in Terengganu.

Cost of sales

Cost of sales increased by 25.1% or RM450.4 million to RM2,245.0 million for the financial year ended 31 December 2017 compared to RM1,794.6 million for the financial year ended 31 December 2016. The higher cost is attributable to an increase in overall operational activity during period consistent with the increase in revenue. Parts, consumables and manpower are the largest component of cost of sales, and increased to RM2,100.0 million for the financial year ended 31 December 2017 compared to RM1,692.3 million for the financial year ended 31 December 2016.

Gross profit and gross margin

For the foregoing reasons, gross profit increased by 27.7% or RM103.6 million to RM477.3 million for the financial year ended 31 December 2017 compared to RM373.7 million for the financial year ended 31 December 2016.

Gross margins increased by 0.3% to 17.5% for the financial year ended 31 December 2017 compared to 17.2% for the financial year ended 31 December 2016.

Other operating income

Other operating income increased by 272.7% or RM3.0 million to RM4.1 million for the financial year ended 31 December 2017 compared to RM1.1 million for the financial year ended 31 December 2016, primarily due to grants received during the financial year ended 31 December 2017 amounting to RM3.2 million relating to the construction of the Bintulu service centre and Labuan service centre.

Administrative and other operating expense

Administrative expenses increased by 35.3% or RM25.4 million to RM97.3 million for the financial year ended 31 December 2017 compared to RM71.9 million for the financial year ended 31 December 2016. This increase was mainly due to (i) an increase in other administrative expenses to RM37.4 million for the financial year ended 31 December 2017 from RM16.2 million for the financial year ended 31 December 2016 primarily from a one-off penalty of RM16.0 million from the Inland Revenue Board for dues related to prior year tax assessment and (ii) an increase in foreign exchange loss to RM14.3 million for the financial year ended 31 December 2017 from RM2.7 million for the financial year ended 31 December 2016.

Finance costs

Finance costs decreased by 5.1% or RM2.0 million to RM37.0 million for the financial year ended 31 December 2017 compared to RM39.0 million for the financial year ended 31 December 2016, primarily attributable to the lower average borrowings for the financial year ended 31 December 2017.

Finance income

Finance income decreased by 32.5% or RM1.3 million to RM2.7 million for the financial year ended 31 December 2017 compared to RM4.0 million for the financial year ended 31 December 2016 due to lower levels of bank deposits for the period.

Share of results of equity accounted associates

Share of results of equity accounted associates showed a loss of RM2.1 million for the financial year ended 31 December 2017 and nil for the financial year ended 31 December 2016 as the Group only invested in its associates in 2017 onwards.

Tax expense

Tax expense increased by 86.8% or RM19.2 million to RM41.3 million for the financial year ended 31 December 2017 from RM22.1 million for the financial year ended 31 December 2016. The increase was due to a one-off tax expense incurred of RM29.0 million from the assessment years 2010 to 2015.

Profit for the period

For the foregoing reasons, profit for the period increased by 24.7% or RM60.6 million to RM306.4 million for the financial year ended 31 December 2017 compared to RM245.8 million for the financial year ended 31 December 2016.

Foreign currency translation differences for operations

Foreign currency translation differences for operations was a loss of RM64.0 million for the financial year ended 31 December 2017 compared to a gain of RM35.4 million for the financial year ended 31 December 2016. This was primarily attributable to the depreciation of the Malaysian Ringgit against the U.S. dollar.

Total comprehensive income for the period

For the foregoing reasons, total comprehensive income for the period decreased by 13.8% or RM38.8 million to RM242.4 million for the financial year ended 31 December 2017 compared to RM281.2 million for the financial year ended 31 December 2016.

Liquidity and capital resources

Liquidity generally describes the ability of a company to generate sufficient cash flows to meet the cash requirements of its business operations, including working capital needs, debt service obligations, other commitments, contractual obligations, acquisitions and investments in joint ventures and cooperation arrangements.

Although the Group believes that its expected cash flows from operations will be adequate to meet anticipated general liquidity needs and debt service obligations, there is no assurance that the Group's business will generate sufficient cash flows from operations to meet these needs or that future debt or equity financing will be available in an amount sufficient to enable the Group to fund its liquidity needs, including making payments on the Notes or other debt when due. If the Group's cash flows from operating activities are lower than expected, the Group may be required to seek additional financing, which may not be available on commercially reasonable terms, if at all. The Group's ability to arrange financing generally and its cost of capital depends on numerous factors, including general economic, financial, competitive market, legislative, regulatory and other factors, many of which are beyond the Group's control, as well as other factors discussed in the section entitled "*Risk Factors*"

The table below sets forth certain information relating to the Group's net cash flows for the periods indicated.

	SDGB		Serba Dinamik					
	For the financial year ended 31 December		For the financial year ended 31 December			For the six months ended 30 June		
	2016	2017	2017	2018		2018	2019	
	RM in millions		*RM in millions*		*U.S.$ in million*	*RM in millions*		*U.S.$ in million*
Net cash flows from operating activities	90.8	468.5	85.3	83.2	20.1	28.6	68.4	16.5
Net cash flows from/(used in) investing activities	(242.7)	(344.6)	(354.1)	(858.6)	(207.5)	(444.6)	(365.6)	(88.4)
Net cash flows (used in)/from financing activities	114.4	(9.2)	387.2	1,242.7	300.4	603.4	648.9	156.9
Net increase/(decrease) in cash and cash equivalents	(37.5)	114.7	118.4	467.3	112.9	187.5	351.7	85.0
Effect of exchange rate fluctuations on cash held	3.7	(3.7)	(3.7)	5.7	1.3	—	—	—
Cash and cash equivalents at the beginning of year	77.5	43.7	43.7	158.5	38.3	158.5	631.5	152.7
Cash and cash equivalents at end of year	**43.7**	**154.7**	**158.4**	**631.5**	**152.6**	**346.0**	**983.2**	**237.7**

Net cash flows from operating activities

For the six months ended 30 June 2019 of Serba Dinamik

Net cash generated from operating activities for the six months ended 30 June 2019 was RM68.4 million.

Profit before tax was RM291.2 million, which was adjusted for the following key items: depreciation of property, plant and equipment of RM62.3 million and finance costs of RM53.8 million.

Operating cashflow before changes in working capital was RM399.2 million which was adjusted primarily for the following changes in working capital: an increase in contract assets of RM127.5 million in relation to accrued revenue, an increase in inventories of RM44.0 million, an increase in trade and other receivables of RM225.2 million and an increase in trade and other payables of RM100.6 million.

In addition, Serba Dinamik paid interest or profit of RM1.0 million and income tax of RM27.6 million.

For the six months ended 30 June 2018 of Serba Dinamik

Net cash generated from operating activities for the six months ended 30 June 2018 was RM28.6 million.

Profit before tax was RM205.6 million, which was adjusted for the following key items: (i) depreciation of property, plant and equipment of RM39.3 million and (ii) finance costs of RM19.3 million.

Operating cashflow before changes in working capital was RM257.0 million, which was adjusted for the following changes in working capital: an increase in inventories of RM65.7 million, an increase in trade and other receivables of RM140.1 million and a decrease in trade and other payables of RM17.4 million.

In addition, Serba Dinamik paid interest or profit of RM142,000 and income tax of RM5.0 million.

For the financial year ended 31 December 2018 of Serba Dinamik

Net cash generated from operating activities for the financial year ended 31 December 2018 was RM83.2 million.

Profit before tax was RM437.6 million, which was adjusted for the following key items: (i) depreciation of property, plant and equipment of RM89.7 million and (ii) finance costs of RM62.1 million.

Operating cashflow before changes in working capital was RM561.4 million, which was adjusted primarily for the following changes in working capital: for an increase in inventories of RM263.0 million, an increase in trade and other receivables of RM91.4 million and a decrease in trade and other payables of RM99.5 million. Operating cashflow generally increased as a result of a larger volume of contracts won.

In addition, Serba Dinamik paid interest or profit of RM1.0 million and income tax of RM22.2 million.

For the financial year ended 31 December 2017 of Serba Dinamik

Net cash generated from operating activities for the financial year ended 31 December 2017 was RM85.4 million.

Profit before tax was RM346.1 million, which was adjusted for the following key items: (i) depreciation of property, plant and equipment of RM69.0 million and (ii) finance costs of RM37.1 million.

Operating cashflow before changes in working capital was RM465.5 million, which was adjusted primarily for the following changes in working capital: an increase in trade and other receivables of RM213.9 million, an increase in inventories of RM117.5 million and a decrease in trade and other payables of RM60.0 million.

In addition, Serba Dinamik paid interest or profit of RM0.6 million and income tax of RM17.9 million.

For the financial year ended 31 December 2017 of SDGB

Net cash generated from operating activities for the financial year ended 31 December 2017 was RM468.5 million.

Profit before tax was RM347.7 million, which was adjusted for the following key items: (i) depreciation of property, plant and equipment of RM69.0 million; (ii) finance costs of RM37.1 million; and (iii) unrealised foreign exchange loss of RM14.3 million.

Operating cashflow before changes in working capital was RM467.5 million, which was adjusted primarily for the following changes in working capital: for an increase in trade and other payables of RM264.5 million, an increase in trade and other receivables of RM156.7 million and an increase in inventories of RM117.5 million.

In addition, SDGB paid interest of RM0.6 million and income tax of RM18.4 million.

For the financial year ended 31 December 2016 of SDGB

Net cash generated from operating activities for the financial year ended 31 December 2016 was RM90.8 million.

Profit before tax was RM267.9 million, which was adjusted for the following key items: (i) depreciation of property, plant and equipment of RM52.9 million and (ii) finance costs of RM39.0 million.

Operating cashflow before changes in working capital was RM373.6 million, which was adjusted primarily for the following changes in working capital: a decrease in trade and other payables of RM258.2 million, an increase in trade and other receivables of RM285.0 million and an increase in inventories of RM251.1 million.

In addition, SDGB paid interest of RM3.7 million and income tax of RM1.2 million.

Net cash flows from investing activities

For the six months ended 30 June 2019 of Serba Dinamik

For the six months ended 30 June 2019, Serba Dinamik recorded net cash flows used in investing activities of RM365.6 million, comprising mainly of:

- acquisition of property, plant and equipment amounting to RM359.7 million, of which RM26.1 million was attributable to PeIP, RM60.1 million was attributable to the Bintulu Integrated Energy Hub and RM203.5 million was attributable to other capital expenditures such as plant and machinery and tools and equipment;
- changes in term deposits pledged to banks amounting to RM81.2 million;
- an increase in advance to an associate amounting to RM54.8 million, primarily for a six month advance given to Adat Sanjung to help finance their working capital requirement; and
- an increase in other investments amounting to RM44.0 million, primarily in relation to the acquisition of the companies in which the transfer of shares as at 30 June 2019 were still ongoing.

For the six months ended 30 June 2018 of Serba Dinamik

For the six months ended 30 June 2018, Serba Dinamik recorded net cash flows used in investing activities of RM444.6 million, comprising mainly of:

- acquisition of property, plant and equipment amounting to RM229.1 million, of which (i) RM87.4 million and RM99.8 million was attributable to the purchase of tools and equipment and plant and machinery, respectively, to support the Group's increased business activities, and (ii) RM9.4 million was attributable to work in progress, mainly in relation to the Bintulu Energy Park and Pengerang eco-Industrial Park;
- acquisition of associates amounting to RM205.6 million, in relation to CSE Global Limited, Al Murisi Holding Sdn Bhd, Al-Sagar Engineering Group and Sreem Serba Turbines PVT Ltd; and
- an increase in other investments amounting to RM46.8 million, primarily in relation to the acquisition of the companies in which the transfer of shares as at 30 June 2018 were still ongoing.

For the financial year ended 31 December 2018 of Serba Dinamik

For the financial year ended 31 December 2018, Serba Dinamik recorded net cash flows used in investing activities of RM858.6 million, comprising mainly of:

- acquisition of property, plant and equipment amounting to RM551.9 million, of which (i) RM242.3 million and RM189.0 million was attributable to the purchase of tools and equipment and plant and machinery, respectively to support the Group's increased business, and (ii) RM120.0 million is attributable to work in progress, mainly in relation to Bintulu Energy Park and Pengerang eco-Industrial Park;
- acquisition of associates, specifically CSE Global Limited, Al-Sagar Engineering Group L.L.C, Sreem Serba Turbines PVT Ltd, Green & Smart Holdings PLC and eNoah iSolution Pvt Ltd. amounting to RM267.3 million; and
- increase in other investments relating to fixed deposits placed with licensed banks amounting to RM74.9 million.

For the financial year ended 31 December 2017 of Serba Dinamik

For the financial year ended 31 December 2017, Serba Dinamik recorded net cash flows used in investing activities of RM354.1 million, comprising mainly of:

- acquisition of property, plant and equipment amounting to RM256.5 million, of which (i) RM103.5 million was attributable to the purchase of tools and equipment to support increased business, (ii) RM45.4 million was attributable to the purchase of an office building in Shah Alam and (iii) RM56.2 million was attributable to work in progress mainly in relation to Bintulu Energy Park;

- advances to associates relating to Konsortium KAJV of RM59.7 million; and
- acquisition of shares in an associate, specifically Konsortium KAJV, of RM34.0 million.

For the financial year ended 31 December 2017 of SDGB

For the financial year ended 31 December 2017, SDGB recorded net cash flows used in investing activities of RM344.6 million, comprising mainly of:

- acquisition of property, plant and equipment amounting to RM256.5 million, of which (i) RM103.5 million was attributable to the purchase of tools and equipment to support increased business, (ii) RM45.4 million was attributable to the purchase of an office building in Shah Alam and (iii) RM56.2 million was attributable to work in progress mainly in relation to Bintulu Energy Park;
- advances to associates relating to Konsortium KAJV of RM59.7 million; and
- acquisition of shares in an associate, specifically Konsortium KAJV, of RM34.0 million.

For the financial year ended 31 December 2016 of SDGB

For the financial year ended 31 December 2016, SDGB recorded net cash flows used in investing activities of RM242.7 million, comprising mainly of:

- acquisition of property, plant and equipment relating to the purchase of tools and equipment, plant and machinery, and land amounting to RM198.2 million;
- an increase in term deposits pledged to banks of RM27.2 million; and
- an increase in other investments relating to fixed deposits placed with licensed banks of RM21.0 million.

Net cash flows from financing activities

For the six months ended 30 June 2019 of Serba Dinamik

For the six months ended 30 June 2019, Serba Dinamik recorded net cash flows from financing activities of RM648.9 million, comprising mainly of net proceeds from sukuk bond issuances amounting to RM1,253.5 million, including the ICPs issued on 30 April 2019, which was partially offset by net repayment of loans and borrowings of RM473.9 million.

For the six months ended 30 June 2018 of Serba Dinamik

For the six months ended 30 June 2018, Serba Dinamik recorded net cash flows from financing activities of RM603.4 million, comprising mainly of proceeds from issuance of ordinary shares amounting to RM420.1 million and net proceeds from loans and borrowings of RM253.8 million.

For the financial year ended 31 December 2018 of Serba Dinamik

For the financial year ended 31 December 2018, Serba Dinamik recorded net cash flows from financing activities of RM1,242.7 million, comprising mainly of the net proceeds from sukuk issuances of RM799.0 million, including the IMTNs issued on 2 October 2018, net proceeds from the issuance of ordinary shares of RM416.2 million and net proceeds from term loans amounting to RM292.7 million which was partially offset by net repayment of loans and borrowings of RM98.3 million.

For the financial year ended 31 December 2017 of Serba Dinamik

For the financial year ended 31 December 2017, Serba Dinamik recorded net cash flows used in financing activities of RM387.2 million, comprising mainly of net proceeds from issuance of ordinary shares amounting to RM396.4 million and net proceeds from loans and borrowings amounting to RM91.9 million, which was partially offset by dividends paid of RM69.4 million.

For the financial year ended 31 December 2017 of SDGB

For the financial year ended 31 December 2017, SDGB recorded net cash flows used in financing activities of RM9.2 million, comprising mainly of the net proceeds from loans and borrowings amounting to RM98.7 million, which was partially offset by dividends paid of RM69.4 million and interest paid of RM36.5 million.

For the financial year ended 31 December 2016 of SDGB

For the financial year ended 31 December 2016, SDGB recorded net cash flows from financing activities of RM114.4 million, comprising mainly of the net proceeds from loans and borrowings amounting to

RM167.3 million, primarily drawdowns on trade loans, revolving credits and bank overdrafts used to finance new contracts. This was partially offset by interest paid of RM35.3 million and net repayment of term loans of RM15.1 million.

Working capital

Working capital is critical to the Group's financial performance and the Group must maintain sufficient liquidity and financial flexibility to continue its daily operations. The Group manages its working capital by closely monitoring the level of its trade and other payables and accruals as well as inventory levels.

As at 30 June 2019, Serba Dinamik has working capital of RM2,697.4 million being the difference between current assets of RM3,534.8 million and current liabilities of RM837.4 million. The Group's current assets consist of trade and other receivables, inventories, cash and cash equivalents, other investments, deposits and prepayments and current tax assets. Its cash and cash equivalents exclude bank overdrafts of RM7.6 million and deposits of RM33.5 million pledged with financial institutions for banking facilities granted to the Group.

The Group's working capital is funded through cash generated from the Group's operating activities, credit extended by the Group's suppliers, credit lines and borrowings from financial institutions, as well as existing cash and cash equivalents.

Indebtedness

The Group has substantial short-term borrowings (payable within 12 months) as opposed to long-term borrowings. The Group's short-term borrowings consist mostly of secured trade facilities, revolving credits and bank overdrafts.

The Group has taken on additional short-term borrowing to cater to its overseas contracts in the Middle East where its operations often require cash up-front to satisfy some of its contract requirements for the purchase of parts, tools and equipment and manpower mobilisation.

The table below breaks down the Group's short-term and long-term borrowings:

	SDGB		Serba Dinamik				
	As at 31 December		As at 31 December			For the six months ended 30 June	
	2016	2017	2017	2018		2019	
	RM in millions	*RM in millions*	*RM in millions*	*RM in millions*	*U.S.$ in millions*	*RM in millions*	*U.S.$ in millions*
Borrowings							
Short-term borrowings	623.4	659.7	681.3	604.0	146.0	306.1	74.0
Long-term borrowings	16.2	46.3	24.8	1,107.5	267.8	2,178.2	526.6
Total	**639.6**	**706.0**	**706.1**	**1,711.5**	**413.8**	**2,484.3**	**600.6**

Long-term borrowings increased as at 31 December 2017 to 31 December 2018 primarily as a result of Serba Dinamik's sukuk issuance in the fourth quarter of 2018 of RM810 million. Long-term borrowings increased as at 31 December 2018 to 30 June 2019 as a result of Serba Dinamik's U.S.$300 million sukuk issuance in May 2019.

As at 30 June 2019, the Group's total outstanding loans and bank borrowings, all of which were interest-bearing, amounted to RM2,484.3 million as set out below:

	Interest Rate Terms (%)	Short term (Payable within 12 Months)	Long term (Payable after 12 Months)	Total
Term loans-secured	1.40 –15.50	16.6	147.6	164.2
Finance lease liabilities—secured	1.05 – 9.55	3.6	8.1	11.7
Sukuk—unsecured	4.50 – 6.30	30.0	2,022.5	2,052.5
Bank overdrafts—secured	8.00 – 9.00	7.6	0.0	7.6
Bankers acceptance—secured	3.50	0.3	0.0	0.3
Revolving credits—secured	3.00 – 9.10	248.0	0.0	248.0
Total		**306.1**	**2,178.2**	**2,484.3**

Capital expenditure

The Group incurs capital expenditure primarily in connection with buildings, plant and machinery, tools and equipment, and work in progress to expand its facilities both locally and overseas. In addition, the Group also incurs capital expenditure in connection with the implementation of its asset ownership business model, where the Group acquires minority equity interests in companies operating in areas within the Group's scope of expertise. Such investments provide not only income from equity stakes but also enable the Group to secure income from the EPCC of the projects and the O&M services in relation to the assets once completed. Through this model, the Group is able to leverage direct investments in assets, in order to secure new O&M and EPCC contract flows in the short-to-long term, thereby achieving diversification in its business (in industries such as water and power) and building recurring income through long-term asset-generated cash flows and revenue from medium-term O&M contracts. See "*Description of Serba Dinamik and the Group—Competitive Strengths—Business synergies from disciplined asset ownership model*".

As at the date of this Offering Circular, the Group's capital expenditure is mainly for the construction of its service centres in Pengerang and Bintulu.

Historical capital expenditure

SDGB's historical capital expenditure related primarily to maintenance capital expenditure and expansionary capital expenditure, which includes acquisitions by the Group of minority equity interests in companies operating in areas within the Group's scope of expertise, as part of its asset ownership business model.

The table below sets forth the Group's actual capital expenditure for property, plant and equipment for the periods indicated:

	SDGB		Serba Dinamik			
	For the financial year ended 31 December		For the financial year ended 31 December		For the six months ended 30 June	
	2016	2017	2017	2018	2018	2019
	RM in millions		*RM in millions*			
Freehold land	3.7	0.0	0.0	0.0	16.0	0.0
Leasehold land	0.0	20.2	20.2	0.0	0.0	0.0
Buildings	0.0	45.4	45.4	0.0	0.0	0.0
Plant & machinery	89.4	30.6	30.6	189.0	99.8	51.4
Motor vehicles	2.6	8.3	8.3	0.4	1.3	2.3
Furniture, fittings and office equipment	1.1	0.8	0.8	1.5	0.7	1.6
Tools and equipment	96.4	103.5	103.5	242.3	87.4	146.9
Office renovation	0.2	0.4	0.4	2.1	0.7	1.3
Work in progress	8.4	56.2	56.2	260.6	9.4	96.6
Total capital expenditures	**201.8**	**265.4**	**265.4**	**695.9**	**215.3**	**300.1**

Certain portions of our expansionary capital expenditure relates to the acquisition of associates. In 2016 and 2017, SDGB's capital expenditures relating to total acquisition of associates was RM0 million and RM41.0 million respectively. In 2017, 2018 and for the six months ended 30 June 2018 and 2019, Serba Dinamik's capital expenditures relating to total acquisition of associates was RM41.0 million, RM278.6 million, RM43.9 million and RM201.4 million, respectively. Not all capital expenditure made relating to the acquisition of associates is made to secure EPCC or O&M contracts pursuant to the asset ownership business model. The Group has at times acquired minority stakes in companies to take advantage of the acquired technology and gain access to new geographic markets and/or new end user industries, for example, with the acquisition of CSE and eNoah.

Planned capital expenditure

The Group does not typically prepare capital expenditure budgets and its capital expenditure typically follows the nature of the business from year-to-year. The more contracts and work orders the Group receives, the higher the capital expenditure that the Group must make. However, in the future, the Group expects its capital expenditure to be relatively more significant because of its strategic goals in Malaysia, particularly in relation to its investment in the Bintulu Integrated Energy Hub, the PeIP and the Aromatics Complex, as well as Central Asia, particularly for special projects such as the Uzbekistan Caustic Flakes and Chlorine Plant Project and the Turkmengaz Project.

The Group has capital commitments for the Bintulu Integrated Energy Hub and the PeIP. As at 31 December 2018, the capital commitment in relation to the two projects mentioned above for 2019 is RM607.6 million, of which RM449.1 million is attributable to PeIP and RM158.5 million is attributable to the Bintulu Integrated Energy Hub. As at 30 June 2019, the capital commitment in relation to the two projects mentioned above is

RM516.3 million, of which RM418.1 million is attributable to PeIP and RM98.3 million is attributable to the Bintulu Integrated Energy Hub. The Group intends to fund the Bintulu Integrated Energy Hub project partly through loans and borrowings and partly through Serba Dinamik's IPO proceeds. The Group intends to fund the PeIP project partly from private placements of shares.

In relation to the acquisition of associates, the Group intends to acquire a minority equity stake amounting to approximately U.S.$100 million in PEC, which is currently planning to construct the Aromatics Complex, and approximately U.S.$20 million for the Uzbekistan Caustic Flakes and Chlorine Plant Project. See also "*Use of Proceeds*" and "*Description of Serba Dinamik and the Group—Key Recent Developments*" for more information on these projects.

These amounts are subject to change depending on a number of factors, including the completion of its strategic projects in a timely manner. See "*Risk Factors—The Group may not be able to execute some of its business strategies and/or future plans successfully which may adversely affect the Group's business prospects and growth*".

Contractual obligations and contingent liabilities

As at 30 June 2019, the Group has an aggregate of RM2,997.3 million (U.S.$724.7 million) of contractual obligations, including finance lease liabilities, bank overdrafts, revolving credits, term loans, bankers' acceptance and trade and other payables. This amount consists of principal amounts due and any financing costs due until maturity.

The table below summarises the Group's payment obligations (in principal amounts) and commitments as of 30 June 2019:

	Carrying amount	Contractual Interest Rate (%)	Contractual Cashflows	Payment Due by Period End Less than 1 year	1-2 years	2-5 years	5 years and longer
Finance lease liabilities —secured	11.7	1.05 – 9.55	13.0	4.3	3.7	4.6	0.4
Bank overdrafts (Islamic) —secured	3.1	8.00 – 9.00	3.1	3.1	—	—	—
Bank overdrafts-secured	4.5	8.00 – 9.00	4.5	4.5	—	—	—
Revolving credits (Islamic) —secured	237.1	3.00 – 9.10	237.1	237.1	—	—	—
Revolving credits-secured	10.9	7.85 – 9.10	10.9	10.9	—	—	—
Term loans (Islamic)-secured	163.1	1.40 – 15.50	186.2	18.5	47.0	60.2	60.5
Term loans-secured	1.1	4.25 – 4.77	1.1	0.8	0.3	—	—
Bankers' acceptance	0.3	3.50	0.3	0.3	—	—	—
Sukuk	2,052.5	4.50 – 6.30	2,583.7	150.7	119.5	1,710.2	603.3
Trade and other payables	513.0	—	513.0	480.8	32.2	—	—
Total	**2,997.3**		**3,552.9**	**911.0**	**202.7**	**1,775.0**	**664.2**

Inventories, trade receivables and trade payables

The following table sets out the turnover days of the Group's inventories, trade receivables and trade payables for the time periods indicated:

	SDGB		Serba Dinamik		
	As at 31 December		As at 31 December		For the six months ended 30 June
	2016	2017	2017	2018	2019
Average turnover days					
Inventories(1)	73	87	87	96	88
Trade receivables(2)	88	94	94	93	87
Trade payables(3)	68	62	62	35	26

(1) Average turnover days of inventories for a year is derived by dividing the average inventory, including allowance for inventory value decline and obsolescence, by cost of sales for the year and multiplying by 365 days. Average inventory is the sum of the inventory at the beginning of the year and inventory at the end of the year divided by two. Average turnover days of inventories for six months is derived by dividing the average inventory, including allowance for inventory value decline and obsolescence, by cost of sales for the period and multiplying by 180 days. Average inventory is the sum of the inventory at the beginning of the period and inventory at the end of the period divided by two.

(2) Average turnover days of trade receivables for a year is derived by dividing the average trade receivables by revenue for the year and multiplying by 365 days. Average trade receivables is the sum of the trade receivables at the beginning of the year and trade receivables at the end of the year divided by two. Average turnover days of trade receivables for six months is derived by dividing the average trade receivables by revenue for the period and multiplying by 180 days. Average trade receivables is the sum of the trade receivables at the beginning of the period and trade receivables at the end of the period divided by two.

(3) Average turnover days of trade payables for a year is derived by dividing the average trade payable for the year by cost of sales and multiplying by 365 days. Average trade payables is the sum of the trade payables at the beginning of the year and trade payables at the end of the year divided by two. Average turnover days of trade payables for six months is derived by dividing the average trade payable for the period by cost of sales and multiplying by 180 days. Average trade payables is the sum of the trade payables at the beginning of the period and trade payables at the end of the period divided by two.

Inventories

The Group's inventories balance as of year-end represent its materials on site and spare parts and consumables. Inventories are stated at cost, which is calculated using the weighted average method or net realisable value, whichever is lower.

The table below sets forth the Group's inventory for the periods indicated:

	SDGB		**Serba Dinamik**		
	As at 31 December		**As at 31 December**		**For the six months ended 30 June**
	2016	**2017**	**2017**	**2018**	**2019**
	RM in millions		*RM in millions*		
Material on site	476.4	564.3	564.3	843.0	879.0
Spare parts and consumables	9.9	13.5	13.5	5.2	13.5
Total	**486.3**	**577.8**	**577.8**	**848.2**	**892.5**
Inventories recognised as cost of sales	581.5	1,092.7	1,092.7	1,319.8	572.5

Inventory days have continued to increase since 31 December 2016 as the Group's inventories typically follow the volume of its projects. As the Group's business grows and the number of projects that it undertakes grows, its inventories will have a corresponding increase.

Serba Dinamik's inventories increased by 5.2% or RM44.3 million, to RM892.5 million (U.S.$215.8 million) as at 30 June 2019 compared to RM848.2 million (U.S.$205.1 million) as at 31 December 2018 and RM577.8 million as at 31 December 2017. This increase was primarily attributable to an increase in business activities and material requisitions required each year. The increase was more significant as at 31 December 2018 as compared to 31 December 2017 primarily due to the growth in revenue. Serba Dinamik's average inventory turnover days also decreased to 88 days as at 30 June 2019 from 96 days as at 31 December 2018, which increased from 87 days as at 31 December 2017.

SDGB's inventories increased by 18.8% or RM91.5 million, to RM577.8 million as at 31 December 2017 compared to RM486.3 million as at 31 December 2016. This increase was primarily attributable to increase in the Group's business activities and material requisitions for the financial year ended 31 December 2017. Average inventory turnover days increased to 87 days as at 31 December 2017 from 73 days as at 31 December 2016 in line with the Group's expectation.

Trade receivables

The Group's trade receivables mainly represent the outstanding amounts receivable by the Group from its customers and related parties, less any provision for doubtful accounts.

The average credit period that the Group offers its customers is between 30 to 120 days. No interest is charged for receivables not yet due. Allowance for impairment losses is recognised against trade receivables, based on the estimated irrecoverable amounts determined by reference to the past default experience of the counterparty and an analysis of the counterparty's current financial position.

The following table sets forth a breakdown of the Group's trade receivables as at the periods indicated:

	SDGB		Serba Dinamik				
	As at 31 December		As at 31 December			For the six months ended 30 June	
	2016	2017	2017	2018		2019	
	RM in millions	*RM in millions*	*RM in millions*	*RM in millions*	*U.S.$ in millions*	*RM in millions*	*U.S.$ in millions*
Outstanding balances by age:							
Not past due	628.9	729.6	729.6	896.5	216.8	997.0	241.1
Due Date:							
0 – 30 Days	12.0	0.3	0.3	3.0	0.7	110.1	26.6
31 – 120 Days	13.2	13.2	13.2	6.9	1.7	20.6	5.0
Over 120 Days	3.0	11.9	11.9	17.2	4.2	24.9	6.0
Total	**657.1**	**755.0**	**755.0**	**923.6**	**223.3**	**1,152.6**	**278.7**

Serba Dinamik's trade receivables was RM1,152.6 million as at 30 June 2019 compared to RM923.6 million as at 31 December 2018 and RM755.0 million as at 31 December 2017. The increase is in line with the increase in revenue. Its trade receivables turnover days have been decreasing and was 87 days as at 30 June 2019, 93 days as at 31 December 2018 and 94 days as at 31 December 2017.

SDGB's trade receivables increased by 14.9% or RM97.9 million, to RM755.0 million as at 31 December 2017 compared to RM657.1 million as at 31 December 2016, in line with the increase in revenue. As at 31 December 2017, RM25.1 million or 3.3% of trade receivables exceeded the Group's prescribed credit period. These overdue trade receivables were related to various projects. Most of these overdue trade receivables are from regular customers of the Group and are typically paid a month or two later. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually. SDGB's trade receivables turnover days increased to 94 days for the financial year ended 31 December 2017 compared to 88 days for the financial year ended 31 December 2016.

Trade and other payables

Trade and other payables represent the outstanding amounts payable by the Group to its suppliers and related parties. The Group's suppliers generally grant the Group a credit period of between 30 to 90 days.

Serba Dinamik's trade payables balance was RM306.0 million as at 30 June 2019, compared to RM200.6 million as at 31 December 2018 and RM315.4 million as at 31 December 2017. Its trade payables turnover days for the six months ended 30 June 2019 was 26 days compared to 35 days for the financial year ended 31 December 2018 and 62 days as at 31 December 2017, as the Group continues to attempt to align its trade payable days with its typical credit terms of 30 days.

SDGB's trade payables balance decreased by 28.8% or RM127.4 million, to RM315.4 million as of 31 December 2017 from RM442.8 million as of 31 December 2016. Trade payable days have decreased since 31 December 2016 from 68 days to 35 days as at 31 December 2018, as the Group attempted to align its trade payable days with its typical credit terms of 30 days.

Off-balance sheet arrangements and contingent liabilities

Off-balance sheet arrangements

The Group is not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Group's financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditure or capital resources.

Contingent liabilities

As at 30 June 2019, the Group has contingent liabilities of RM150.6 million (U.S.$36.4 million) relating to corporate guarantees given by SDSB as security for:

(i) two Islamic financing facilities dated 12 February 2016 of RM130.0 million and USD15.0 million. The facilities were obtained by One River Power, Adat Sanjung's wholly-owned indirect subsidiary. The Islamic financing facilities were undertaken to partially finance the design, construction, operation and maintenance of the three small hydropower plants in Kota Marudu, Sabah, Malaysia. SDSB holds up to 30.0% share of the corporate guarantee based on its equity interest in Adat Sanjung.

(ii) two financing facilities dated 27 June 2018 of RM265.0 million and RM75.0 million. The facilities were obtained by Konsortium KAJV Sdn Bhd to (i) partially finance the construction of the water treatment plants in the state of Terengganu Darul Iman, (ii) for payment or conversion of the Letter of Credit, (iii) for payment of indirect tax in relation to the purchase of goods or equipment and/or services (iv) for payments of indirect tax to the relevant governmental authority in respect of the project and (v) to settle an existing outstanding facility.

Seasonality

Generally, the Group's business is not affected by seasonality as work orders may be given to the Group at any time during the year. Further, the Group has contracts from different countries and customers from O&G and power generation industries, diversifying the Group's source of revenue.

Risk management

The following discussion summarises the Group's exposure to various risks and its policies to address these risks. The following discussion contains forward-looking statements that are subject to risks, uncertainties and assumptions about the Group. These statements are based upon current expectations and projections about future events. There are important factors that could cause the Group's actual results and performance to differ materially from such forward-looking statements, including those risks discussed under "*Risk Factors*".

Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to its subsidiaries. Most of these receivables are from regular customers of the Group.

Management has a credit policy in place and monitors the exposure to credit risk on an ongoing basis. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

As at the end of a reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position. The Group seeks to take steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values.

As at 31 December 2018 and 30 June 2019, there were four and two counterparties with significant concentration of credit of RM458.2 million and RM312.5 million, respectively. These counterparties are long-standing customers of the Group and the Group does not expect any issues with payment from these counterparties.

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currency giving rise to this risk is primarily the U.S. dollar.

The Group manages this risk by implementing financial planning policies such as managing cash received in foreign currency based on investment and operational needs (i.e. natural hedging).

A strengthening and weakening of RM against USD by 10% at the end of the reporting period would have decreased or increased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	SDGB			Serba Dinamik	
	For the financial year ended 31 December				
	2016	2017	2018	2017	2018
10% strengthening	(0.0)	(0.5)	(0.4)	(0.5)	(0.4)
10% weakening	0.0	0.5	0.4	0.5	0.4

Interest and profit rates risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. For the Group's Islamic and conventional facilities respectively, the Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest or profit rates. The Group is also exposed to interest or profit rate risk on the term deposits placed with licensed banks. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

The Group monitors its exposure to changes in interest or profit rates on a regular basis.

A change of 100 basis points in interest and profit rates at the end of the reporting period would have increased/decreased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	SDGB			Serba Dinamik	
	For the financial year ended 31 December				
	2016	2017	2018	2017	2018
100 basis point increase	(4.7)	(5.2)	(6.7)	(5.2)	(6.7)
100 basis point decrease	4.7	5.2	6.7	5.2	6.7

Recent accounting pronouncements and changes in accounting policies

During the financial year ended 31 December 2018, the Group adopted MFRS 15 (Revenue from Contracts with Customers) and MFRS 9 (Financial Instruments). The Group has generally applied the requirements of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards. Nevertheless, as permitted by MFRS 9, the Group has elected not to restate the comparatives.

MFRS 15 (Revenue from Contracts with Customers)

MFRS 15 replaces the guidance in MFRS 111 (Construction Contracts), MFRS 118 (Revenue), IC Interpretation 13 (Customer Loyalty Programmes), IC Interpretation 15 (Agreements for Construction of Real Estate), IC Interpretation 18 (Transfers of Assets from Customers) and IC Interpretation 131 (Revenue Barter Transactions Involving Advertising Services).

Upon adoption of MFRS 15, the Group's method of revenue recognition are different as compared with the current practices as reflected in the periods presented herein as set forth below:

Type of revenue	Previous year's revenue recognition	Current year's revenue recognition
O&M	The Group previously recognised revenue for these contracts when a reasonable estimate of the returns can be made, **provided that** all other criteria for revenue recognition would be deferred until the return period lapsed or a reasonable estimate of returns could be made.	Under MFRS 15, revenue is recognised over time by reference to the cost incurred over the estimated cost. The related cost are recognised in profit or loss when they are incurred. Advances received are now included in contract liabilities.
EPCC Works	If the outcome of a construction contract could be estimate reliably, then contract revenue was recognised in proportion to stage of the contract. The stage of completion was assessed with reference to surveys of work performed. Otherwise, contract revenue was recognised only to the extent of contract costs incurred that were likely to be recoverable. Contract expenses were recognised as they were incurred. An expected loss on a contract was recognised immediately in profit or loss. Advances received were included in deferred revenue.	Under MFRS 15, revenue is recognised over time by reference to the cost incurred over the estimated cost. The related cost are recognised in profit or loss when they are incurred. Advances received are now included in contract liabilities.
Others	The Group previously recognised revenue for these contracts when a reasonable estimate of the returns can be made, **provided that** all other criteria for revenue recognition would be deferred until the return period lapsed or a reasonable estimate of returns could be made.	Under MFRS 15, revenue is recognised over-time when customer receives benefits as entity performs.

In the adoption of MFRS 15, the following practical expedients as permitted by the standard have been adopted:

For completed contracts, the Group does not restate contracts that:

- begin and end within the same annual reporting period; or
- are completed contracts at the beginning of the earliest period presented.

If the Group does not apply this practical expedient, revenue for the current year is expected to be higher because performance obligations where revenue was recognised previously could have been recognised in the current year.

For completed contracts that have variable consideration, the Group uses the transaction price at the date the contract was completed rather than estimating variable consideration amounts in the comparative reporting periods. The Group is unable to estimate the effects arising from the application of this practical expedient.

For contracts that were modified before the beginning of the earliest period presented, the Group does not retrospectively restate the contract for those contract modifications. Instead, the Group or the Company reflects the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented when:

- identifying the satisfied and unsatisfied performance obligations;
- determining the transaction price; and
- allocating the transaction price to the satisfied and unsatisfied performance obligations.

The application of this practical expedient is not expected to have material impact to the Group.

For comparatives, the Group does not disclose the amount of consideration allocated to the remaining performance obligations and an explanation of when the Group expects to recognise revenue.

The Group does not believe that the application of MFRS 15 had a significant impact on its consolidated financial statements.

MFRS 9 (Financial Instruments)

MFRS 9 replaces the guidance in MFRS 139 (Financial Instruments: Recognition and Measurement) on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets are measured at either fair value or amortised cost. The Group's investment in unquoted shares are measured at fair value through other comprehensive income. The Group does not believe that the application of MFRS 9 had a significant impact on its consolidated financial statements.

The Group has not restated its comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, Financial Instruments: Recognition and Measurement.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("**MASB**") and have been adopted by the Group from the annual period beginning on 1 January 2019:

- MFRS 16, *Leases*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments—Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures—Long-term Interests in Associates and Joint Ventures*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*

The Group's application of the accounting standards, interpretations or amendments above do not have a material financial impact to the current period and prior period financial statements of the Group. The adoption of MFRS 16 will result in a change in accounting policy but the Group does not expect the adoption to have an impact on its financials.

MFRS 16 (Leases)

MFRS 16 replaces the guidance in MFRS 177*, Leases,* IC Interpretation 4*, Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases—Incentives* and IC Interpretation 127*, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

MFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to use classifications of finance or operating leases.

The Group has applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings as at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated and is presented as previously reported under MFRS 117, (*Leases and related interpretations*). The adoption of MFRS 16 resulted in a change in accounting policy. The Group do not expect the application of MFRS 16 to have a significant impact on its consolidated financial statements.

The following are relevant accounting standards, amendments and interpretations effective 1 January 2020 that have been issued by the MASB but have not been adopted by the Group:

- Amendments to MFRS 3, *Business Combinations (Definition of a Group)*
- Amendments to MFRS 101, *Presentation of Financial Statements*
- MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Material*

The Group plans to apply the above standards from the annual period beginning 1 January 2020 and does not expect the application to have any material financial impacts to the financial statements of the Group.

The MASB has also issued Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*, for a which the effective date is still being confirmed.

Significant events after 30 June 2019

On 30 August 2019, Serba Dinamik proposed (i) a share split involving a subdivision of every two existing ordinary shares in Serba Dinamik into three shares, (ii) a bonus issue of 881,100,000 new shares on the basis of two new shares for every five subdivided shares and (iii) the issuance of 881,100,000 free warrants on the basis of two warrants for every five subdivided shares. Pursuant to its letter dated 18 October 2019, Bursa Malaysia, subject to Serba Dinamik's compliance with certain conditions, approved of the proposed share split and the admission and listing of shares to be issued arising from the exercise of the warrants and listing of shares to be issued pursuant to the bonus issue.

SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection at the offices of the Principal Paying Agent (as defined in the Conditions). Unless otherwise provided, defined terms in this section shall have the meaning given to them in the Conditions or in the respective Transaction Documents.

Wakala Agreement

The Trustee and SDIL (in its capacity as Wakeel) shall on the Issue Date enter into a Wakala Agreement pursuant to which the Trustee shall appoint the Wakeel as its agent and shall instruct the Wakeel to perform certain duties in relation to the Wakala Investments in accordance with the terms of the Wakala Agreement and the Wakala Investment Plan. In consideration of the Wakeel acting as agent of the Trustee in relation to the Wakala Investment, the Wakeel (i) shall be paid a fee of U.S.$100 on the date of the Wakala Agreement and (ii) may also receive Incentive Payments (subject to and in accordance with the terms of the Wakala Agreement).

The Wakala Investment will be invested by the Wakeel in the *Shari'a* compliant business of the Obligor as follows:

- to enable the Obligor's *Shari'a* compliant business to expand by acquisition of other companies (or other entities) for so long as any such acquisitions are *Shari'a* compliant;
- to invest in any of the Obligor's *Shari'a* compliant subsidiaries from time to time by way of equity investment;
- to invest in, or purchase from any third party, any tangible assets that relate to the Obligor's *Shari'a* compliant business or any of the Obligor's *Shari'a* compliant subsidiaries from time to time; and/or
- for such other investment activities that have underlying tangible assets in connection with the Obligor's *Shari'a* compliant and/or investment in such other *Shari'a* compliant tangible assets as the Wakeel considers appropriate.

Pursuant to the Wakala Agreement, the Wakeel shall undertake to the Trustee that it shall perform the following obligations in relation to the Wakala Investment during the Wakala Investment Period:

(i) it shall invest the Initial Wakala Investment Amount in the *Shari'a* compliant business of the Obligor on an unrestricted basis as a *Wakala bil Istithmar* in accordance with the terms of this Agreement and the Wakala Investment Plan;

(ii) it shall manage the Wakala Investment in accordance with the Wakala Investment Plan and the terms of the Wakala Agreement;

(iii) it shall (a) ensure that on the Issue Date and prior to the Commodity Murabaha Investment being entered into, the Wakala Investment Value shall be equal to no less than 51 per cent. of the aggregate face amount of the Certificates; (b) use reasonable endeavours to ensure that at all times after the Commodity Murabaha Investment has been entered into, the Wakala Investment Value shall be equal to no less than 33 per cent. of the Sukuk Asset Value at the relevant time; and (c) use reasonable endeavours to ensure that at all times the Sukuk Asset Value is at least equal to the aggregate face amount of the Certificates then outstanding;

(iv) it shall discharge or procure the discharge of all obligations to be discharged by the Trustee in respect of the Wakala Investment;

(v) it shall pay on behalf of the Trustee any actual costs, expenses, losses and taxes which would otherwise be payable by the Trustee as a result of the Wakala Investment; and

(vi) it shall maintain the Collection Account in accordance with the terms of the Wakala Agreement.

The Wakeel further undertakes that (x) it shall keep, in accordance with its usual practices, all documents, books, records and other information necessary or advisable for monitoring the performance of, and amounts received in respect of, the Wakala Investment and (y) except to the extent it is under any duty or obligation imposed by applicable law, regulation or contract to keep such information confidential, it shall provide the Trustee (or such other person as the Trustee may specify) with copies of any such documents, books, records and other information relating to the performance of the Wakala Investment and copies of the Collection Account ledger as the Trustee may request (and relating to such period of time as the Trustee may request) within 90 days of such request by the Trustee.

If the Wakeel holds or receives any property, right, title, interest, benefit, entitlement, proceeds, income or any other amounts in respect of the Wakala Investment, the Wakeel undertakes with the Trustee that it will hold such property, right, title, interest, benefit, entitlement, proceeds, income and/or amounts for the Trustee as the Trustee may direct and, in the case of any such proceeds, income or amounts received, the Wakeel shall forthwith credit them to the Collection Account.

Commodity Murabaha Investment Agreement

On the Issue Date, the Commodity Murabaha Investment Agreement will be entered into between SDIL (in its capacity as Buyer), the Trustee and RHB Islamic Bank Berhad as Commodity Agent. U.S.$65,000,000 of the proceeds from the issuance of the Certificates will be applied in the purchase of *Shari'a* compliant commodities that are traded on the commodity market operated by Bursa Malaysia Islamic Services Sdn Bhd for the trading of commodities (excluding, for the avoidance of doubt, gold and silver) (the "**Commodities**") as further described below.

Pursuant to the Commodity Murabaha Investment Agreement, the Buyer shall deliver to the Trustee a notice of request to purchase in relation to the Murabaha Contract on the Issue Date. On receipt of such notice of request to purchase, the Trustee shall deliver to the buyer an offer notice and sell the Commodities so purchased by the Commodity Agent on its behalf to the Buyer on the Issue Date in consideration for the Deferred Payment Price in accordance with the terms of the Commodity Murabaha Investment Agreement. Each of the Trustee and the Buyer shall acknowledge and agree that following the purchase of Commodities pursuant to the Murabaha Contract, the Buyer may (but is under no obligation to) authorise the Commodity Agent to on-sell any Commodities that it has purchased to a third party for an amount equal to the Commodity Purchase Price.

The Deferred Payment Price payable by the Buyer to the Trustee shall be equal to the aggregate of (i) the Commodity Purchase Price, (ii) an amount equal to the aggregate of (1) the amount by which the aggregate face amount of the Certificates exceeds the Commodity Purchase Price and (2) any other amount specified as being payable on any Dissolution Date; and (iii) the Murabaha Profit, and specified as such in the offer notice.

Pursuant to the Commodity Murabaha Investment Agreement, in connection with the Murabaha Contract, the Buyer hereby irrevocably and unconditionally undertakes to pay to the Seller the Deferred Payment Price in accordance with the terms of the Commodity Murabaha Investment Agreement and in the amounts and on the dates as specified in the offer notice. Notwithstanding the preceding sentence, the amount and due date of the Deferred Payment Price shall be subject to adjustment (without further formality) as provided below:

(i) the outstanding Deferred Payment Price shall become immediately due and payable in accordance with the terms of the Commodity Murabaha Investment Agreement on the Business Day immediately preceding the Early Tax Dissolution Date;

(ii) the outstanding Deferred Payment Price shall become immediately due and payable in accordance with the Commodity Murabaha Investment Agreement on the Business Day immediately preceding the Trustee Optional Dissolution Date;

(iii) the outstanding Deferred Payment Price shall become immediately due and payable in accordance with the Commodity Murabaha Investment Agreement on the Business Day immediately preceding the RM-denominated Sukuk Non-Redemption Event Dissolution Date;

(iv) the outstanding Deferred Payment Price shall become immediately due and payable in accordance with the terms of the Commodity Murabaha Investment Agreement on any Dissolution Event Redemption Date;

(v) the Cancellation Proportion of the outstanding Deferred Payment Price shall be deemed to be cancelled with effect from the relevant Cancellation Date; and

(vi) where, in the case of (v) above, less than the full amount of the outstanding Deferred Payment Price has been cancelled (as applicable), the future payment of the relevant part of the Deferred Payment Price as originally provided in the offer notice (as adjusted pursuant to this (iv)) shall automatically be reduced by the Cancellation Proportion (which for the avoidance of doubt, shall include any such Certificates purchased by Serba Dinamik or the Trustee (as the case may be) pursuant to a Change of Control Offer in accordance with clause 1.20 of Schedule 2 of the Deed of Guarantee or an Asset Disposition Offer in accordance with clause 1.9 of schedule 2 of the Deed of Guarantee and thereafter surrendered to the Principal Paying Agent for cancellation in accordance with the terms of the Declaration of Trust and the Agency Agreement) and the remaining amount of the Deferred Payment Price following such reduction shall be due and payable in the amount as so adjusted but otherwise on the same date(s) as specified in the offer notice and otherwise in accordance with its terms and the terms of the Commodity Murabaha Investment Agreement.

The Deferred Payment Price, including as may be adjusted in accordance with the above, shall be paid by the Buyer to the Seller in cleared funds by crediting (x) the Murabaha Profit Instalments on the relevant dates, each as specified in the annex to the offer notice, to the Transaction Account; and (y) the amount equal to the Dissolution Distribution Amount only payable on the relevant Dissolution Date as specified in Clauses (i) or (ii) above, as the case may be, to the Transaction Account with any remaining balance to be credited to the Collection Account.

Deed of Guarantee

The Deed of Guarantee will be entered into on the Issue Date by Serba Dinamik in favour of the Trustee and the Delegate.

Under the Deed of Guarantee, from and including the RM-denominated Sukuk Redemption Event Date, Serba Dinamik will irrevocably and unconditionally guarantee the obligations of the Obligor under the Commodity Murabaha Investment Agreement and the Wakala Agreement (together, the "**Sukuk Asset Agreements Documents**") and:

(i) undertake to pay into the Transaction Account, immediately on receipt of a payment notice from the Trustee, the Distribution Shortfall Restoration Amount (as defined in the Deed of Guarantee) and/or the Value Restoration Amount (as the case may be) specified in that payment notice;

(ii) shall be liable as if it were the sole principal debtor and not merely a surety; and

(iii) agree with the Trustee that to the extent any amount claimed under (i) above is not recoverable from Serba Dinamik on the basis of a guarantee, then Serba Dinamik will be liable to indemnify the Trustee and the Delegate against any shortfall in the Transaction Account due to, or any loss suffered by it as a result of, any sum expressed to be payable by SDIL (in its respective capacities) under the Sukuk Asset Agreements when it should have been paid.

For the avoidance of doubt, failure on the part of the Trustee to deliver a payment notice shall not absolve the obligation of Serba Dinamik to pay the Distribution Shortfall Restoration Amount and/or the Value Restoration Amount (as the case may be) into the Transaction Account as at the relevant Periodic Distribution Date or the Dissolution Date.

Serba Dinamik undertakes that its payment obligations under the Deed of Guarantee constitute direct, unconditional, unsubordinated and (subject to clause 1.7 of schedule 2 of the Deed of Guarantee) unsecured obligations of Serba Dinamik and shall, save for such exceptions as may be provided by applicable legislation and subject to clause 1.7 of schedule 2 of the Deed of Guarantee, at all times rank at least equally with all other unsecured and unsubordinated obligations of Serba Dinamik, present and future.

The Deed of Guarantee will not contain any provisions limiting the recourse of the Trustee or the Delegate to the Guarantor for any due but unpaid Distribution Shortfall Restoration Amounts or Value Restoration Amounts. For the avoidance of doubt, the Guarantor will not provide any guarantee in respect of the obligations of the Trustee under the Conditions.

Pursuant to schedule 2 of the Deed of Guarantee, upon the occurrence of any of the following events (each a "**Change of Control**"), each Certificateholder shall have the right to require that the Guarantor repurchase such Certificate holder's Certificates at a purchase price in cash equal to 101 per cent. of the face amount thereof plus any due and unpaid Periodic Distribution Amounts to the date of purchase:

- any "**person**" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50 per cent. of the total voting power of the Voting Stock of the Guarantor; **provided, however, that** the Permitted Holders do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors (such other person shall be deemed to beneficially own any Voting Stock of a specified person held by a parent entity, if such other person is the beneficial owner), directly or indirectly, of more than 50 per cent. of the voting power of the Voting Stock of such parent entity and the Permitted Holders do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the board of directors of such parent entity);

- individuals who on the Issue Date constituted the Board of Directors (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Guarantor was approved by a vote of a majority of the directors of the Guarantor then still in office who were either directors on the Issue Date or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors then in office;

- the adoption of a plan relating to the liquidation or dissolution of the Guarantor; or

- the merger or consolidation of the Guarantor with or into another Person or the merger of another Person with or into the Guarantor, or the sale of all or substantially all the assets of the Guarantor (determined on a consolidated basis) to another Person other than (i) a transaction in which the survivor or transferee is a Person that is controlled by Permitted Holders or (ii) a transaction following which (A) in the case of a merger or consolidation transaction, holders of securities that represented 100 per cent. of the Voting Stock of the Guarantor immediately prior to such transaction (or other securities into which such securities are converted as part of such merger or consolidation transaction) own directly or indirectly at least a majority of the voting power of the Voting Stock of the surviving Person in such merger or consolidation transaction immediately after such transaction and in substantially the same proportion as before the transaction and (B) in the case of a sale of assets transaction, each transferee becomes an obligor in respect of the Certificates and a Subsidiary of the transferor of such assets.

The Guarantor will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements applicable to a Change of Control Offer made by the Guarantor and purchases all Certificates validly tendered and not withdrawn under such Change of Control Offer.

In addition, without prejudice to any of its specific obligations under the Deed of Guarantee, the Guarantor will covenant and undertake for the benefit of the Trustee and the Delegate to be bound by the supplement covenants as set out in schedule 2 of the Deed of Guarantee. The Guarantor's obligations in respect of the Covenants shall take effect from the Issue Date, irrespective of the Guarantor not being liable for any payment obligations under the Guarantee until the RM-denominated Sukuk Redemption Event Date. See "*Supplemental Covenants Applicable to the Certificates*".

Agency Agreement

The Agency Agreement will be entered into on the Issue Date between the Trustee, the Obligor, the Delegate, the Principal Paying Agent, the Registrar and the Transfer Agent.

Pursuant to the Agency Agreement, the Registrar has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to authenticate and deliver the Global Certificate and, if any, each Definitive Certificate; the Principal Paying Agent has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to pay all sums received by it in cleared, identifiable funds prior to the date such sums are due under such Global Certificate; and the Transfer Agent has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to effect requests to transfer all or part of the Definitive Certificate and issue Definitive Certificates in accordance with each request.

On the Issue Date, the Registrar will:

(i) authenticate the Global Certificate in accordance with the terms of the Declaration of Trust; and

(ii) deliver the Global Certificate to the Common Depositary.

The Obligor shall cause to be deposited into the Transaction Account opened by the Trustee with the Principal Paying Agent, in same day freely transferable, cleared funds, any payment which may be due under the Certificates in accordance with the Conditions.

The Principal Paying Agent agrees that it shall, on each Periodic Distribution Date and on the date fixed for payment of the Dissolution Distribution Amount, or any earlier date specified for the redemption of the Certificates, apply the monies standing to the credit of the Transaction Account in accordance with the order of priority set out in the Declaration of Trust. The Transaction Account shall be located in Hong Kong.

Pursuant to the Agency Agreement, the Obligor shall ensure that (i) all proceeds following the creation of the Murabaha Contract in accordance with the Commodity Murabaha Investment Agreement (the "**CMIA Proceeds**") and (ii) all proceeds following the investment by the Wakeel of the Initial Wakala Investment Amount in accordance with the Wakala Agreement (the "**Wakala Proceeds**" and together with the CMIA Proceeds, the "**Transaction Proceeds**"), are upon receipt immediately paid into the Proceeds Account on the Issue Date.

Upon the occurrence of an RM-denominated Sukuk Redemption Event, the Guarantor shall deliver to the Delegate a certificate (the "**RM-denominated Sukuk Redemption Event Certificate**") signed by two Authorised Representatives of the Guarantor (which certificate shall be copied to the Trustee and the Obligor at the same time as being sent to the Delegate) stating that the RM-denominated Sukuk Redemption Event has occurred, and setting out a description of the circumstances and the relevant facts. Upon receipt of the RM-denominated Sukuk Redemption Event Certificate, the Delegate shall (a) deliver to the Guarantor a certificate acknowledging receipt of the RM-denominated Sukuk Redemption Certificate (which certificate shall be copied to the Trustee and the Obligor) and (b) deliver to the Account Bank a certificate (the "**RM-denominated Sukuk Redemption Event Instruction**") signed by an authorised representative of the Delegate (which instruction shall be copied to the Trustee, the Obligor and the Guarantor at the same time as being sent to the Account Bank) confirming that the Transaction Proceeds in the Proceeds Account are permitted to be released and utilised by the Obligor in its discretion and such Proceeds Account is to be closed thereafter upon the release of the Transaction Proceeds, each in accordance with the instructions set out in such RM-denominated Sukuk Redemption Event Instruction.

In the event the Delegate does not receive the RM-denominated Sukuk Redemption Event Certificate on or before 19 December 2019:

(i) such failure will constitute a RM-denominated Sukuk Non-Redemption Event and the Trustee shall be obligated to redeem the Certificates in accordance with Condition 8(d); and

(ii) the Delegate shall exercise its powers pursuant to the Power of Attorney and promptly deliver to the Account Bank a certificate (the "**RM-denominated Sukuk Non-Redemption Event Instruction**") signed by an authorised representative of the Delegate (which instruction shall be copied to the Trustee, the Obligor and the Guarantor at the same time as being sent to the Account Bank) instructing the Account Bank to transfer the Transaction Proceeds in the Proceeds Account to the Transaction Account for the purposes of funding the redemption of the Certificates pursuant to Condition 8(d) and such Proceeds Account is to be closed thereafter upon the release of the Transaction Proceeds, each in accordance with the instructions set out in such RM-denominated Sukuk Non-Redemption Event Instruction.

Declaration of Trust

The Declaration of Trust will be entered into on the Issue Date between the Trustee, the Obligor and the Delegate and will be governed by English law.

Pursuant to the Declaration of Trust, the Trustee will declare a trust for the benefit of the Certificateholders over the Trust Assets.

The Trust Assets comprise:

(i) the cash proceeds of the issue of Certificates, (including any additional certificates issued pursuant to Condition 18) pending application thereof in accordance with the terms of the Transaction Documents;

(ii) any and all of the rights, title, interest, benefits and entitlements, present and future, of the Trustee in, to and under the Wakala Investment (including any further Wakala Investment in respect of any additional certificates issued pursuant to Conditions 18);

(iii) any and all of the interest, rights, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (including, without limitation, the right to receive the Deferred Payment Price under the Commodity Murabaha Investment Agreement and the Trust Obligations Guarantee under the Deed of Guarantee) (excluding any representations given by the Obligor to the Trustee and/or the Delegate pursuant to any of the Transaction Documents);

(iv) any and all moneys standing to the credit of the Transaction Account from time to time; and

(v) and all proceeds of the foregoing.

For the avoidance of doubt, any Trust Assets in relation to the Certificates issued on the Issue Date and any additional Certificates issued pursuant to Condition 18 shall be co-mingled and held jointly upon trust by the Trustee absolutely for and on behalf of the Certificateholders pro rata according to the face amount of Certificates held by each holder.

The Declaration of Trust shall provide that the rights of recourse in respect of Certificates shall be limited to the amounts from time to time available from the Trust Assets, subject to the priority of payments set out in the Declaration of Trust. After enforcing or realising the Trust Assets and distributing the net proceeds of the Trust Assets in accordance with the Declaration of Trust, the obligations of the Trustee in respect of the Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee (or any steps against the Delegate) or any other person to recover any further sums in respect of the Certificates and the right to receive any such unpaid sums shall be extinguished.

Pursuant to the Declaration of Trust, the Trustee will, *inter alia*:

(a) hold the Trust Assets on trust absolutely for the Certificateholders *pro rata* according to the face amount of Certificates held by each Certificateholder in accordance with the provisions of the Declaration of Trust and the Conditions; and

(b) act as trustee in respect of the Trust Assets, distribute the income from the Trust Assets and perform its duties in accordance with the provisions of the Declaration of Trust and the Conditions.

In the Declaration of Trust, the Trustee irrevocably and unconditionally appoints the Delegate to be its attorney and in its name, on its behalf and as its act and deed to (i) execute, deliver and perfect all documents; and (ii) to exercise all of the present and future duties, powers (including the power to sub-delegate), rights, authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Transaction Documents) and discretions vested in the Trustee by the Conditions and the Declaration of Trust, that the Delegate may consider to be necessary or desirable in order to, upon the occurrence of a Dissolution Event or a Potential Dissolution Event (as defined in the Conditions), and subject to its being indemnified and/or secured and/or pre-funded to its satisfaction: (x) exercise all of the rights of the Trustee under the Transaction Documents; and (y) make such distributions from the Trust Assets as the Trustee is bound to make in accordance with these presents (together the "**Delegation**" of the "**Relevant Powers**"), **provided that** (A) no obligations, duties or covenants of the Trustee pursuant to this Declaration of Trust or any other Transaction Document shall be imposed on the Delegate by virtue of this delegation; (B) in no circumstances will such Delegation of the Relevant Powers result in the Delegate holding on trust the Trust Assets; and (c) such Delegation of the Relevant Powers shall not include any duty, power, right, authority or discretion to dissolve the trusts constituted by this Declaration of Trust following the occurrence of a Dissolution Event or a Potential Dissolution Event or to determine the remuneration of the Delegate. The Trustee shall ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of the Relevant Powers.

Upon the occurrence of a Dissolution Event, to the extent that any amount payable in respect of the Certificates has not been paid in full, the Trustee or the Delegate, subject to its being indemnified and/or secured and/or prefunded to its satisfaction, shall (acting for the benefit of the Certificateholders) take one or more of the following steps:

(i) enforce the provisions of the Commodity Murabaha Investment Agreement against the Obligor; and/or

(ii) take such other steps as the Trustee or the Delegate may consider necessary to recover amounts due to the Certificateholders.

A Transaction Account will be established in the name of the Trustee. Monies received in the Transaction Account will, *inter alia*, comprise payments of Periodic Distribution Amounts immediately prior to each Periodic Distribution Date. The Declaration of Trust shall provide that all monies credited to the Transaction Account from time to time will be applied in the order of priority set out in the Declaration of Trust.

The Obligor will undertake to the Trustee and the Delegate that, if any amount payable by the Obligor to the Trustee or the Delegate pursuant to any Transaction Document (including the Declaration of Trust) is not recoverable from the Obligor for any reason whatsoever (including, without limitation, by reason of any Certificate, the Declaration of Trust or any Transaction Document or any provision thereof being or becoming void, unenforceable or otherwise invalid under any applicable law or any transfer of any Trust Assets being ineffective or unenforceable) or the Trustee, the Delegate or any Certificateholder suffers any Liability (as defined in the Conditions) as a result of the Trustee holding the Trust Assets, which Liability is not recovered or otherwise recoverable under the Transaction Documents, then (notwithstanding that the same may have been known to the Trustee or the Delegate) the Obligor will, as a sole, original and independent obligation, forthwith upon demand by the Trustee or the Delegate (as the case may be) pay such sum by way of a full indemnity in the manner and currency as is provided for in the relevant Transaction Document similarly and indemnify each of the Delegate and the Trustee on an after tax basis against all Liabilities to which it may be subject or which it may incur under or in respect of the Transaction Documents. The indemnity will constitute a separate and independent obligation from the other obligations of the Obligor under the Declaration of Trust and shall give rise to a separate and independent cause of action.

Pursuant to the Declaration of Trust, the Obligor shall ensure that the Transaction Proceeds are upon receipt immediately paid into the Proceeds Account on the Issue Date.

For so long as any Certificate is outstanding and the Transaction Proceeds have not been withdrawn or transferred from the Proceeds Account pursuant to the RM-denominated Sukuk Redemption Event Instruction or, as the case may be, the RM-denominated Sukuk Non-Redemption Event Instruction:

(i) the Proceeds Account shall be established and maintained in favour of, and any such withdrawal from the Proceeds Account shall be at the sole instructions of, the Delegate; and

(ii) the Obligor shall ensure that there shall not be any security granted over the Proceeds Account.

The Delegate shall not be permitted to instruct the Account Bank to make any withdrawal or transfer from the Proceeds Account held with the Account Bank except upon receipt of the RM-denominated Sukuk Redemption Event Certificate or in the event the Delegate does not receive the RM-denominated Redemption Event Certificate on or before 19 December 2019, as the case may be, in accordance with the Agency Agreement. The Delegate shall be entitled to:

(a) accept and rely on the RM-denominated Sukuk Redemption Event Certificate as sufficient evidence of the occurrence of the RM-denominated Sukuk Redemption Event; and

(b) treat the failure by the Delegate to receive the RM-denominated Sukuk Redemption Event Certificate on or before 19 December 2019 as the occurrence of an RM-denominated Sukuk Non-Redemption Event following which the Trustee shall be obligated to redeem the Certificates in accordance with Condition 8(d),

and which, in each case, shall be conclusive and binding on Certificateholders.

Shari'a Compliance of the Transaction Documents

Each of the Guarantor, SDIL (in its respective capacities) and the Trustee will confirm that it has accepted the *Shari'a* compliant nature of the applicable Transaction Document and will further confirm that:

(i) it will not claim that any of its obligations under the applicable Transaction Document (or any provision thereof) is ultra vires or not in compliance with the principles of *Shari'a*;

(ii) it will not take any steps or bring any proceedings in any form to challenge the *Shari'a* compliance of the applicable Transaction Document; and

to the extent permitted by law, none of its obligations under the applicable Transaction Document shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that the applicable Transaction Document is not compliant with the principles of *Shari'a*.

PRINCIPAL SHAREHOLDERS

Serba Dinamik is a company incorporated with limited liability in Malaysia and is listed on Bursa Malaysia. As of 26 November 2019, the issued and paid-up share capital of Serba Dinamik is RM1,335,000,000 comprising 1,468,500,000 ordinary shares. The table below and related footnotes represent and detail the holdings of the principal shareholders as at 26 November 2019:

	Direct Holdings		Indirect Holdings	
	Number of Shares	Percentage	Number of Shares	Percentage
Mohd Abdul Karim Bin Abdullah	349,286,400	23.79	—	—
Abdul Kadier Sahib	278,214,900	18.95	—	—
Awang Daud Bin Awang Putera.	139,502,200	9.50	—	—
Kumpulan Wang Persaraan (Diperbadankan)	94,998,500	6.47	8,527,700	0.58
Employees Provident Fund Board	86,197,300	5.87	—	—
Public/Others (below 5.0%)	520,300,700	35.43	—	—
Total	**1,468,500,000**	**100.00**	**—**	**—**

Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah is the Group's Managing Director, Chief Executive Officer and Non-Independent Executive Director. For more information, see "*Directors and Management*".

Dato' Awang Daud Bin Awang Putera is the Group's Non-Independent Non-Executive Director. For more information, see "*Directors and Management*".

Abdul Kadier Sahib is the Group's Non-Independent Non-Executive Director . For more information, see "*Directors and Management*".

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Certificates is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect) and could affect the tax consequences to Certificateholders. This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Certificates and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of the Certificates should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of the Certificates. Prospective investors should consult their professional advisers on the possible tax consequences of buying, holding or selling any Certificates under the laws of their country of citizenship, residence or domicile.

Malaysia

Income Taxes/Withholding Taxes

Under present Malaysian law, any payment of profit by the Trustee on the Certificates to non-residents of Malaysia will not be subject to withholding tax in Malaysia. The repayment of nominal value of the Certificates is also not normally subject to withholding tax unless the non-resident has made gains on the sale of the Certificate and such gains are seen to be other income. Under Malaysian revenue law, a company is regarded as a "**non-resident**" if the management and control of its affairs are not exercised in Malaysia at any time by its directors or other controlling authority. The rules regarding the residency status of individuals are complex but are generally based upon the length of time spent in Malaysia.

Capital Gains

Malaysia has no capital gains tax in respect of the Certificates. The issuance, disposition, redemption or transfer of the Certificates outside Malaysia would not normally be a taxable event in Malaysia. There is no repatriation levy under Malaysia's exchange control regulations.

Gift or Inheritance Tax

There is neither gift nor inheritance tax in Malaysia in respect of the Certificates.

Stamp Duty

All instruments relating to the issuance, redemption, sale or transfer of the Certificates will not give rise to any stamp duty in Malaysia.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each other than Estonia, the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Certificates (including secondary market transactions) in certain circumstances. The issuance and subscription of Certificates should, however, be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Certificates where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution maybe, or be deemed to be, "**established**" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Certificates are advised to seek their own professional advice in relation to the FTT.

FATCA Withholding

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" may be required to withhold on certain payments it makes ("**foreign passthru**

payments") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer believes that it is a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions.

Certain aspects of the application of these rules to instruments such as the Certificates, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Certificates, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Certificates, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Certificates that are characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "**foreign passthru payments**" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Certificates, no person will be required to pay additional amounts as a result of the withholding.

Certificateholders should consult their own tax advisors regarding how these rules may apply to their investment in the Certificates.

Singapore Taxation

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Inland Revenue Authority ("**IRAS**") of Singapore and the MAS in force as at the date of this Offering Circular, and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Certificates or of any person acquiring, selling or otherwise dealing with the Certificates or on any tax implications arising from the acquisition, sale or other dealings in respect of the Certificates. The statements below do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Certificates and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Certificates are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of the Certificates, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Trustee, the Obligor, the Guarantor, the Joint Bookrunners and the Joint Lead Managers or any other persons involved in the issuance of the Certificates accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Certificates.

Periodic Distribution Amounts and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is currently 22 per cent. However, if the payment is derived by a person not resident in Singapore from sources other than from its trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

Section 43N(4) of the Income Tax Act defines the term "**Islamic debt securities**" to mean debt securities and trust certificates (where such trust certificates are certificates evidencing beneficial ownership in the underlying assets):

(a) which are endorsed by any *Shari'ah* council or body, or by any committee formed for the purpose of providing guidance on compliance with *Shari'ah* law; and

(b) the amounts payable from such securities and trust certificates are periodic and supported by a regular stream of receipts from underlying assets.

Qualifying Debt Securities Scheme

On the basis that the Certificates are regarded as "**Islamic debt securities**" under Section 43N(4) of the Income Tax Act, each of the Joint Bookrunners and the Joint Lead Managers for the issue of the Certificates are Financial Sector Incentive (Standard Tier) Companies (as defined in the Income Tax Act) and the Certificates are issued before 31 December 2023, such Certificates (the "**Relevant Certificates**") would be "**qualifying debt securities**" pursuant to the Income Tax Act and the MAS Circular FDD Cir 11/2018 entitled "Extension of Tax Concessions for Promoting the Debt Market" issued by the MAS on 31 May 2018 (the "**MAS Circular**"), to which the following treatments shall apply:

(a) subject to certain prescribed conditions having been fulfilled (including the submission to the MAS of a return on debt securities in respect of the Relevant Certificates in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Certificates as the MAS may require, and the inclusion by the Issuer in all offering documents relating to the Relevant Certificates of a statement to the effect that where periodic distribution amount, discount income, prepayment fee, redemption premium or break cost from the Relevant Certificates is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Certificates using funds from that person's operations through the Singapore permanent establishment), periodic distribution amount, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Certificates, derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore, but the funds used by that person to acquire the Relevant Certificates are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(b) subject to certain conditions having been fulfilled (including the submission to the MAS of a return on debt securities in respect of the Relevant Certificates in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Certificates as the MAS may require), Qualifying Income from the Relevant Certificates derived by any company or body of persons (as defined in the Income Tax Act) in Singapore is subject to income tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(c) subject to:

    (i) the Issuer including in all offering documents relating to the Relevant Certificates a statement to the effect that any person whose periodic distribution amount, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Certificates is not exempt from tax shall include such income in a return of income made under the Income Tax Act; and

(ii) the submission to the MAS of a return on debt securities in respect of the Relevant Certificates in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Certificates as the MAS may require,

payments of Qualifying Income derived from the Relevant Certificates are not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

(a) if during the primary launch of any tranche of the Relevant Certificates, the Relevant Certificates of such tranche are issued to less than four persons and 50 per cent. or more of the issue of such Relevant Certificates is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Certificates would not qualify as "**qualifying debt securities**"; and

(b) even though a particular tranche of Relevant Certificates are "**qualifying debt securities**", if, at any time during the tenure of such tranche of Relevant Certificates, 50 per cent. or more of the issue of such Relevant Certificates is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Certificates held by:

  (i) any related party of the Issuer; or

  (ii) any other person where the funds used by such person to acquire such Relevant Certificates are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "**break cost**", "**prepayment fee**" and "**redemption premium**" are defined in the Income Tax Act as follows:

"**break cost**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

"**prepayment fee**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

"**redemption premium**", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "**break cost**", "**prepayment fee**" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the Income Tax Act.

Where periodic distribution amount, discount income, prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) is derived from any of the Relevant Certificates by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities under the Income Tax Act (as mentioned above) shall not apply if such person acquires such Relevant Certificates using the funds and profits of such person's operations through a permanent establishment in Singapore.

Notwithstanding that the Issuer is permitted to make payments of Qualifying Income in respect of the Relevant Certificates without deduction or withholding for tax under Section 45 or Section 45A of the Income Tax Act, any person whose periodic distribution amount, discount income, prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) derived from the Relevant Certificates is not exempt from tax is required to include such income in a return of income made under the Income Tax Act.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Certificates will not be taxable in Singapore. However, any gains derived by any person from the sale of the Certificates which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Certificates who apply or are required to apply Singapore Financial Reporting Standard 39 ("**FRS 39**"), Singapore Financial Reporting Standard 109 ("**FRS 109**") or Singapore Financial Reporting Standard (International) 9 ("**SFRS (I) 9**") (as the case may be) may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Certificates, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS (I) 9 (as the case may be) (as modified by the applicable provisions of Singapore income tax law). Please see the section below on "*Adoption of FRS 39, FRS 109 or SFRS (I) 9 Treatment for Singapore Income Tax Purposes*".

Adoption of FRS 39, FRS 109 or SFRS (I) 9 Treatment for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39—Financial Instruments: Recognition and Measurement".

FRS 109 or SFRS (I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS (I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS (I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled "*Income Tax: Income Tax Treatment Arising from Adoption of FRS 109—Financial Instruments*".

Holders of the Certificates who may be subject to the tax treatment under the Sections 34A or 34AA of the ITA should consult their own tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Certificates.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement (the "**Subscription Agreement**") dated 5 December 2019 between the Trustee, the Obligor, the Guarantor and Credit Suisse (Singapore) Limited and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (together, the "**Joint Global Coordinators**") and Standard Chartered Bank (Singapore) Limited (together with the Joint Global Coordinators, the "**Joint Bookrunners and Joint Lead Managers**"), the Trustee has agreed to issue and sell to the Joint Bookrunners and the Joint Lead Managers U.S.$200,000,000 in aggregate face amount of the Certificates and, subject to certain conditions, the Joint Bookrunners and the Joint Lead Managers have agreed to subscribe for the Certificates.

The Subscription Agreement provides that the obligations of the Joint Bookrunners and the Joint Lead Managers to pay for and accept delivery of the Certificates are subject to certain conditions. The Joint Bookrunners and the Joint Lead Managers will be paid certain commissions in respect of their services for managing the issue and sale of the Certificates. The Joint Bookrunners and the Joint Lead Managers will also be reimbursed in respect of certain of their expenses, and each of the Trustee, the Obligor and the Guarantor has agreed to indemnify the Joint Bookrunners and the Joint Lead Managers against certain liabilities incurred in connection with the issue and offering of the Certificates.

The Certificates are a new issue of securities for which there currently is no market. The Joint Bookrunners and the Joint Lead Managers have advised the Trustee that they intend to make a market in the Certificates as permitted by applicable law. The Joint Bookrunners and the Joint Lead Managers are not obligated, however, to make a market in the Certificates and any market-making may be discontinued at any time at its sole discretion. Accordingly, no assurance can be given as to the development or liquidity of any market for the Certificates.

The Joint Bookrunners and the Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities ("**Banking Services or Transactions**"). The Joint Bookrunners and the Joint Lead Managers and their affiliates have, from time to time, performed, and may in the future perform, various Banking Services or Transactions for the Trustee, the Obligor and/or the Guarantor, for which they received or may in the future receive customary fees, expenses and commissions.

The Joint Bookrunners and the Joint Lead Managers and their respective affiliates may purchase the Certificates and allocate the Certificates for asset management and/or proprietary purposes but not with a view to distribution. Such entities may hold or sell such Certificates or purchase further Certificates for their own account in the secondary market or deal in any other securities of the Trustee, the Obligor or the Guarantor, and they may offer or sell the Certificates or other securities otherwise than in connection with the offering of the Certificates. Accordingly, references herein to the Certificates being "offered" should be read as including any offering of the Certificates to the Joint Bookrunners and the Joint Lead Managers and/or their respective affiliates, or affiliates of the Trustee, the Obligor or the Guarantor for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. The Trustee, the Obligor, the Guarantor, the Joint Bookrunners and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Certificates amongst individual investors.

In the ordinary course of their various business activities, the Joint Bookrunners and the Joint Lead Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Trustee, Obligor and/or the Guarantor, including the Certificates. The Joint Bookrunners and the Joint Lead Managers or their respective affiliates that have a lending relationship with the Trustee, Obligor and/or the Guarantor routinely hedge their credit exposure to the Trustee, Obligor and/or the Guarantor consistent with their customary risk management policies. Typically, the Joint Bookrunners and the Joint Lead Managers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Trustee's, the Obligor's and/or the Guarantor's securities, including potentially the Certificates offered hereby. Any such short positions could adversely affect future trading prices of the Certificates offered hereby. The Joint Bookrunners and the Joint Lead Managers and their respective affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Certificates or other financial instruments of the Trustee, Obligor or the Guarantor and may recommend to their clients that they acquire long and/or short positions in the Certificates or other financial instruments.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Bookrunners and the Joint Lead Managers or any of their respective affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by it or such affiliate on behalf of the Trustee in such jurisdiction.

Selling Restrictions

United States

The Certificates have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each of the Joint Bookrunners and the Joint Lead Managers have represented that it has not offered or sold, and agrees that it will not offer or sell, any Certificates constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Certificates.

Terms used in this paragraph have the meanings given to them by Regulation S of the Securities Act.

United Kingdom

Each of the Joint Bookrunners and the Joint Lead Managers has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificate in circumstances in which section 21(1) of the FSMA does not apply to the Trustee, the Obligor or the Guarantor; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Certificates in, from or otherwise involving the United Kingdom.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each of the Joint Bookrunners and the Joint Lead Managers has represented and agreed that the Certificates have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each of the Joint Bookrunners and the Joint Lead Managers have represented and agreed that it has not offered and will not offer the Certificates to any person in the Dubai International Financial Centre unless such offer is:

(a) an "Exempt Offer" in accordance with the Markets Rules (the "**MKT**") module of the Dubai Financial Services Authority (the "**DFSA**"); and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia ("**Saudi Arabia**") that would permit a public offering of the Certificates. Any investor in Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Certificates pursuant to any offering should note that the offer of Certificates is a private placement under Article 10 and/or Article 11 of the "Offer of Securities Regulations" as issued by the Board of the Capital Market Authority of Saudi Arabia resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the "**KSA Regulations**"), through a person authorised by the Capital Markets Authority of Saudi Arabia ("**CMA**") to carry on the securities activity of arranging and following a notification to the CMA under the KSA Regulations.

The Certificates may thus not be advertised, offered or sold to any person in Saudi Arabia other than to "sophisticated investors" under Article 10 of the KSA Regulations or by way of a limited offer under Article 11 of the KSA Regulations. Each of the Joint Bookrunners and the Joint Lead Managers represents and agrees that any offer of Certificates to a Saudi Investor will be made in compliance with the KSA Regulations.

Investors are informed that Article 17 of the KSA Regulations places restrictions on secondary market activity with respect to the Certificates, including as follows:

(a) a Saudi Investor (referred to as a "**transferor**") who has acquired Certificates pursuant to a private placement may not offer or sell Certificates to any person (referred to as a "**transferee**") unless the offer or sale is made through an authorised person where one of the following requirements is met:

  (i) the price to be paid for the Certificates in any one transaction is equal to or exceeds Saudi Riyals one million or an equivalent amount;

  (ii) the Certificates are offered or sold to a sophisticated investor; or

  (iii) the Certificates are being offered or sold in such other circumstances as the CMA may prescribe for these purposes;

(b) if the requirement of paragraph (a)(i) above cannot be fulfilled because the price of the Certificates being offered or sold to the transferee has declined since the date of the original private placement, the transferor may offer or sell the Certificates to the transferee if their purchase price during the period of the original private placement was equal to or exceeded Saudi Riyals 1 million or an equivalent amount;

(c) if the requirement in paragraph (b) above cannot be fulfilled, the transferor may offer or sell Certificates if he/she sells his/her entire holding of Certificates to one transferee; and

(d) the provisions of paragraphs (a), (b) and (c) (inclusive) above shall apply to all subsequent transferees of the Certificates.

Kingdom of Bahrain

Each of the Joint Bookrunners and the Joint Lead Managers has represented and agreed that it has not offered or sold, and will not offer or sell, any Certificates except on a private placement basis to persons in the Kingdom of Bahrain who are "**accredited investors**".

For this purpose, an "**accredited investor**" means:

(a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more;

(b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1,000,000; or

(c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

State of Qatar

Each of the Joint Bookrunners and the Joint Lead Managers has represented and agreed that it has not offered or sold, and will not offer or sell or deliver, directly or indirectly, any Certificates in the State of Qatar including the Qatar Financial Centre, except: (a) in compliance with all applicable laws and regulations of the State of Qatar including the Qatar Financial Centre; and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

Kuwait

Each of the Joint Bookrunners and the Joint Lead Managers has represented and agreed that the Certificates have not been and will not be offered, sold, promoted or advertised by it in Kuwait other than in compliance with Decree Law No. 31 of 1990 and the implementing regulations thereto, as amended, and Law No. 7 of 2010 and the bylaws thereto, as amended, governing the issue, offering and sale of securities.

Malaysia

Each of the Joint Bookrunners and the Joint Lead Managers has:

(a) acknowledged that the issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase the Certificates may only be made exclusively:

  (i) at the primary level to (1) persons falling within Part I of Schedule 6 and Part I of Schedule 7 and Schedule 8 or Section 257(3) of the CMSA, read together with Schedule 9 or Section 257(3) of the CMSA; and (2) persons falling within the categories of excluded offers or invitation of securities and excluded offers or invitations of sukuk set out in section 13(5)(a) and section 13(5)(b) of the Labuan Islamic Financial Services and Securities Act 2010 (the "**LIFSSA**"); and

(ii) at the secondary level to (1) persons falling within Part I of Schedule 6 or Section 229(1)(b) and Schedule 8 or Section 257(3) of the CMSA read together with Schedule 9 or Section 257(3) of the CMSA; and (2) persons falling within the categories of excluded offers or invitation of securities set out in section 13(5)(a) of the LIFSSA; and

(b) represented, warranted and agreed that it has not offered, sold or issued an invitation to purchase or subscribe and will not offer, sell or issue an invitation to purchase or subscribe, the Certificates, and that it has not circulated or distributed and will not circulate or distribute the Offering Circular or any other offering document or material relating to the Certificates, directly or indirectly, to persons or parties other than those described in paragraph (a) above.

Hong Kong

Each of the Joint Bookrunners and the Joint Lead Managers has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each of the Joint Bookrunners and the Joint Lead Managers has acknowledged that this Offering Circular has not been registered as an Offering Circular with the Monetary Authority of Singapore. Accordingly, each of the Joint Bookrunners and the Joint Lead Managers has represented and agreed that it has not offered or sold any Certificates or caused such Certificates to be made the subject of an invitation for subscription or purchase, and will not offer or sell such Certificates or cause such Certificates to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Certificates, whether directly or indirectly, to persons in Singapore (as defined in Section 275 (2) of the SFA) other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) under Section 274 of the SFA, (b) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Certificates pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities based Derivatives Contracts) Regulation 2018.

General

None of the Trustee, the Obligor, the Guarantor, the Joint Bookrunners or the Joint Lead Managers have made any representation that any action will be taken in any jurisdiction by the Joint Bookrunners and the Joint Lead Managers, the Trustee, the Obligor or the Guarantor that would permit a public offering of the Certificates, or possession or distribution of this Offering Circular (in preliminary, proof or final form) or any other offering or publicity material relating to the Certificates (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each of the Joint Bookrunners and the Joint Lead Managers has agreed that it will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers any Certificates or has in its possession or distributes this Offering Circular (in preliminary, proof or final form) or any such other material, in all cases at its own expense. Each of the Joint Bookrunners and the Joint Lead Managers will also ensure that to the best of its knowledge and belief, no obligations are imposed on the Trustee, the Obligor and the Guarantor in any jurisdiction as the result of any of the foregoing actions.

GENERAL INFORMATION

Listing of Certificates

Approval in-principle has been received from the Labuan International Finance Exchange Inc. (the "**LFX**"). The LFX does not take responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Offering Circular. Admission of the Certificates to the official list of the LFX is not to be taken as an indication of the merits of the Trustee, the Obligor, their respective subsidiaries and associated companies or the Certificates.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing of, and quotation for, the Certificates on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission to the official list of the SGX-ST and quotation of the Certificates on the SGX-ST is not to be taken as an indication of the merits of the Trustee, the Obligor, their respective subsidiaries and associated companies or the Certificates. The Certificates will be traded on the SGX-ST in a minimum board lot size of not less than S$200,000 (or its equivalent in other currencies) for so long as the Certificates are listed on the SGX-ST. For so long as the Certificates are listed on the SGX-ST and the rules of the SGX-ST so require, the Trustee shall appoint and maintain a paying agent in Singapore, where the Certificates may be presented or surrendered for payment or redemption, in the event that the Certificates are issued in definitive form. In the event that the Certificates are issued in definitive form, and unless the Trustee obtains an exemption from the SGX-ST, the Trustee will make an announcement of such issue through the SGX-ST, and such announcement will include all material information with respect to the delivery of the Certificates in definitive form, including details of the paying agent in Singapore.

Authorisation

The issue of the Certificates has been duly authorised by a resolution of the Board of Directors of the Trustee dated 8 October 2019. The undertakings of the Obligor in respect of the Certificates and the Transaction Documents were duly authorised by a resolution of the Board of Directors of the Obligor on 8 October 2019. The provision of the Trust Obligations Guarantee pursuant to the Deed of Guarantee were duly authorised by the resolutions of the respective Board of Directors of the Guarantor on 16 October 2019.

Serba Dinamik has obtained all necessary consents, approvals and authorisations in connection with the issue of the Certificates and the Transaction Documents.

Legal Entity Identifier

The legal entity identifier of the Trustee is 254900Q4YMS98CQ9VU07.

Clearing Systems

The Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records) under Common Code 208915576 and ISIN XS2089155761.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, LI 855 Luxembourg.

Significant or Material Change

There has been no significant change in the financial or trading position of Serba Dinamik since 30 June 2019, and no material adverse change in the financial position or prospects of Serba Dinamik since 30 June 2019. There has been no significant change in the financial or trading position of the Trustee and no material adverse change in the prospects of the Trustee, in each case since the date of its incorporation.

Litigation

The Trustee is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Trustee is aware) since incorporation which may have or have in such period had a significant effect on the financial position or profitability of the Trustee.

Serba Dinamik is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Serba Dinamik is aware) during the 12 months preceding the date of this Offering Circular which may have or have in such period had a significant effect on the financial position or profitability of Serba Dinamik.

Independent Auditors

KPMG PLT has audited Serba Dinamik's 2018 Audited Consolidated Financial Statements and SDGB's 2017 Audited Consolidated Financial Statements as stated in their reports appearing herein. KPMG PLT has conducted a review of Serba Dinamik's Reviewed Consolidated Financial Statements for the six months period ended 30 June 2019 as stated in its report appearing herein.

Documents Available

For so long as any Certificates remain outstanding, physical copies (and English translations, which will be accurate and direct translations, where the documents in question are not in English) of the following documents will be available at all reasonable times, during usual business hours (being between 9.00 a.m. and 3.00 p.m.) on any weekday (Saturdays, Sundays and public holidays excepted), for inspection by Certificateholders at the specified office of the Principal Paying Agent following prior written request and proof of holding to the satisfaction of the Principal Paying Agent:

(a) the Transaction Documents; and

(b) a copy of this Offering Circular together with any supplement to this Offering Circular.

***Shari'a* Approvals**

The transaction structure relating to the Certificates (as described in this Offering Circular) has been approved by the Central Shariah Committee of HSBC Bank Middle East Limited and Amanie Advisors Sdn. Bhd. Certificateholders should not rely on any of the approvals referred to above in deciding whether to make an investment in the Certificates and should consult their own *Shari'a* advisers as to whether the proposed transaction is in compliance with *Shari'a* principles.

INDEX TO FINANCIAL STATEMENTS

SERBA DINAMIK HOLDINGS BERHAD
(COMPANY NO: 1167905-P)
INCORPORATED IN MALAYSIA

QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE QUARTER AND PERIOD ENDED 30th September 2019

(The Figures in this Quarterly Report have not been Audited)

1. Condensed Consolidated Statement of Profit or Loss and Comprehensive Income for the Quarter and period ended 30th September 2019

a. Consolidated Profit or loss and Comprehensive Income

	Individual quarter			Cumulative quarter		
	Quarter ended 30/09/19 RM'000	Quarter ended 30/09/18 RM'000	Changes %	Period ended 30/09/19 RM'000	Period ended 30/09/18 RM'000	Changes %
Revenue	**1,045,063**	**770,222**	**35.7%**	**3,168,072**	**2,305,176**	**37.4%**
Cost of sales/services	(865,062)	(638,150)		(2,612,143)	(1,903,134)	
Gross profit	**180,001**	**132,072**	**36.3%**	**555,929**	**402,042**	**38.3%**
Other operating income	2,752	2,130		6,086	5,679	
Administrative & other operating expenses	(27,243)	(22,215)		(92,417)	(76,989)	
Results from operating activities	**155,510**	**111,987**	**38.9%**	**469,598**	**330,732**	**42.0%**
Finance income	4,000	898		15,880	3,042	
Finance costs	(30,807)	(19,010)		(94,330)	(38,267)	
Net finance costs	**(26,807)**	**(18,112)**	**48.0%**	**(78,450)**	**(35,225)**	**122.7%**
Share of results of equity accounted associates	8,681	3,236		14,563	7,288	
Profit before tax	**137,384**	**97,111**	**41.5%**	**405,711**	**302,795**	**34.0%**
Tax expense	(23,180)	(14,700)		(47,975)	(23,842)	
Profit for the period	**114,204**	**82,411**	**38.6%**	**357,736**	**278,953**	**28.2%**
Items that may be reclassified subsequently to profit and loss:						
Foreign currency translation differences for foreign operations	20,774	19,607		23,672	13,746	
Share of other comprehensive income of equity accounted associates	2,370	-		(1,380)	-	
Total comprehensive income for the period	**137,348**	**102,018**	**34.6%**	**380,028**	**292,699**	**29.8%**
Profit/(loss) for the period attributable to:						
Owners of the company	113,163	83,225		355,758	278,611	
Non-controlling interest	1,041	(814)		1,978	342	
Total profit for the period	**114,204**	**82,411**	**38.6%**	**357,736**	**278,953**	**28.2%**
Total comprehensive income/(loss) for the period attributable to:						
Owners of the company	136,276	102,859		377,962	292,639	
Non-controlling interest	1,072	(841)		2,066	60	
Total profit for the period	**137,348**	**102,018**	**34.6%**	**380,028**	**292,699**	**29.8%**

b. Earnings per share

	Individual quarter		Cumulative quarter	
	Quarter ended 30/09/19	Quarter ended 30/09/18	Period ended 30/09/19	Period ended 30/09/18
Basic/Diluted (sen)	**7.71**	**5.67**	**24.23**	**19.16**

2. Condensed Consolidated Statement of Financial Position as at 30th September 2019

	Unaudited At 30/09/19 RM'000	Audited At 31/12/18 RM'000
Assets		
Property, plant and equipment	1,705,782	1,273,090
Investment in associates	371,512	305,911
Other investments	4,653	503
Intangible assets	6,700	6,404
Deferred tax assets	255	501
Total non-current assets	**2,088,902**	**1,586,409**
Inventories	1,021,209	848,250
Contract assets	218,283	61,177
Trade and other receivables	1,135,113	957,277
Deposit and prepayments	99,366	67,265
Current tax assets	2,107	3,634
Other investments	51,615	69,952
Cash and cash equivalents	841,448	760,791
	3,369,141	2,768,346
Asset classified as held for sale	-	16,000
Total current assets	**3,369,141**	**2,784,346**
Total assets	**5,458,043**	**4,370,755**
Equity		
Share capital	1,344,347	1,344,347
Merger Reserve	(434,709)	(434,709)
Foreign Currency Translation Reserve	45,363	23,159
Other reserves	45,269	45,269
Retained earnings	1,358,667	1,110,109
Total equity attributable to owners of the company	**2,358,937**	**2,088,175**
Non-controlling interest	6,762	4,090
Total equity	**2,365,699**	**2,092,265**
Liabilities		
Trade and other payables	20,063	55,183
Deferred tax liabilities	24,923	30,707
Loans and borrowings	2,176,590	1,107,505
Employee benefits	691	643
Total non-current liabilities	**2,222,267**	**1,194,038**
Trade and other payables	390,123	426,509
Contract liabilities	35,734	18,559
Loan and borrowings	391,999	603,951
Current tax payable	52,221	35,433
Total current liabilities	**870,077**	**1,084,452**
Total liabilities	**3,092,344**	**2,278,490**
Total equity and liabilities	**5,458,043**	**4,370,755**
Net assets per share (RM)	**1.61**	**1.42**

3. Condensed Consolidated Statement of Cash Flows for the period ended 30th September 2019

	Unaudited 30/09/19 RM'000	Unaudited 30/09/18 RM'000
Cash flow from operating activities		
Profit before tax	**405,710**	**302,796**
Adjustment for :		
Depreciation of property, plant and equipment	99,782	62,733
Amortisation of intangible assets	1,142	-
Unrealised foreign exchange loss/(gain)	6,599	1,974
Share of (profit)/loss in associate	(14,563)	(7,288)
Finance income	(15,880)	(3,042)
Finance costs	94,330	38,267
Post-employment benefits	49	(15)
Loss on disposal of trade receivable	4,816	-
Share of other comprehensive income of associates	1,380	-
Operating profit before changes in working capital	583,365	395,425
Changes in working capital:		
Inventories	(168,930)	(366,990)
Trade and other receivables	(137,137)	(145,303)
Trade and other payables	9,096	191,686
Contract assets	(157,106)	-
Contract liabilities	17,175	-
Cash generated from operations	**146,464**	**74,818**
Profit or interest paid	(1,362)	(253)
Tax paid	(35,241)	(11,103)
Net cash from operating activities	**109,861**	**63,462**
Cash flow from investing activities:		
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(8,201)	(2,004)
Acquisition of property, plant and equipment	(594,644)	(382,283)
Proceeds from issuance of new shares to non-controlling interests	606	-
Interest received	11,892	3,042
Dividend received	10,606	10,415
Changes in term deposits pledged to banks	79,811	79,722
(Increase)/Decrease in other investments	(14,469)	(48,380)
Acquisition of intangible assets	-	(270)
Acquisition of associates	(42,022)	(246,201)
Advance to an associate	(44,981)	-
Net cash used in investing activities	**(601,366)**	**(585,959)**
Cash flow from financing activities		
Profit or interest paid	(103,238)	(38,015)
Proceeds from issuance of ordinary shares	-	420,128
Net (repayment)/proceeds from loans and borrowings	(383,190)	354,402
Net proceed of Sukuk	1,253,188	-
Dividend paid to the shareholders of the company	(107,200)	(82,970)
Net cash (used in)/from financing activities	**659,559**	**653,545**
Net (decrease)/increase in cash and cash equivalents	168,054	131,048
Effect of exchange rate fluctuation on cash held	-	-
Cash and cash equivalents at beginning of year	631,514	158,469
Cash and cash equivalents at end of year	**799,568**	**289,517**
Term deposits placed with licensed banks	255,871	112,164
Cash and bank balances	585,577	235,264
	841,448	347,428
Less: Bank overdrafts	(7,052)	(6,625)
Less: Deposits pledged	(34,828)	(51,286)
	799,568	**289,517**

4. Condensed Consolidated Statement of Changes in Equity for the period ended 30th September 2019

	Attributable to owners of the company							
	◄---------- Non distributable			----------►	Distributable			
	Share capital	Merger reserve	Foreign currency translation reserve	Other reserve	Retained earnings	Total	Non-controlling interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31st December 2017	928,194	(434,709)	19,265	45,269	825,833	1,383,852	3,877	1,387,729
Issue of ordinary share	427,200	-	-	-	-	427,200	-	427,200
Share issue expenses	(11,047)	-	-	-	-	(11,047)	-	(11,047)
Foreign currency translation differences for foreign operations	-	-	447	-	-	447	(189)	258
Share of other comprehensive income of an associate	-	-	3,447	-	-	3,447	-	3,447
Profit for the year	-	-	-	-	391,477	391,477	1,365	392,842
Total comprehensive income for the year	-	-	3,894	-	391,477	395,371	1,176	396,547
Dividend to owners of the company	-	-	-	-	(107,201)	(107,201)	-	(107,201)
Disposal of a subsidiary	-	-	-	-	-	-	(963)	(963)
At 31st December 2018	**1,344,347**	**(434,709)**	**23,159**	**45,269**	**1,110,109**	**2,088,175**	**4,090**	**2,092,265**
Foreign currency translation differences for foreign operations	-	-	23,584	-	-	23,584	88	23,672
Share of other comprehensive income of an associate	-	-	(1,380)	-	-	(1,380)	-	(1,380)
Profit for the period	-	-	-	-	355,758	355,758	1,978	357,736
Total comprehensive income for the period	-	-	22,204	-	355,758	377,962	2,066	380,028
Dividend to owners of the company	-	-	-	-	(107,200)	(107,200)	-	(107,200)
Issuance of share by subsidiaries	-	-	-	-	-	-	606	606
At 30th September 2019	**1,344,347**	**(434,709)**	**45,363**	**45,269**	**1,358,667**	**2,358,937**	**6,762**	**2,365,699**

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134

A1. Basis of Preparation

The condensed interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018.

A2. Changes in accounting policies

The accounting policies adopted by the Group in this interim financial statement are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2018 except for the newly-issued Malaysian Financial Reporting Standard ("MFRS") and amendments to standards to be applied by all Entities Other Than Private Entities for the financial period beginning on or after 1 January 2019: -

- MFRS 16, *Leases*
- Amendments to MFRS 3, *Business Combinations*
- Amendments to MFRS 9, *Financial Instruments*
- Amendments to MFRS 11, *Joint Arrangements*
- Amendments to MFRS 112, *Income Taxes*
- Amendments to MFRS 119, *Employee Benefits*
- Amendments to MFRS 123, *Borrowing Costs*
- Amendments to MFRS 128, *Investments in Associates*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group:

MFRS/ Amendment/ Interpretation	Effective date
Amendments to MFRS 3, *Business Combinations (Definition of a Business)*	1 January 2020
Amendments to MFRS 101, *Presentation of Financial Statements and* MFRS 108*, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*	1 January 2020
Amendments to MFRS 9 *Financial Instruments,* MFRS 139 *Financial Instruments: Recognition and Measurement* and MFRS 7 *Financial Instruments: Disclosure – Interest Rate Benchmark Reform*	1 January 2020
MFRS 17, *Insurance Contracts*	1 January 2021
Amendments to MFRS 10, *Consolidated Financial Statements and* MFRS 128*, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be Confirmed

A2. Changes in accounting policies (Cont'd)

The Group plans to apply from the annual period beginning on 1 January 2020 for the accounting standard that is effective for annual periods beginning on or after 1 January 2020. The Group does not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group.

The initial application for the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of the Group.

(a) Basis of measurement

The financial statements have been prepared on the historical cost basis other than disclosed in the report.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(c) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognized in the financial statements.

A3. Auditors' report

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2018.

A4. Seasonality and cyclicality of operations

The Group's operations are not materially affected by any seasonal or cyclical factors.

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134 (CONT'D)

A5. Unusual items due to the nature, size and incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows for the current financial period.

A6. Changes in estimates

There were no changes in estimates that have a material effect in the current financial period.

A7. Debt and equity securities

The following are the corporate proposals announced but not completed as at 25 November 2019.

On 30 August 2019, the Group has announced and proposed following exercise:

I. share split involving a subdivision of every two existing ordinary shares held on an entitlement date to be determined by the Board of Directors and announced at a later date into three shares;
II. bonus issue of up to 881,100,000 new shares on the basis of two bonus shares for every five subdivided shares held on the same entitlement date as the proposed share split; and
III. issuance of up to 881,000,000 free warrants on the basis of two warrants for every five subdivided shares held on the same entitlement date as the proposed share split.

The Extraordinary General Meeting was held on 18 November 2019 and the shareholders approved the proposed exercise. The completion of the proposals is expected to be in December 2019.

A8. Significant events during the financial year and subsequent events

On 9 May 2019, the Group via Serba Dinamik International Ltd, a wholly owned subsidiary of the Company, has issued and finalized a Sukuk Wakalah programme, and raised approximately USD300 million for the purpose of general working capital and refinancing of existing debts with tenure of 3 years, payable semi-annually, and with maturity on 2022.

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134 (CONT'D)

A9. Changes in the composition of the Group

i) On 15 March 2019, the Group via Serba Dinamik Sdn Bhd, a wholly owned subsidiary of the Company, has subscribed 1,000,000 ordinary shares representing 100% shareholding in SG Rek Sdn Bhd ("SGR") for a total cash consideration of approximately RM8,000,000.

ii) On 5 April 2019, the Group via Serba Dinamik IT Solutions Sdn Bhd, a wholly owned subsidiary of the Company, has subscribed 250,000 ordinary shares representing 100% shareholdings in SDIT International Ltd ("SDITIL") for a cash consideration of USD250,000.

iii) On 20 May 2019, the Group via Serba Dinamik International Ltd, a wholly owned subsidiary of the Company, has signed sale share agreement to subscribed 23,400 ordinary shares representing 30.0% shareholding in OMT S.r.l ("OMT") for a total cash consideration of EUR1,235,520.

iv) On 8 July 2019, the Group via Serba Dinamik Group Bhd, a wholly owned subsidiary of the Company, has incorporated a company known as Bintulu Oil & Gas City Sdn Bhd.

v) On 9 July 2019, the Group via Serba Dinamik International Ltd, a wholly owned subsidiary of the Company, has subscribed 13,111 ordinary shares representing 22.5% shareholding in Geppert Hydropower ("Geppert") for a total cash consideration of EUR5,000,000.

A10. Contingent assets and liabilities

There were no material changes in contingent liabilities or contingent assets arising since the last audited financial statements for the financial year ended 31 December 2018.

A11. Capital commitments

Capital commitments of the Group in respect of property, plant and equipment as 30th September 2019 are as follows: -

	RM'000
Land and Building	
Approved and contracted for	485,364

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134 (CONT'D)

A12. Taxation

Taxation comprises the following:

	Individual quarter		Cumulative quarter	
	Quarter ended 30/09/19	Quarter ended 30/09/18	Period ended 30/09/19	Period ended 30/09/18
	RM'000	RM'000	RM'000	RM'000
Current Taxation:				
Malaysian Taxation	24,525	7,047	53,477	15,381
Foreign Taxation	737	177	1,400	502
Total Current Taxation	**25,262**	**7,224**	**54,877**	**15,883**
Deferred Taxation	(2,082)	7,476	(6,902)	7,959
Total Taxation	**23,180**	**14,700**	**47,975**	**23,842**

The Group are subject to income tax at the applicable statutory tax rates in Malaysia and overseas with foreign subsidiaries. Domestic income tax is calculated at the Malaysian statutory tax rate of 24.0% of the estimated assessable profit for the year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

Based on recent Malaysian 2019 budget, the government has gazetted abolishment of election to pay tax of RM20,000 per annum effective 1 January 2019. The rate of tax imposed on Labuan business activities is 3% of net profits.

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PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA

B1. Segment Information

The Group has three reportable segments, as described below which are the Group's strategic business units. For each of the strategic business units, the Group Chief Executive Officer, reviews internal management report quarterly. The following described the operations in each of the Group's reportable segments.

O&M - Operation and maintenance which include maintenance, repair and overhaul of rotating equipment ("MRO"), inspection, repair and maintenance of static equipment and structure ("IRM"), maintenance of process control and instrumentation and other related services.

EPCC - Engineering, procurement, construction and commissioning which include among others, piping systems, process control and instrumentation, equipment installation, power generation plant, gas compression plant, auxiliary power generation and firefighting system and other related services

Others - Technical training, information, communication and technology ("ICT") solutions and supply of products and parts.

B2. Review of Performance

i) Current quarter vs Corresponding quarter of the preceding year

	Revenue		Operating profit		Variance	
	Quarter ended		Quarter ended		Revenue	Operating Profit
	30/09/19	30/09/18	30/09/19	30/09/18		
	RM'000	RM'000	RM'000	RM'000	%	%
Business Segments:						
O&M	925,770	698,146	161,622	120,242	32.6	34.4
EPCC	106,688	69,159	16,219	11,152	54.3	45.4
Others	12,605	2,917	2,160	678	332.1	218.6
Group Revenue/ Operating Profit	**1,045,063**	**770,222**	**180,001**	**132,072**	**35.7**	**36.3**
Corporate Expenses and Elimination			(42,617)	(34,961)		21.9
Profit Before Tax			**137,384**	**97,111**		**41.5**

For the quarter ended 30 September 2019 ("**Q3FY19**"), the Group recorded revenue of RM1,045.1 million which was 35.7% higher than corresponding quarter of the preceding year ("**Q3FY18**") due to strong activities from O&M. The operating profit for the quarter stood at RM180.0 million or 17.2% of total revenue. The Group also recorded profit before taxation of RM137.4 million, 41.5% higher as compared to profit before taxation of RM97.1 million in Q3FY18.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B2. Review of Performance (Cont'd)

i) Current quarter vs Corresponding quarter of the preceding year (Cont'd)

O&M contributed 88.6% of revenue in Q3FY19 with an increase of RM227.6 million or 32.6% against Q3FY18. The increase was due to higher activities from our MRO activity in middle east region such as Qatar, UAE & Kuwait, and Malaysia. IRM activity also showed higher growth against Q3FY18. The segment recorded an improved operating profit of RM161.6 million which represents a gross margin of 17.5%.

EPCC revenue recorded a total of RM106.7 million, increased by RM37.5 million against Q3FY18 and contributed 10.2% of the total revenue of the Group. Increased revenue from EPCC segment was mainly derived from our chlor-alkali plant in Tanzania and activity with New Thunder in UAE. The segment recorded an operating profit of RM16.2 million yielding a gross margin of 15.2%.

Other product and services recorded revenue of RM12.6 million or 1.2% of the total revenue. This was mainly derived from the provision of IT related services which relating to customize solutions involving software developments in country such as Qatar & India.

ii) Current quarter vs immediate preceding quarter

	Revenue		Operating profit		Variance	
	Quarter ended		Quarter ended		Revenue	Operating Profit
	30/09/19	30/06/19	30/09/19	30/06/19		
	RM'000	RM'000	RM'000	RM'000	%	%
Business Segments:						
O&M	925,770	951,653	161,622	168,738	(2.7)	(4.2)
EPCC	106,688	147,183	16,219	22,005	(27.5)	(26.3)
Others	12,605	39,785	2,160	6,808	(68.3)	(68.3)
Group revenue/ operating profit	**1,045,063**	**1,138,621**	**180,001**	**197,551**	**(8.2)**	**(8.9)**
Corporate Expenses and Elimination			(42,617)	(53,709)		(20.7)
Profit before tax			**137,384**	**143,842**		**(4.5)**

For quarter ended 30 September 2019, the Group recorded slight decrease of revenue of 8.2% from immediate preceding quarter ("Q2FY19") mainly due to decrease revenue from other product and services and EPCC activity. Overall Operating profit stood at RM180.0 million, a difference of RM17.6 million or 8.9% lower against Q2FY19.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B2. Review of Performance (Cont'd)

ii) Current quarter vs immediate preceding quarter (Cont'd)

O&M revenue decreased by RM25.9 million or 2.7% lower than Q2FY19 as some countries showed a decrease in activity, namely Saudi Arabia & Malaysia mainly due to seasonality factor. Operating profit decreased in line with lower revenue and GP margin reduced by 0.2%.

EPCC revenue recorded a decrease of RM40.5 million or 27.5% lower against Q2FY19 mainly due to lesser activity with Msufini (T) Limited in Tanzania and New Thunder in UAE. Operating profit recorded a decrease from RM22.0 million in Q2FY19 to RM16.2 million in Q3FY19 resulting in 15.2% of gross profit margin.

Other product and services recorded lesser revenue and lower in operating profit mainly due to lesser activity from our IT related services.

iii) Current period vs Corresponding period of the preceding year

	Revenue		Operating profit		Variance	
	Period ended		Period ended		Revenue	Operating Profit
	30/09/19	30/09/18	30/09/19	30/09/18		
	RM'000	RM'000	RM'000	RM'000	%	%
Business Segments:						
O&M	2,736,155	2,055,229	488,169	361,039	33.1	35.2
EPCC	365,098	243,062	55,472	39,097	50.2	41.9
Others	66,819	6,885	12,288	1,904	870.5	545.3
Group revenue/ operating profit	**3,168,072**	**2,305,176**	**555,929**	**402,042**	**37.4**	**38.3**
Corporate Expenses and Elimination			(150,218)	(99,247)		51.4
Profit before tax			**405,711**	**302,795**		**34.0**

The group's year to date ("YTD") revenue recorded a total of RM3,168.1 million with operating profit at RM555.9 million or 17.5% of total revenue. This is an improvement against the same period last year with 37.4% and 38.3% for revenue and operating profit respectively. O&M have shown an increase in revenue of 33.1% mainly from middle east region, Malaysia as well as Indonesia. O&M operating profit also showed an increase of 35.2% against the corresponding period of the preceding year.

EPCC and other product & services also showed an increase in revenue of RM122.0 million and RM59.9 million or 50.2% and 870.5% respectively. The operating profit for both business segments also improved by RM16.4 million and RM10.4 million or 41.9% and 545.4% increase against the corresponding period of the preceding year.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B2. Review of Performance (Cont'd)

iii) Current period vs Corresponding period of the preceding year (Cont'd)

Despite the increase in the corporate expenses and elimination year on year, the group's cumulative profit before tax improved to RM405.7 million, RM102.9 million higher than the corresponding period of the preceding year.

iv) Segmental Revenue by countries

	Individual quarter		Cumulative quarter	
	30/09/19	**30/09/18**	**30/09/19**	**30/09/18**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Malaysia	264,740	219,608	910,104	641,589
Indonesia	43,930	33,920	142,963	49,618
Laos	40	-	10,968	-
South East Asia	**308,710**	**253,528**	**1,064,035**	**691,207**
Turkmenistan	21,258	37,989	79,558	141,098
India	2,536	-	16,539	-
Uzbekistan	15,515	-	16,432	-
Central & South Asia	**39,309**	**37,989**	**112,529**	**141,098**
Bahrain	80,147	103,944	259,966	225,414
UAE	247,634	171,321	657,976	513,221
Qatar	295,473	130,188	816,201	445,924
Oman	-	10,363	-	46,212
Kingdom of Saudi Arabia	32,361	54,504	163,260	219,329
Kuwait	14,334	164	26,828	12,697
Middle East	**669,949**	**470,484**	**1,923,931**	**1,462,797**
Tanzania	26,158	7,282	65,507	7,282
United Kingdom	938	939	2,070	2,792
Total	**1,045,063**	**770,222**	**3,168,072**	**2,305,176**

On geographical segmentation, Malaysia remained as the biggest revenue contributor by country, recording a total of RM264.7 million for Q3FY19 or 25.3% of total revenue recording an improvement against Q3FY18. The improvement in revenue is mainly contributed by higher call out works for O&M and EPCC activity.

The middle east region continued to be the highest revenue contributor for the group at regional level. Middle east contributed 64.1% of the overall revenue for the quarter or RM669.9 million, an increase of RM199.5 million against Q3FY18. The increase was mainly contributed by higher call out activity in Qatar & UAE.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B2. Review of Performance (Cont'd)

iv) Segmental Revenue by countries (Cont'd)

Our central and south asia region contributed RM39.3 million or 3.8% of total revenue for the Group, with the revenue recognised mainly from Turkmenistan and Uzbekistan amounting to RM21.3 million and RM15.5 million respectively during the quarter while India contributed RM2.5 million. Indonesia contributed 4.2% of total revenue for the quarter or RM43.9 million and Europe contributed RM0.9 million of revenue.

B3. (a) Commentary on prospects

Malaysia GDP recorded a higher growth of 4.9% for 2Q2019 (1Q2019: 4.5%) supported by continued expansion in domestic demand. Domestic demand expanded supported by firm household spending and slightly higher private investment. The global grew at a more moderate pace in the 2Q2019. Lower external demand led to weaker export performance in regional economies. Financial market volatility increased as trade tensions escalated in May 2019.

IMF in their recent report global growth is forecast at 3.0% in 2019 and 3.4% in 2020, a decrease of 0.3% and 0.2% for 2019 and 2020 respectively compared to April's World Economic Outlook. Momentum in manufacturing activity, in particular, has weakened substantially, to levels not seen since the global financial crisis. Rising trade and geopolitical tensions have increased uncertainty about the future of the global trading system and international cooperation more generally, taking a toll on business confidence, investment decisions, and global trade. A notable shift toward increased monetary policy accommodation through both action and communication has cushioned the impact of these tensions on financial market sentiment and activity, while a generally resilient service sector has supported employment growth.

On the Oil and Gas front, oil prices dropped after new import tariffs imposed by the US and China as of 1 September. The escalating trade dispute further jolted market confidence and negatively affected global financial markets. Weaker economic data from China, Germany and the US contributed to the bearish market sentiment and added to concerns about a slowdown in the economy and oil demand. The continued strengthening of the US dollar during August also kept crude oil prices under pressure

Despite current volatility economic and political conditions as above, The Group still managed to secure various new contracts as well as manage to obtain renewal for some of the existing contracts for O&M and new contracts for EPCC segment. This can be shown through our recent announcement in Bursa Malaysia's website which helps us to grow the Group's orderbook. The company will always continue to leverage on its core competencies of operating in Oil & Gas, power generation industries, water treatment and utilities industries.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B3. (a) Commentary on prospects (Cont'd)

Recently, the Group has managed to secure Master Service Agreement ("MSA") with Petroliam Nasional Berhad. The Group has been appointed as panel contractors for mechanical rotating equipment services and parts. This will help to strengthen our position in Malaysia as the MSA could potentially cover customers within Petronas Group of Companies. The Group also succeeded to secure contract with State Concern Turkmengas to delivery supplementary equipment and automation (SCADA) of gas pipeline. As a result of this, the Group is able to continue present in central asia region. The Group was also awarded O&M contract with Revenue International LLC from country of Oman to do repair, overhaul and maintenance of pumps, compressors and other associated rotating equipments with manpower and spare parts.

The Group has been exploring prospects of Industry 4.0 quite intensely in the past years. Industry 4.0 involves data collection in digital format that can be used in data analytics which further help users to make necessary action or decision. The Group is aggressively looking for opportunities for smart maintenance project. The Group believed that the smart maintenance systems and applications would help asset owners to improve in terms of assets efficiency and productivity. The Group is also looking to expand that smart maintenance applications to other industries such as power generation and facility management.

The Group still foresee O&M business segment will remain as a major revenue contributor for the Group in light of various new contract wins and renewals of existing contract. EPCC will continue to contribute considerably to the Group with the additional contract in hand. Overall, the management is positive about our future results and prospects of the Group.

Sources:

- *BNM Quarterly Bulletin, Bank Negara Malaysia;*
- *World Economic Outlook, IMF;*
- *Regional Economic Outlook, IMF;*
- *OPEC Monthly Oil Market Report, OPEC*

B3. (b) Revenue or profit estimate, forecast, projection or internal targets

The Company has not provided any revenue or profit estimate, forecast, projection or internal targets in any previous announcement or public document.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B4. Status of corporate proposals announced

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of the Company on Bursa Malaysia Securities Berhad, the following transactions were / are undertaken by the Company:

(i) Utilisation of Proceeds from Initial Public Offering on 8 February 2017

The gross proceeds from the Initial Public Issue of RM407.10 million shall be utilised in the following manner:

Details of utilisation of proceeds	Estimated timeframe for utilisation	RM '000	%	Actual Utilisation RM '000	% Utilised
Expansion of business and operational facilities	Within 12 to 36 months	300,000	73.7	230,000	76.7
Working capital	Within 36 months	29,300	7.2	29,300	100.0
Repayment of bank borrowings/financing	Within 12 months	60,000	14.7	60,000	100.0
Estimated listing expenses	Within 6 months	17,800	4.4	17,800	100.0
Total gross proceeds		**407,100**	**100.0**	**337,100**	**82.8**

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 30 December 2016.

Post Listing, we have utilised a total of RM337.1 million of the IPO proceeds out of which RM230.0 million was used for expansion of our business as follows:-

i. Approximately RM70.0 million was utilised for the establishment of the new MRO and IRM centre in Bintulu Sarawak.
ii. Approximately RM20.0 million was utilised for the establishment of a new facility and upgrading of existing facility in Johor Malaysia.
iii. Approximately RM15.0 million was utilised for upgrading our existing operational facilities in Malaysia and UAE.
iv. Approximately RM30.0 million was utilised for acquiring our corporate office building in Selangor, Malaysia.
v. Approximately RM95.0 million was utilised for investment and acquisition.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B4. Status of corporate proposals announced (Cont'd)

(ii) Utilisation of Proceeds from Private Placement on 30 January 2018

The gross proceeds from the Private Placement of RM427.20 million shall be utilised in the following manner:

Details of utilisation of proceeds	Estimated timeframe for utilisation	RM '000	%	Actual Utilisation RM '000	% Utilised
Partial Development of Pengerang eco Industrial Park ("PeIP")	Within 24 months	270,486	63.3	206,007	76.2
Partial Development of Pengerang International Commercial Centre ("PiCC")	Within 24 months	38,301	9.0	29,171	76.2
Working capital for the EPCC work in Tanzania	Within 24 months	111,113	26.0	96,305	86.7
Estimated private placement expenses	Immediately	7,300	1.7	7,300	100.0
Total gross proceeds		**427,200**	**100.0**	**338,783**	**79.3**

The utilisation of the proceeds as disclosed above should be read in conjunction with the Announcement made by the Company dated 9 January 2018.

(iii) Certificate of Completion and Compliance ("CCC")

As disclosed in the Prospectus dated 30 December 2016, for properties where application of CCC is required to be made within 12 months from the date of the Listing. All applications have been made accordingly and are currently pending approval from the relevant authorities as detailed below:

No.	Details	Status
1.	Lot 973, Block 26 Kemena Land District, Kidurong Industrial Estate, Bintulu, Sarawak	CCC obtained
2.	Lot 5845, Block 5 Kuala Baram Land District, Kuala Baram/ Lutong Road, Miri, Sarawak	Application was submitted on 19 September 2017 and approval is expected to be obtained within 12 to 24 months from the date of application. The approval process is still ongoing, the Group has obtained extension for another 36 months to complete the approval process.
3.	Service centre on Lot No. 3B (1R1/05), Rancha-rancha Light Industrial Estate, off Jalan Rancha-rancha, Federal Territory of Labuan	Application was submitted on 20 December 2017 and approval is expected to be obtained within 12 to 24 months from the date of application.
4.	Service centre on Lot 9, Jalan Arsat, MPL Light Industrial Estate, Federal Territory of Labuan	CCC obtained

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B4. Status of corporate proposals announced (Cont'd)

(iv) Certificate of Completion and Compliance ("CCC") (Cont'd)

For Lot 5845, Block 5 Kuala Baram Land District, Kuala Baram/ Lutong Road, Miri, Sarawak, the Group has submitted the application for the conversion of the land status from agricultural status to industrial status on 19 September 2017. The Group has successfully obtained the approval from State Planning Authority on 16 January 2019.

B5. Other Operating Income

The Group's Other Operating income as at 30th September 2019 are as follows:

	Individual quarter		Cumulative quarter	
	30/09/19 RM'000	30/09/18 RM'000	30/09/19 RM'000	30/09/18 RM'000
Foreign Exchange gain	356	991	1,219	2,322
Rental Income	1,667	719	2,743	1,668
Gain on disposal of subsidiaries	-	-	-	818
Others	729	420	2,124	871
Total	**2,752**	**2,130**	**6,086**	**5,679**

B6. Trade Receivables

The Group's Trade Receivables Ageing analysis as at 30th September 2019 are as follows:

In RM'000	30/09/19		31/12/18	
	Amount RM'000	%	Amount RM'000	%
Not past due	954,658	84.1	896,524	93.7
0 – 30 days past due	51,054	4.5	2,991	0.3
31 – 120 days past due	32,491	2.9	6,857	0.7
Past due more than 120 days	29,870	2.6	17,245	1.8
Total Trade Receivables	1,068,073	94.1	923,617	96.5
Other Receivables	67,040	5.9	33,660	3.5
Total Trade & Other Receivables	**1,135,113**	**100.0**	**957,277**	**100.0**

The Group normal credit period is between 30 to 90 days from the date of invoice. Other credit terms are assessed and approved on a case-by-case basis.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B7. Financing/ Borrowings

The Group's financing/ borrowings as at 30th September 2019 are as follows:

In RM'000	**As at 30th September 2019**					
	Long term		**Short term**		**Total borrowings**	
	Foreign Currency	**RM'000 Currency**	**Foreign Currency**	**RM'000 Currency**	**Foreign Currency**	**RM'000 Currency**
Secured	3,894	150,519	255,530	106,468	259,424	256,987
Unsecured	1,231,579	790,599	-	30,000	1,231,579	820,599
In RM'000	**As at 31st December 2018**					
	Long term		**Short term**		**Total borrowings**	
	Foreign Currency	**RM'000 Currency**	**Foreign Currency**	**RM'000 Currency**	**Foreign Currency**	**RM'000 Currency**
Secured	186,888	131,627	496,629	97,322	683,517	228,949
Unsecured	-	788,990	-	10,000	-	798,990

Financing/ Borrowings denominated in foreign currency are as follows:

Currency	**30/09/19 RM'000**	**31/12/18 RM'000**
USD	1,486,701	678,225
IDR	4,302	5,292

Currently, the Group does not have any hedging policy for financing / borrowings denominated in foreign currency due to the financing / borrowings is used to finance the Group international business which is also denominated in foreign currency. The Group monitors the foreign currency movement and will take necessary steps to minimise the risk whenever deemed appropriate.

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PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B8. Significant related party transactions

(a) The following transactions were with companies/corporations in which certain directors have or are deemed to have substantial interest

	Cumulative quarter	
Nature of transaction	**30/09/19 RM'000**	**30/09/18 RM'000**
Contractor charges	750	8,262
Professional service charges	3,442	7,175
Revenue from operation and maintenance	(12)	162

(b) The following transactions were with associates

	Cumulative quarter	
Nature of transaction	**30/09/19 RM'000**	**30/09/18 RM'000**
Revenue from engineering, procurement, construction and commissioning project	(6,141)	(23,298)
Contract revenue	(88,621)	(47,778)

B9. Foreign Exchange Exposure/Hedging Policy

The Group revenue from overseas projects/contracts is typically denominated in USD. There is no hedging instrument being used in the Group daily operation. Any cash inflow in a USD denominated bank account where it will be used to settle the cost of operations are payable in USD. This provides a natural foreign currency hedge to the Group. Nonetheless, any unfavourable movements in the USD exchanges rate may adversely affect the Group's profitability.

B10. Material Impairment of Assets

There is no material impairment of assets by the Group for the period ended 30th September 2019.

B11. Material litigation

As at the date of this report, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors have no knowledge of any proceeding pending or threatened or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial or business position of the Group.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B12. Dividend

The Board of Directors have declared a third interim single-tier tax-exempt dividend of 2.34 sen per ordinary share (subject to actual exercise of share split and bonus issue) in respect of the financial year ending 31 December 2019, to be paid on 30 December 2019. The entitlement date for the dividend payment is 16 December 2019.

A depositor shall qualify for entitlement to the dividend only in respect of:

(i) Shares transferred to the depositor's securities account before 4.00pm on 16 December 2019 in respect of transfers; and

(ii) Shares bought on Bursa Malaysia Securities Berhad cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The dividend sen per ordinary share is subject to completion of our corporate exercise as stated in A7.

	No of ordinary shares	Dividend sen per ordinary share
Issued share capital	1,468,500,000	2.34
New shares to be issued pursuant to the proposed share split	734,250,000	
	2,202,750,000	1.56
Maximum number of bonus shares to be issued	881,100,000	
Total new issued share capital	**3,083,850,000**	1.11

The estimated total dividends for the current financial year ending 31 December 2019 is 7.34 sen per ordinary share (before completion of corporate exercise stated in A7).

B13. Earnings per ordinary share

Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per share at 30th September 2019 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary share outstanding, calculated as follows:

	Individual quarter		Cumulative quarter	
	30/09/19	30/09/18	30/09/19	30/09/18
	RM'000	RM'000	RM'000	RM'000
Profitable attributable to ordinary shareholders	113,163	83,225	355,757	278,611
Weighted average number of ordinary shares	1,468,500	1,468,500	1,468,500	1,454,319
Basic earnings per ordinary share (sen)	**7.71**	**5.67**	**24.23**	**19.16**

The Group has no potential dilutive ordinary shares in issue as at the end of the financial period and therefore, diluted earnings per share has not been presented.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B14. Profit for the period

This is arrived after (charging)/crediting

	Individual quarter ended	Cumulative quarter
	30/09/19	30/09/19
	RM'000	RM'000
Finance income	4,000	15,880
Finance expense	(30,807)	(94,330)
Depreciation and amortization	(37,458)	(100,924)

By order of the Board

Shah Alam, Selangor Darul Ehsan

25th November 2019

KPMG PLT
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INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL INFORMATION OF SERBA DINAMIK HOLDINGS BERHAD

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

To the Board of Directors of SERBA DINAMIK HOLDINGS BERHAD

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Serba Dinamik Holdings Berhad as at 30 June 2019 and the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months period ended 30 June 2019 and 30 June 2018, and notes to the condensed consolidated interim financial statements (collectively referred as "Consolidated Interim Financial Information"). Management is responsible for the preparation and presentation of this Consolidated Interim Financial Information in accordance with MFRS 134, *Interim Financial Reporting* ("MFRS 134"). Our responsibility is to express a conclusion on this Consolidated Interim Financial Information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Consolidated Interim Financial Information is not prepared, in all material respects, in accordance with MFRS 134.

Other Matter

This report is made solely for the use by the Board of Directors of Serba Dinamik Holdings Berhad in connection with the proposed international offering of Trust Certificates issued by Serba Dinamik Holdings Berhad described in the offering memorandum, and for no other purposes. We do not assume responsibility to any other person for the content of this report.

KPMG

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Date: 26 November 2019

Kuching

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2019 AND 30 JUNE 2018

	6 months period	
	30.06.2019 RM'000	30.06.2018 RM'000
Revenue	2,156,754	1,534,955
Direct operation cost	(1,773,379)	(1,264,985)
Gross profit	383,375	269,970
Other operating income	3,334	3,550
Administrative expenses	(54,619)	(44,549)
Other operating expenses	(10,556)	(10,226)
Result from operations	321,534	218,745
Finance income	11,880	2,144
Finance costs	(53,781)	(19,257)
Net finance costs	(41,901)	(17,113)
Share of results of equity accounted associates	11,565	4,053
Profit before tax	291,198	205,685
Tax expense	(25,451)	(9,143)
Profit for the period	265,747	196,542
Item that may be reclassified subsequently to profit and loss:		
Foreign currency translation differences for foreign operations	11,447	(5,861)
Share of other comprehensive income of equity accounted associates	(3,750)	-
Total comprehensive income for the period	273,444	190,681
Profit for the period attributable to:		
Owners of the company	264,810	195,387
Non-controlling interest	937	1,155
Total profit for the period	265,747	196,542

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2019 AND 30 JUNE 2018 (continued)

	6 months period	
	30.06.2019	**30.06.2018**
	RM'000	**RM'000**
Total comprehensive income for the period attributable to:		
Owners of the company	272,450	189,781
Non-controlling interest	994	900
Total profit for the period	273,444	190,681

	6 months ended	
	30.06.2019	**30.06.2018**
Basic/Diluted (sen)	18.03	13.50

The condensed consolidated statement of profit or loss and comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	As at 30.06.2019 RM'000	As at 31.12.2018 RM'000
Assets		
Property, plant and equipment	1,510,545	1,273,090
Investment in associates	321,797	305,911
Other investments	504	503
Intangible assets	5,262	6,404
Deferred tax assets	286	501
Total non-current assets	1,838,394	1,586,409
Inventories	892,525	848,250
Contract assets	188,701	61,177
Trade and other receivables	1,222,994	957,277
Deposit and prepayments	136,008	67,265
Current tax assets	4,073	3,634
Other investments	50,291	69,952
Cash and cash equivalents	1,024,277	760,791
	3,518,869	2,768,346
Asset classified as held for sale	16,000	16,000
Total current assets	3,534,869	2,784,346
Total assets	5,373,263	4,370,755
Equity		
Share capital	1,344,347	1,344,347
Merger reserve	(434,709)	(434,709)
Foreign currency translation reserve	30,799	23,159
Other reserves	45,269	45,269
Retained earnings	1,307,369	1,110,109
Total equity attributable to owners of the company	2,293,075	2,088,175
Non-controlling interest	5,550	4,090
Total equity	2,298,625	2,092,265

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019 (continued)

	As at 30.06.2019 RM'000	As at 31.12.2018 RM'000
Liabilities		
Trade and other payables	32,176	55,183
Deferred tax liabilities	26,256	30,707
Loans and borrowings	2,178,156	1,107,505
Employee benefits	653	643
Total non-current liabilities	2,237,241	1,194,038
Trade and other payables	480,866	426,509
Contract liabilities	12,451	18,559
Loan and borrowings	306,134	603,951
Current tax payable	37,946	35,433
Total current liabilities	837,397	1,084,452
Total liabilities	3,074,638	2,278,490
Total equity and liabilities	5,373,263	4,370,755
Net assets per share (RM)	1.57	1.42

The condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019 AND 30 JUNE 2018

	6 months period ended 30.06.2019 RM'000	6 months period ended 30.06.2018 RM'000
Cash flow from operating activities		
Profit before tax	291,198	205,685
Adjustment for:		
Depreciation of property, plant and equipment	62,323	39,348
Amortisation of intangible assets	1,142	-
Unrealised foreign exchange loss	7,049	(1,057)
Share of profit in associate	(11,565)	(4,053)
Finance income	(11,880)	(2,144)
Finance costs	53,781	19,257
Post-employment benefits	10	(7)
Loss on disposal of trade receivables	3,359	-
Share of other comprehensive income of associates	3,750	-
Operating profit before changes in working capital	399,167	257,029
Change in inventories	(44,021)	(65,719)
Change in trade and other receivables	(225,202)	(140,118)
Change in trade and other payables	100,630	(17,444)
Contract assets	(127,581)	-
Contract liabilities	(6,108)	-
Cash generated from operations	96,885	33,748
Interest paid	(1,005)	(142)
Tax paid	(27,550)	(4,968)
Net cash from operating activities	68,330	28,638
Cash flow from investing activities		
Acquisition of property, plant and equipment	(359,715)	(229,066)
Acquisition of subsidiaries	124	(2,004)
Interest received	5,810	2,144
Dividend received	5,763	-
Changes in term deposits pledged to banks	81,181	41,334
Increase in other investments	(44,005)	(46,767)
Acquisition of intangible assets	-	(1,032)
Acquisition of associates	-	(205,598)
Advance to an associate	(54,758)	(3,600)
Net cash used in investing activities	(365,600)	(444,589)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019 AND 30 JUNE 2018 (continued)

	6 months period ended	
	30.06.2019 RM'000	30.06.2018 RM'000
Cash flow from financing activities		
Interest paid	(63,046)	(19,116)
Proceeds from issuance of ordinary shares	-	420,128
Net (repayment)/proceeds from loans and borrowings	(473,924)	253,817
Net proceed of Sukuk	1,253,453	-
Dividend paid to the shareholders of the company	(67,550)	(51,397)
Net cash from financing activities	648,933	603,432
Net increase in cash and cash equivalent	351,663	187,481
Effect of exchange rate fluctuation on cash held	-	-
Cash and cash equivalents at beginning of year	631,514	158,469
Cash and cash equivalents at end of year	983,177	345,950

Cash and cash equivalents

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following condensed consolidated statement of financial position amounts:

	30.06.2019 RM'000	30.06.2018 RM'000
Term deposits placed with licensed banks	253,636	148,627
Cash and bank balances	770,641	293,704
	1,024,277	442,331
Less: Bank overdrafts	(7,642)	(6,706)
Less: Deposits pledged	(33,458)	(89,675)
	983,177	345,950

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019 AND 30 JUNE 2018

	Attributable to owners of the company							
	Non distributable				*Distributable*			
	Share capital RM'000	**Merger reserve RM'000**	**Foreign currency translation reserve RM'000**	**Other reserves RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interest RM'000**	**Total equity RM'000**
At 31 December 2018	1,344,347	(434,709)	23,159	45,269	1,110,109	2,088,175	4,090	2,092,265
Foreign currency translation differences for foreign operations	-	-	11,390	-	-	11,390	57	11,447
Share of other comprehensive income of an associate	-	-	(3,750)	-	-	(3,750)	-	(3,750)
Profit for the period	-	-	-	-	264,810	264,810	937	265,747
Total comprehensive income for the period	-	-	7,640	-	264,810	272,450	994	273,444
Dividend paid to owners of the company	-	-	-	-	(67,550)	(67,550)	-	(67,550)
Changes in non-controlling interest in subsidiary	-	-	-	-	-	-	466	466
At 30 June 2019	1,344,347	(434,709)	30,799	45,269	1,307,369	2,293,075	5,550	2,298,625

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019 AND 30 JUNE 2018 (continued)

	Attributable to owners of the company							
	Non distributable				*Distributable*			
	Share capital RM'000	**Merger reserve RM'000**	**Foreign currency translation reserve RM'000**	**Other reserves RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interest RM'000**	**Total equity RM'000**
At 31 December 2017	928,194	(434,709)	19,265	45,269	825,833	1,383,852	3,877	1,387,729
Issue of ordinary shares	420,128	-	-	-	-	420,128	-	420,128
Foreign currency translation differences for foreign operations	-	-	(5,606)	-	-	(5,606)	(255)	(5,861)
Profit for the period	-	-	-	-	195,387	195,387	1,155	196,542
Total comprehensive income for the period	-	-	(5,606)	-	195,387	189,781	900	190,681
Dividend paid to owners of the company	-	-	-	-	(51,397)	(51,397)	-	(51,397)
Disposal of a subsidiary	-	-	-	-	-	-	(962)	(962)
At 30 June 2018	1,348,322	(434,709)	13,659	45,269	969,823	1,942,364	3,815	1,946,179

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A1. Basis of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with requirements of MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*.

They do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018.

A2. Changes in accounting policies

The accounting policies adopted by the Group in this interim financial statement are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2018 except for the newly-issued Malaysian Financial Reporting Standard ("MFRS") and amendments to standards to be applied by all Entities Other Than Private Entities for the financial period beginning on or after 1 January 2019:

- MFRS 16, *Leases*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits - Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investment in Associates and Joint Ventures - Long term interest in Associates and Joint Ventures*
- IC Interpretation 23, *Uncertainty Over Income Tax Treatments*

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

A2. **Changes in accounting policies** (continued)

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group:

MFRS/Amendment/Interpretation	**Effective date**
Amendments to MFRS 3, *Business Combinations – Definition of a Business*	1 January 2020
Amendments to MFRS 101, *Presentation of Financial Statements* and Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*	1 January 2020
Amendments to MFRS 9, *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement* and MFRS 7 *Financial Instruments: Disclosure – Interest Rate Benchmark Reform*	1 January 2020
MFRS 17, *Insurance Contracts*	1 January 2021
Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be confirmed

The Group plans to apply from the annual period beginning on 1 January 2020 for those accounting standards, interpretations and amendments that are effective for annual periods beginning on or after 1 January 2020.

The Group do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group.

(a) **Basis of measurement**

The financial statements have been prepared on the historical cost basis other than disclosed in the report.

(b) **Functional and presentation currency**

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

A2. Changes in accounting policies (continued)

(c) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognized in the financial statements.

A3. Auditors' report

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2018.

A4. Seasonality and cyclicality of operations

The Group's operations are not materially affected by any seasonal or cyclical factors.

A5. Unusual items due to the nature, size and incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows for the current financial period.

A6. Changes in estimates

There were no changes in estimates that have a material effect in the current financial period.

A7. Debt and equity securities

There were no unusual items affecting the debt and equity securities for the current financial period other than disclosed in Note A8.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

A8. Significant and subsequent events

On 9 May 2019, the Group has issued and finalised a Sukuk Wakalah programme, and raised approximately USD300 million for the purpose of general working capital and refinancing of existing debts with tenure of 3 years, payable semi-annually, and with maturity on 2022.

A9. Changes in the composition of the Group

i) On 15 March 2019, the Company via its wholly owned subsidiary, Serba Dinamik Sdn. Bhd. ("SDSB") has subscribed 1,000,000 ordinary shares representing 100% shareholding in Sg. Rek Sdn. Bhd. ("SGR") for a total cash consideration of approximately RM8,000,000.

ii) On 5 April 2019, the Company via Serba Dinamik IT Solutions Sdn. Bhd. ("SDIT"), a wholly owned subsidiary of the Company has incorporated SDIT International Limited ("SDITIL").

iii) On 20 May 2019, the Group via Serba Dinamik International, a wholly owned subsidiary of the Company has signed share sale agreement to subscribe 23,400 ordinary shares representing 30% shareholding in OMT S.r.l ("OMT") for a total cash consideration of EUR1,235,520.

iv) On 8 July 2019, the Company via its wholly owned subsidiary, Serba Dinamik Group Berhad ("SDGB"), has incorporated Bintulu Oil & Gas City Sdn. Bhd.

v) On 9 July 2019, the Company via Serba Dinamik International Limited ("SDIL"), a wholly owned subsidiary of the Company has subscribed 13,111 ordinary shares representing 22.5% of shareholding in Geppert GmBH ("Geppert") for a total cash consideration of EUR5,000,000.

A10. Contingent assets and liabilities

There were no material changes in contingent liabilities or contingent assets arising since the last audited financial statements for the financial year ended 31 December 2018.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

A11. Capital commitments

Capital commitments of the Group in respect of property, plant and equipment as at 30 June 2019 are as follows:

	RM'000
Land and Building	
Approved and contracted for	516,214

A12. Taxation

Taxation comprises the following:

	6 months period ended	
	30.06.2019 RM'000	30.06.2018 RM'000
Current taxation:		
Malaysian taxation	29,608	8,335
Foreign taxation	663	325
Total current taxation	30,271	8,660
Deferred taxation	(4,820)	483
Total taxation	25,451	9,143

The Group are subject to income tax at the applicable statutory tax rates in Malaysia and overseas with foreign subsidiaries. Domestic income tax is calculated at the Malaysian statutory tax rate of 24.0% of the estimated assessable profit for the year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

Based on Malaysian 2019 budget, the government has gazetted abolishment of election to pay tax of RM20,000 per annum effective 1 January 2019. The rate of tax imposed on Labuan business activities is 3% of net profits.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

B1. Segment Information

The Group has three reportable segments, as described below which are the Group's strategic business units. For each of the strategic business units, the Group Chief Executive Officer, reviews internal management report quarterly. The following described the operations in each of the Group's reportable segments.

O&M - Operation and maintenance which include maintenance, repair and overhaul of rotating equipment, inspection, repair and maintenance of static equipment and structure, maintenance of process control and instrumentation and other related services.

EPCC - Engineering, procurement, construction and commissioning which includes among others, piping system, process control and instrumentation, equipment installation, power generation plant, gas compression plant, auxiliary power generation and fire fighting system, and other related services.

Others - Technical training, ICT solutions, and supply of products and parts.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

B2. Review of Performance

i) Six months period ended 30 June 2019 vs six months period ended 30 June 2018

	Revenue		Operating profit	
	6 months period ended		6 months period ended	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Business Segments:				
O&M	1,844,130	1,357,085	333,994	240,798
EPCC	258,410	173,903	39,253	27,946
Others	54,214	3,967	10,128	1,226
Group revenue/operating profit	2,156,754	1,534,955	383,375	269,970
Corporate Expense and Elimination			(92,177)	(64,285)
Profit before tax			291,198	205,685

The group year to date ("YTD") revenue recorded a total of RM2,156.8 million with operating profit at RM383.4 million or 17.8% of total revenue. This is an improvement against same period last year of 40.5% and 42.0% for revenue and operating profit respectively. O&M and others segments are showing an improved operating profit against the corresponding period of the preceding year. The group cumulative profit before tax improved to RM291.2 million, RM85.5 million higher than the corresponding period of the preceding year.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

B2. Review of Performance

ii) Segmental Revenue by countries

	6 months period ended 30.06.2019 RM'000	30.06.2018 RM'000
Malaysia	647,428	435,306
Indonesia	99,033	15,699
Laos	10,928	-
South East Asia	757,389	451,005
Turkmenistan	58,300	103,108
India	14,004	-
Uzbekistan	916	-
Central and South Asia	73,220	103,108
Bahrain	179,819	121,470
UAE	417,063	341,900
Qatar	541,382	315,736
Oman	-	35,849
Kingdom of Saudi Arabia	132,727	151,501
Kuwait	14,673	12,533
Middle East	1,285,664	978,989
Tanzania	39,349	-
United Kingdom	1,132	1,853
Total	2,156,754	1,534,955

On geographical segmentation, Malaysia remained as the biggest revenue contributor by country, recording a total of RM647.4 million for Q2FY19 or 48.7% improvement against Q2FY18. The improvement in revenue is mainly contributed by higher call out works for O&M and EPCC activity.

The Middle East region continued to be the highest revenue contributor for the group at regional level. Middle East contributed 59.6% of the overall revenue for the quarter or RM1,285.7 million, an increase of RM306.7 million against Q2FY18. The increase was mainly contributed by higher call out activity in Qatar, Bahrain & UAE.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

B2. Review of Performance (continued)

ii) Segmental Revenue by countries (continued)

Our Central and South Asia region contributed RM73.2 million or 3.4% of total revenue for the Group, with the revenue recognised from Turkmenistan amounting to RM58.3 million during the period while India contributed RM14 million. The period also mark the first contribution from the country of Uzbekistan for Central Asia region worth of RM0.9 million.

South East Asia region through Laos contribute revenue of RM10.9 million to the Group or 0.5% of current quarter which derived from our EPCC contract for the development of 30MW hydropower plants in Huoaphan Province, Laos. Meanwhile Indonesia contributed 4.6% of total revenue for the period or RM99.0 million.

Other than that, the Group recorded revenue of RM39.3 million through Tanzania from EPCC contract for the construction of a 45 MTPD Chlorine Skid Mounted Chlor-Alkali Plant at Tanzania.

B3. Other Operating Income

The Group's other operating income as at 30 June 2019 are as follows:

	As at 30.06.2019 RM'000	As at 30.06.2018 RM'000
Foreign exchange gain	863	1,331
Rental income	1,075	950
Gain on disposal of subsidiaries	-	824
Others	1,396	445
Total	3,334	3,550

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

B4. Trade Receivables

The Group's Trade Receivables Ageing analysis as at 30 June 2019 and 31 December 2018 are as follows:

In RM'000	**As at 30.06.2019 RM'000**	**As at 31.12.2018 RM'000**
Not past due	997,020	896,524
0-30 days past due	110,139	2,991
31-120 days past due	20,570	6,857
Past due more than 120 days	24,893	17,245
Total Trade Receivables	1,152,622	923,617
Other Receivables	70,372	33,660
Total Trade & Other Receivables	1,222,994	957,277

The Group normal credit period is between 30 to 90 days from the date of invoice. Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

B5. Financing/ Borrowings

The Group's financing/ borrowings as at 30 June 2019 and 31 December 2018 are as follows:

In RM'000	Long term		Short term		Total borrowings	
	Foreign currency	RM'000 currency	Foreign currency	RM'000 currency	Foreign currency	RM'000 currency
As at 30 June 2019						
Secured	4,416	151,297	179,756	96,378	184,172	247,675
Unsecured	1,232,229	790,214	-	30,000	1,232,229	820,214

In RM'000	Long term		Short term		Total borrowings	
	Foreign currency	RM'000 currency	Foreign currency	RM'000 currency	Foreign currency	RM'000 currency
As at 31 December 2018						
Secured	186,888	131,627	496,629	97,322	683,517	228,949
Unsecured	-	788,990	-	10,000	-	798,990

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

B5. Financing/ Borrowings (continued)

Financing/ Borrowings denominated in foreign currency are as follows:

Currency	As at 30.06.2019 RM'000	As at 31.12.2018 RM'000
USD	1,412,447	678,225
IDR	3,954	5,292

Currently, the Group does not have any hedging policy for financing / borrowings denominated in foreign currency due to the financing / borrowings is used to finance the Group international business which is also denominated in foreign currency. The Group monitors the foreign currency movement and will take necessary steps to minimise the risk whenever deemed appropriate.

B6. Significant related party transactions

(a) The following transactions were with companies/corporations in which certain directors have or are deemed to have substantial interest

Nature of transaction	6 months period ended 30.06.2019 RM'000	30.06.2018 RM'000
Contactor charges	-	4,987
Professional service charges	1,941	2,299
Revenue from operation and maintenance	(11)	(22)

(b) The following transactions were with associates

Nature of transaction	6 months period ended 30.06.2019 RM'000	30.06.2018 RM'000
Revenue from engineering, procurement, construction and commissioning project	(6,108)	-
Contract revenue	(67,645)	(41,345)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

B7. Foreign Exchange Exposure/Hedging Policy

The Group revenue from overseas projects/contracts is typically denominated in USD. There is no hedging instrument being used in the Group daily operation. Any cash inflow in a USD denominated bank account where it will be used to settle the portion of cost of operations which are payable in USD. This provides a natural foreign currency hedge to the Group. Nonetheless, any unfavourable movements in the USD exchanges rate may adversely affect the Group profitability.

B8. Material Impairment of Assets

There is no material impairment of assets by the Group for the period ended 30 June 2019.

B9. Material litigation

As at the date of this report, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors have no knowledge of any proceeding pending or threatened or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial or business position of the Group.

B10. Dividend

The Board of Directors have declared a second interim single-tier tax-exempt dividend of 2.70 sen per ordinary share in respect of the financial year ending 31 December 2019, paid on 30 September 2019. The entitlement date for the dividend payment is 17 September 2019.

A depositor shall qualify for entitlement to the dividend only in respect of:

(i) Shares transferred to the depositor’s securities account before 4.00pm on 17 September 2019 in respect of transfers; and

(ii) Shares bought on Bursa Malaysia Securities Berhad cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

B11. Earnings per ordinary share

Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per share at 30 June 2019 and 30 June 2018 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary share outstanding, calculated as follows:

	6 months period ended	
	30.06.2019 RM'000	30.06.2018 RM'000
Profitable attributable to ordinary shareholders	264,810	195,387
Weighted average number of ordinary shares	1,468,500	1,447,110
Basic earnings per ordinary share (sen)	18.03	13.50
	==========	==========

The Group has no potential dilutive ordinary shares in issue as at the end of the financial period and therefore, diluted earnings per share has not been presented.

B12. Profit for the period

This is arrived after (charging)/crediting

	6 months period ended	
	30.06.2019 RM'000	30.06.2018 RM'000
Finance income	11,880	2,144
Finance expense	(53,781)	(19,257)
Depreciation and amortisation	(62,323)	(39,348)
	==========	==========

Serba Dinamik Holdings Berhad
(Company No. 1167905 - P)
(Incorporated in Malaysia)
and its subsidiaries

**Financial statements
for the year ended 31 December 2018**

Serba Dinamik Holdings Berhad
(Company No. 1167905 - P)
(Incorporated in Malaysia)
and its subsidiaries

Directors' report for the year ended 31 December 2018

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2018.

Principal activities

The Company is principally engaged in investment holding and provision of management services. There has been no significant change in the nature of these activities during the year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 4 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	391,477	111,238
Non-controlling interests	1,365	-
	392,842	111,238

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review, except for those disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the amount of dividends paid by the Company as reported in the Directors' Report in respect of the financial year ended 31 December 2018:

i) A fourth interim of 1.60 sen per ordinary share totalling RM23,496,000 in respect of financial year ended 31 December 2017 paid on 30 March 2018;

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Dividend (continued)

ii) A first interim of 1.90 sen per ordinary share totalling RM27,901,500 declared on 23 May 2018 and paid on 29 June 2018;

iii) A second interim of 2.15 sen per ordinary share totalling RM31,572,750 declared on 29 August 2018 and paid on 28 September 2018; and

iv) A third interim of 1.65 sen per ordinary share totalling RM24,230,250 declared on 27 November 2018 and paid on 27 December 2018.

On 27 February 2019, the Board of Directors declared a fourth interim dividend of 2.30 sen per ordinary share in respect of the financial year ended 31 December 2018. The dividend will be recognised in subsequent financial year.

The Directors do not recommend any final dividend to be paid for the year under review.

Directors of the Company

Directors who served since the date of last report are:

Dato' Mohammed Nor Bin Abu Bakar
Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah
Abdul Kadier Sahib
Dato' Awang Daud Bin Awang Putera
Tengku Dato' Seri Hasmuddin Bin Tengku Othman
Sharifah Irina Binti Syed Ahmad Radzi
Hasman Yusri Bin Yusoff

The names of the Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the information is deemed incorporated herein by such reference and made a part thereof.

Directors' interests in shares

The interests of the Directors in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2018	**Bought**	**Sold**	**At 31.12.2018**
Direct interests in the Company:				
Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah	337,871,100	15,843,600	(5,500,000)	348,214,700

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Directors' interests in shares (continued)

	Number of ordinary shares			
	At 1.1.2018	**Bought**	**Sold**	**At 31.12.2018**
<u>Direct interests in the Company:</u> (continued)				
Dato' Awang Daud Bin Awang Putera	156,345,700	666,500	-	157,012,200
Abdul Kadier Sahib	277,214,900	1,000,000	-	278,214,900
<u>Shareholdings in which Dato' Dr. Ir. Mohd. Abdul Karim Bin Abdullah has deemed interests</u>				
SD Controls Sdn. Bhd.	40,000	-	-	40,000
SD Advance Engineering Sdn. Bhd.	25,500	-	-	25,500
Serba Dinamik (B) Sdn. Bhd.	75,000	-	-	75,000
PT Serba Dinamik Indonesia	1,200,000	-	-	1,200,000
Serba Dinamik International Petroleum Services	792	-	-	792
PT Kubic Gasco	12,240	-	-	12,240
PT Delta Conusa Gas	9,700	-	(9,700)	-
PT Muaro Jambi Energi	8,200	-	(8,200)	-

Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah, by virtue of his interests in the ordinary shares of the Company, is also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

The other Directors holding office at 31 December 2018 do not have any interest in the shares of the Company and of its related corporations during and at the end of the financial year.

Directors' benefits

Since the end of previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or the fixed salary of a full time employee of the Company and of its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 29 to the financial statements.

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Directors' benefits (continued)

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

On 30 January 2018, the Company has completed a private placement exercise, in which the Company issued 133.5 million new shares with an issue price of RM3.20 per placement shares.

Save as above, there was no other change in the issued and paid-up capital of the Company, nor issuances of debentures by the Company, during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Indemnity and insurance costs for Officers and Auditors

a. Directors and officers

The Directors and officers of the Group and of the Company are covered by Directors' and Officers' Liability Insurance ("DOL Insurance") for the purpose of Section 289 of the Companies Act 2016. The total insured limit for the DOL Insurance effected for the Directors and officers of the Group was RM1.16 million.

The insurance premium for the DOL Insurance paid during the financial year amounted to RM63,569.

b. Auditors

Any indemnity given to or insurance effected for the auditors of the Company is to be made to the extent as permitted under Section 289 of the Companies Act 2016. There is no amount of such indemnity given or insurance effected for its auditors during the year.

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Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) there are no bad debts to be written off and no provision need be made for doubtful debts, and

ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render it necessary to write off any bad debts or provide for any doubtful debts, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2018 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

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Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 20 to the financial statement.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah
Director

....

Dato' Awang Daud Bin Awang Putera
Director

Shah Alam,

Date: 16 April 2019

Serba Dinamik Holdings Berhad
(Company No. 1167905 - P)
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and its subsidiaries

Statements of financial position as at 31 December 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Assets					
Property, plant and equipment	3	1,273,090	658,126	-	-
Investment in subsidiaries	4	-	-	531,800	531,800
Investment in associates	5	305,911	44,128	-	-
Other investments	6	503	307	-	-
Intangible assets	7	6,404	6,987	-	-
Deferred tax assets	8	501	2,810	-	-
Total non-currents assets		1,586,409	712,358	531,800	531,800
Inventories	9	848,250	577,762	-	-
Contract assets	10	61,177	40,540	-	-
Trade and other receivables	11	957,277	839,794	1,365,410	420,735
Deposits and prepayments	12	67,265	40,230	-	-
Current tax assets		3,634	487	-	-
Other investments	6	69,952	48,469	-	-
Cash and cash equivalents	13	760,791	300,778	302,528	3,810
		2,768,346	1,848,060	1,667,938	424,545
Asset classified as held for sale	15	16,000	-	-	-
Total current assets		2,784,346	1,848,060	1,667,938	424,545
Total assets		4,370,755	2,560,418	2,199,738	956,345

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Statements of financial position as at 31 December 2018 (continued)

		Group		Company	
	Note	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Equity					
Share capital	14.1	1,344,347	928,194	1,344,347	928,194
Merger reserve	14.2	(434,709)	(434,709)	-	-
Other reserves	14.3	68,428	64,534	-	-
Retained earnings		1,110,109	825,833	4,039	2
Total equity attributable to owners of the Company		2,088,175	1,383,852	1,348,386	928,196
Non-controlling interests	4	4,090	3,877	-	-
Total equity		2,092,265	1,387,729	1,348,386	928,196
Liabilities					
Trade and other payables	18	55,183	-	-	-
Deferred tax liabilities	8	30,707	15,636	-	-
Loans and borrowings	16	1,107,505	24,758	788,990	-
Employment benefits	17	643	592	-	-
Total non-current liabilities		1,194,038	40,986	788,990	-
Trade and other payables	18	426,509	423,366	49,996	28,009
Contract liabilities	10	18,559	-	-	-
Loans and borrowings	16	603,951	681,284	10,000	-
Current tax payable		35,433	27,053	2,366	140
Total current liabilities		1,084,452	1,131,703	62,362	28,149
Total liabilities		2,278,490	1,172,689	851,352	28,149
Total equity and liabilities		4,370,755	2,560,418	2,199,738	956,345

The notes on pages 16 to 126 are an integral part of these financial statements.

Serba Dinamik Holdings Berhad
(Company No. 1167905 - P)
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Statements of profit or loss and other comprehensive income for the year ended 31 December 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	19	3,283,174	2,722,318	132,131	78,094
Cost of contracts with customers	19	(2,700,850)	(2,238,385)	-	(38)
Gross profit		582,324	483,933	132,131	78,056
Other operating income		7,866	4,074	-	5
Administrative expenses		(103,724)	(73,637)	(12,932)	(6,646)
Other operating expenses		(13,134)	(32,271)	(470)	(1,980)
Results from operating activities	20	473,332	382,099	118,729	69,435
Finance costs	21	(62,122)	(37,071)	(10,270)	-
Finance income	21	12,535	3,135	5,466	394
Net finance (costs)/income		(49,587)	(33,936)	(4,804)	394
Share of results of equity accounted associates	5	13,880	(2,092)	-	-
Profit before tax		437,625	346,071	113,925	69,829
Tax expense	22	(44,783)	(41,279)	(2,687)	(140)
Profit for the year		392,842	304,792	111,238	69,689
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		258	(61,180)	-	-
Share of other comprehensive income of equity accounted associates	5	3,447	-	-	-
Total comprehensive income for the year		396,547	243,612	111,238	69,689

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Statements of profit or loss and other comprehensive income for the year ended 31 December 2018 (continued)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Profit/(Loss) for the financial year attributable to:					
- Owners of the Company		391,477	308,087	111,238	69,689
- Non-controlling interests	4	1,365	(3,295)	-	-
Profit for the year		392,842	304,792	111,238	69,689
Total comprehensive income/(loss) attributable to:					
- Owners of the Company		395,371	247,664	111,238	69,689
- Non-controlling interests		1,176	(4,052)	-	-
Total comprehensive income for the year		396,547	243,612	111,238	69,689
Basic and diluted earnings per ordinary shares (sen)	24	26.85	23.58		

The notes on pages 16 to 126 are an integral part of these financial statements.

Serba Dinamik Holdings Berhad

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

and its subsidiaries

Consolidated statement of changes in equity for the year ended 31 December 2018

		---- *Attributable to owners of the Company* ----							
		---- *Non-distributable* ----				*Distributable*			
	Note	Share capital RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group									
At 1 January 2017		531,800	(434,709)	79,688	45,257	587,178	809,214	7,929	817,143
Issue of ordinary shares	14.1	407,100	-	-	-	-	407,100	-	407,100
Share issue expenses		(10,706)	-	-	-	-	(10,706)	-	(10,706)
Foreign currency translations differences for foreign operations		-	-	(60,423)	-	-	(60,423)	(757)	(61,180)
Profit for the year		-	-	-	-	308,087	308,087	(3,295)	304,792
Total comprehensive income for the year		-	-	(60,423)	-	308,087	247,664	(4,052)	243,612
Dividend paid to owners of the Company	25	-	-	-	-	(69,420)	(69,420)	-	(69,420)
Transfer to other reserve		-	-	-	12	(12)	-	-	-
At 31 December 2017/1 January 2018		928,194	(434,709)	19,265	45,269	825,833	1,383,852	3,877	1,387,729
Issue of ordinary shares	14.1	427,200	-	-	-	-	427,200	-	427,200
Share issue expenses		(11,047)	-	-	-	-	(11,047)	-	(11,047)
Foreign currency translations differences for foreign operations		-	-	447	-	-	447	(189)	258
Share of other comprehensive income of an associate		-	-	3,447	-	-	3,447	-	3,447
Profit for the year		-	-			391,477	391,477	1,365	392,842
Total comprehensive income for the year		-	-	3,894	-	391,477	395,371	1,176	396,547
Dividend paid to owners of the Company	25	-	-	-	-	(107,201)	(107,201)	-	(107,201)
Disposal of a subsidiary		-	-	-	-	-	-	(963)	(963)
At 31 December 2018		1,344,347	(434,709)	23,159	45,269	1,110,109	2,088,175	4,090	2,092,265
		(Note 14.1)	(Note 14.2)	(Note 14.3)	(Note 14.3)				

Serba Dinamik Holdings Berhad
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Statement of changes in equity for the year ended 31 December 2018

	Note	*Non-distributable* Share capital RM'000	Retained earnings/ (Accumulated losses) RM'000	Total RM'000
Company				
At 1 January 2017		531,800	(267)	531,533
Profit and total comprehensive income for the year		-	69,689	69,689
Dividend paid to owners of the Company	25	-	(69,420)	(69,420)
Issue of ordinary shares	14.1	407,100	-	407,100
Share issue expenses		(10,706)	-	(10,706)
		396,394	-	396,394
At 31 December 2017/1 January 2018		928,194	2	928,196
Profit and total comprehensive income for the year		-	111,238	111,238
Dividend paid to owners of the Company	25	-	(107,201)	(107,201)
Issue of ordinary shares	14.1	427,200	-	427,200
Share issue expenses	14.1	(11,047)	-	(11,047)
		416,153	-	416,153
At 31 December 2018		1,344,347	4,039	1,348,386
		(Note 14.1)		

The notes on pages 16 to 126 are an integral part of these financial statements.

Serba Dinamik Holdings Berhad
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Statements of cash flows for the year ended 31 December 2018

	Group 2018 RM'000	Group 2017 RM'000 Restated	Company 2018 RM'000	Company 2017 RM'000
Cash flows from operating activities				
Profit before tax	437,625	346,071	113,925	69,829
Adjustments for:				
Depreciation of property, plant and equipment (Note 3)	89,781	69,026	-	-
Amortisation of intangible asset (Note 7)	2,009	-	-	-
Loss on disposal of property, plant and equipment	18	-	-	-
Finance income (Note 21)	(12,535)	(3,135)	(5,466)	(394)
Finance costs (Note 21)	62,122	37,071	10,270	-
Employment benefits (Note 17)	51	100	-	-
Net unrealised foreign exchange (gain)/loss	425	14,320	(6)	-
Share of (profit)/loss in equity-accounted associates, net of tax	(13,880)	2,092	-	-
Share of other comprehensive income in equity- accounted associates, net of tax	(3,447)	-	-	-
Gain on disposal of subsidiaries	(817)	-	-	-
Operating profit before changes in working capital	561,352	465,545	118,723	69,435
Changes in working capital:				
Inventories	(262,952)	(117,456)	-	-
Trade and other receivables	(91,356)	(213,947)	-	(7,251)
Trade and other payables	(99,468)	(59,982)	2,771	1,440
Contract assets	(19,692)	29,613	-	-
Contract liabilities	18,559	-	-	-
Cash generated from operations	106,443	103,773	121,494	63,624
Interest or profit paid	(1,032)	(581)	-	-
Tax paid	(22,168)	(17,854)	(461)	-
Net cash from operating activities	83,243	85,338	121,033	63,624

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Statements of cash flows for the year ended 31 December 2018 (continued)

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Cash flows from investing activities				
Acquisition of property, plant and equipment [Note (i)]	(551,917)	(256,530)	-	-
Acquisition of shares in associates	(267,306)	(34,000)	-	-
Acquisition of subsidiaries, net of cash and cash equivalent [Note 30(a)]	(3,961)	-	-	-
Interest received	12,535	3,135	5,466	394
Decrease/(Increase) in term deposits pledged to banks	16,370	(7,840)	-	-
(Decrease)/Increase in other investment	(74,888)	3,977	-	-
Acquisition of intangible assets	-	(3,151)	-	-
Dividends received from a quoted associate	10,539	-	-	-
Advance to an associate	-	(59,700)	-	-
Advance to subsidiaries	-	-	(935,723)	(387,183)
Net cash used in investing activities	(858,628)	(354,109)	(930,257)	(386,789)
Cash flows from financing activities				
Interest or profit paid	(50,821)	(36,490)	-	-
Net proceeds from issuance of ordinary shares	416,153	396,394	416,153	396,394
Net proceeds from term loans	292,727	6,777	-	-
Net repayment of finance lease liabilities	(8,818)	(1,924)	-	-
Net (repayment)/proceeds from loans and borrowings	(98,297)	91,882	-	-
Net proceeds from Sukuk (Islamic)	798,990	-	798,990	-
Dividends paid to owners of the Company (Note 25)	(107,201)	(69,420)	(107,201)	(69,420)
Net cash from financing activities	1,242,733	387,219	1,107,942	326,974

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Statement of cash flows for the year ended 31 December 2018 (continued)

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Net increase in cash and cash equivalents	467,348	118,448	298,718	3,809
Cash and cash equivalents at beginning of year	158,469	43,731	3,810	1
Effect of exchange rate fluctuation on cash held	5,698	(3,710)	-	-
Cash and cash equivalents at end of year [Note (ii)]	631,515	158,469	302,528	3,810

Notes:

(i) Acquisition of property, plant and equipment

During the year, the Group acquired property, plant and equipment as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Paid in cash	551,917	256,530	-	-
In the form of finance lease [Note 16(iv)]	3,405	8,880	-	-
In the form of payables (Note 18.3)	140,573	-	-	-
Total (see Note 3)	695,895	265,410	-	-

(ii) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts in the statements of financial position:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Term deposits placed with licensed banks	232,632	148,661	100,341	-
Cash and bank balances	528,159	152,117	202,187	3,810
Total (see Note 13)	760,791	300,778	302,528	3,810
Less: Bank overdrafts (Note 16)	(14,638)	(11,301)	-	-
Less: Deposits pledged (Note 13)	(114,638)	(131,008)	-	-
	631,515	158,469	302,528	3,810

The notes on pages 16 to 126 are an integral part of these financial statements.

Serba Dinamik Holdings Berhad
(Company No. 1167905 - P)
(Incorporated in Malaysia)
and its subsidiaries

Notes to the financial statements

Serba Dinamik Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia. The address of its registered office is Level 15, Menara Serba Dinamik, Presint 3.4, Persiaran Perbandaran, Seksyen 14, 40000 Shah Alam, Selangor, Malaysia.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2018 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates. The financial statements of the Company as at and for the year ended 31 December 2018 do not include other entities.

The Company is principally engaged in investment holding and provision of management services while the principal activities of the subsidiaries are stated in Note 4 to the financial statements.

The financial statements were authorised for issue by the Board of Directors on 16 April 2019.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRS / Amendment / Interpretation	Effective date
MFRS 16, *Leases*	1 January 2019
Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	1 January 2019
Amendments to MFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	1 January 2019
Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	1 January 2019

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1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRS / Amendment / Interpretation	**Effective date**
Amendments to MFRS 119, *Employee Benefits - Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	1 January 2019
Amendments to MFRS 128, *Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures*	1 January 2019
IC Interpretation 23, *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2018 Cycle)*	1 January 2020
Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*	1 January 2020
MFRS 17, *Insurance Contracts*	1 January 2021
Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2019 for those accounting standards, interpretations and amendments that are effective for annual periods beginning on or after 1 January 2019.

- from the annual period beginning on 1 January 2020 for those accounting standards, interpretations and amendments that are effective for annual periods beginning on or after 1 January 2020.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases - Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The adoption of MFRS 16 will result in a change in accounting policy. Based on the assessment, the Group and the Company do not expect the application of MFRS 16 to have a significant impact on its consolidated financial statements.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, other than disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Group entities, unless otherwise stated.

Arising from the adoption of MFRS 15, *Revenue from Contracts with Customer* and MFRS 9, *Financial Instruments*, there are changes to the accounting policies of:

(i) Financial instruments;
(ii) Revenue recognition; and
(iii) Impairment losses of financial instruments

as compared to those adopted in previous financial statements. The impacts arising from the changes are disclosed in Note 34.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

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2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain or loss is recognised directly in equity.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(vi) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) Associates (continued)

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Group's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

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2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vii) Non-controlling interests (continued)

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

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2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Foreign currency transactions (continued)

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments,* the Group and the Company have elected not to restate the comparatives.

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2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

Current financial year

A financial asset (unless it is a trade receivables without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

Previous financial year

Financial instrument was recognised initially, at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that were directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative was recognised separately from the host contract and accounted for as a derivative if, and only if, it was not closely related to the economic characteristics and risks of the host contract and the host contract was not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative was recognised separately, was accounted for in accordance with policy applicable to the nature of the host contract.

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2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

Financial assets

Current financial year

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see note 2(l)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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2. **Significant accounting policies** (continued)

(c) **Financial instruments** (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

Current financial year (continued)

(b) ***Fair value through profit or loss*** (continued)

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment [see note 2(l)(i)].

Previous financial year

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, *Financial Instruments*: *Recognition and Measurement* as follows:

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprised financial assets that were held for trading, including derivatives (except for a derivative that was a financial guarantee contract or a designated and effective hedging instrument), financial assets that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments whose fair values could not be reliably measured were measured at cost.

Other financial assets categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

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2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

Previous financial year (continued)

(b) Held-to-maturity

Held-to-maturity investments category comprised debt instruments that were quoted in an active market and the Group or the Company had the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments were subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprises debt instruments that were not quoted in an active market.

Financial assets categorised as loans and receivables were subsequently measured at amortised cost using the effective interest method.

(d) Available-for-sale financial assets

Available-for-sale category comprised investment in equity and debt securities instruments that were not held for trading.

Investments in equity instruments that did not have a quoted market price in an active market and whose fair value could not be reliably measured were measured at cost. Other financial assets categorised as available-for-sale were subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which were recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income was reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method was recognised in profit or loss.

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2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

Previous financial year (continued)

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment [see Note 2(l)(i)].

Financial liabilities

Current financial year

The categories of financial liabilities at initial recognition are as follows:

(a) ***Fair value through profit or loss***

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

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2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities (continued)

Current financial year (continued)

(a) ***Fair value through profit or loss*** (continued)

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) ***Amortised cost***

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Previous financial year

In the previous financial year, financial liabilities of the Group and the Company were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprised financial liabilities that were derivatives (except for a derivative that was a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combinations or financial liabilities that were specifically designated into this category upon initial recognition.

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2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities (continued)

Previous financial year (continued)

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments that did not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured were measured at cost.

Financial liabilities categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Current financial year

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers.*

Liabilities arising from financial guarantees are presented together with other provisions.

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2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Financial guarantee contracts (continued)

Previous financial year

In the previous financial year, fair value arising from financial guarantee contracts were classified as deferred income and was amortised to profit or loss using a straight-line method over the contractual period or, when there was no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract was probable, an estimate of the obligation was made. If the carrying value of the financial guarantee contract was lower than the obligation, the carrying value was adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:
(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:
(a) the recognition of an asset on the day it is received by the Group or the Company, and
(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that it is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

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2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part thereof is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" and "administrative expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Assets under construction are not depreciated until the assets are ready for their intended use.

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2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives for the current and comparative are as follows:

Buildings	50 years
Plant and machinery	10 years
Motor vehicles	5 years
Furniture, fittings and office equipment	3 - 10 years
Tools and equipment	10 years
Office renovation	10 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

2. Significant accounting policies (continued)

(e) Leased assets (continued)

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(ii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

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2. Significant accounting policies (continued)

(f) Intangible assets (continued)

(iv) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a usage basis over the estimated production of gas quota.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is determined on the first-in first-out cost basis. The cost of inventories include expenditure in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

(h) Non-current asset held for sale

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Property, plant and equipment once classified as held for sale are not amortised or depreciated.

2. Significant accounting policies (continued)

(i) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* [see note 2(l)(i)].

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(j) Contract cost

(i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

(ii) Cost to fulfill a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group or the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

2. Significant accounting policies (continued)

(l) Impairment

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company elected not to restate the comparatives.

Current financial year

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets (if any). Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group or the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

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2. Significant accounting policies (continued)

(l) Impairment (continued)

(i) Financial assets (continued)

Current financial year (continued)

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised is credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and associates) were assessed at each reporting date whether there was any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, were not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost was an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset was estimated.

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2. Significant accounting policies (continued)

(l) Impairment (continued)

(i) Financial assets (continued)

Previous financial year (continued)

An impairment loss in respect of loans and receivables and held-to-maturity investments was recognised in profit or loss and was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset was reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets was recognised in profit or loss and was measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset had been recognised in the other comprehensive income, the cumulative loss in other comprehensive income was reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that was carried at cost was recognised in profit or loss and was measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale was not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed, to the extent that the asset's carrying amount did not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal was recognised in profit or loss.

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2. Significant accounting policies (continued)

(l) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for inventories [refer Note 2(g)] and deferred tax assets [refer Note 2(q)]) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purpose. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amounts of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

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2. Significant accounting policies (continued)

(l) Impairment (continued)

(ii) Other assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial period in which the reversals are recognised.

(m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Group's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

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2. Significant accounting policies (continued)

(n) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior period, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

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2. Significant accounting policies (continued)

(n) Employee benefits (continued)

(iii) Defined benefit plans (continued)

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Site restoration

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

(iii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

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2. Significant accounting policies (continued)

(p) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Rental income

Rental income is recognised in profit or loss as it accrues, based on rates agreed with tenants.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Interest income

Interest income is recognised in profit or loss as it accrues, taking into account the effective yield on the asset.

(v) Management fees

Management fees are recognised in profit or loss as it accrues at contracted rates.

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2. Significant accounting policies (continued)

(q) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(r) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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2. Significant accounting policies (continued)

(r) Income tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(s) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares (“EPS”).

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group or the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

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2. Significant accounting policies (continued)

(u) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(v) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

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3. Property, plant and equipment - Group

	Freehold land RM'000	Long-term leasehold land (Unexpired lease term > 50 years) RM'000	Short-term leasehold land (Unexpired lease term < 50 years) RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Tools and equipment RM'000	Office renovation RM'000	Assets under construction Land use rights RM'000	Assets under construction Other assets RM'000	Total RM'000
Cost												
At 1 January 2017	4,066	3,100	936	11,643	179,849	16,411	6,307	380,330	2,472	-	18,929	624,043
Additions	-	-	20,154	45,359	30,596	8,336	805	103,488	390	-	56,282	265,410
Total effect of movement in exchange rates	(37)	-	-	-	(6,298)	(146)	(33)	(27,665)	-	-	(2,039)	(36,218)
Transfers	-	-	-	15,704	-	-	-	-	-	-	(15,704)	-
At 31 December 2017/ 1 January 2018	4,029	3,100	21,090	72,706	204,147	24,601	7,079	456,153	2,862	-	57,468	853,235
Additions	-	-	-	2	188,973	406	1,548	242,298	2,110	196,544	64,014	695,895
Acquisitions through business combination [Note 30(a)]	2,004	-	-	-	1,275	83	14	79	63	-	-	3,518
Total effect of movement in exchange rates	(137)	-	-	(547)	4,476	(1,862)	(6)	6,280	(1)	-	(1,193)	7,010
Disposal	-	-	-	-	(5)	(118)	(2)	-	-	-	-	(125)
At 31 December 2018	5,896	3,100	21,090	72,161	398,866	23,110	8,633	704,810	5,034	196,544	120,289	1,559,533

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3. Property, plant and equipment - Group (continued)

	Freehold land RM'000	Long-term leasehold land (Unexpired lease term > 50 years) RM'000	Short-term leasehold land (Unexpired lease term < 50 years) RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Tools and equipment RM'000	Office renovation RM'000	Assets under construction: Land use rights RM'000	Assets under construction: Other assets RM'000	Total RM'000
Depreciation												
At 1 January 2017	-	80	282	1,486	35,153	9,486	3,368	82,740	1,275	-	-	133,870
Depreciation for the year (Note 20)	-	10	154	2,511	20,063	3,165	566	42,335	222	-	-	69,026
Total effect of movement in exchange rates	-	-	(40)	(155)	(2,389)	(53)	61	(5,211)	-	-	-	(7,787)
At 31 December 2017/ 1 January 2018	-	90	396	3,842	52,827	12,598	3,995	119,864	1,497	-	-	195,109
Depreciation for the year (Note 20)	-	26	-	1,934	29,573	3,313	545	54,088	302	-	-	89,781
Total effect of movement in exchange rates	-	-	(137)	(1,255)	1,140	(31)	13	1,931	(1)	-	-	1,660
Disposal	-	-	-	-	-	(107)	-	-	-	-	-	(107)
At 31 December 2018	-	116	259	4,521	83,540	15,773	4,553	175,883	1,798	-	-	286,443
Carrying amounts												
At 31 December 2017	4,029	3,010	20,694	68,864	151,320	12,003	3,084	336,289	1,365	-	57,468	658,126
At 31 December 2018	5,896	2,984	20,831	67,640	315,326	7,337	4,080	528,927	3,236	196,544	120,289	1,273,090

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3. Property, plant and equipment (continued)

3.1 Leased property, plant and equipment

The carrying amounts of the property, plant and equipment under finance leases are as follows:

	Carrying amounts	
	2018	**2017**
	RM'000	**RM'000**
Group		
Plant and machinery	6,501	9,572
Motor vehicles	6,197	9,066
	12,698	18,638

3.2 Security

The assets under finance leases are charged to secure the finance lease liabilities of the Group (see Note 16).

The following property, plant and equipment are charged as security for certain borrowings of the Group (see Note 16).

	Carrying amounts	
	2018	**2017**
	RM'000	**RM'000**
Group		
Buildings	53,515	54,642
Leasehold land	1,161	12,721
Plant and machinery, tools and equipment	-	12,908

4. Investment in subsidiaries - Company

	2018	**2017**
	RM'000	**RM'000**
Unquoted shares, at cost	531,800	531,800

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4. Investment in subsidiaries - Company (continued)

Details of subsidiaries, are as follows:

Subsidiary	**Country of incorporation**	**Principal activities**	**Effective ownership interest and voting interest 2018 %**	**2017 %**
Serba Dinamik Group Berhad ("SDGB")	Malaysia	Investment holding and provision of management services	100	100
Subsidiaries of SDGB				
Serba Dinamik International Limited ("SDIL")	Malaysia	Operation and maintenance of plants and facilities, engineering, procurement, construction and commissioning and related products and services	100	100
Serba Dinamik Sdn. Bhd. ("SDSB")	Malaysia	Operation and maintenance of plants and facilities, engineering, procurement, construction and commissioning, technical training and related products and services	100	100
Serba Dinamik IT Solutions Sdn. Bhd. ("SDIT")	Malaysia	Information and communications technology software and solutions	100	100
SD Controls Sdn. Bhd.	Malaysia	Testing and calibration of process control and instrumentation	80	80
SD Advance Engineering Sdn. Bhd.	Malaysia	Maintenance of micro turbines and related products and services	51	51
Serba Dinamik (B) Sdn. Bhd. ^^	Brunei	Operation and maintenance of plants and facilities, engineering, procurement, construction and commissioning and related products and services	75	75
AR Global Engineering Sdn. Bhd.	Malaysia	Process control, instrumentation and related products and services	100	100
Serba Dinamik RMC FZE ^^	United Arab Emirates	Maintenance, repair and overhaul, fabrication and logistic services	100	100

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4. Investment in subsidiaries - Company (continued)

Subsidiary	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2018 %	2017 %
KB Engineering Coatings Sdn. Bhd. **	Malaysia	Services and repairing of machinery and sale of spare part	100	-
Serba Dinamik Power Sdn. Bhd.	Malaysia	Dormant	100	-
Serba Dinamik Development Sdn. Bhd.	Malaysia	Dormant	100	-
Subsidiary of SDIL				
PT Serba Dinamik Indonesia **	Indonesia	Operation and maintenance of plants and facilities, engineering, procurement, construction and commissioning and related products and services	75	75
Serba Dinamik International Petroleum Services W.L.L. **	Kingdom of Bahrain	Operation and maintenance of plants and facilities, engineering, procurement, construction and commissioning and related products and services	99	99
Serba Dinamik International Limited ^^	United Kingdom	Inspection, repair and maintenance of static equipment and structures, and related products and services	100	100
PT Kubic Gasco ("PTKG") **	Indonesia	Processing and supply of compressed natural gas	51	51
SD International Sukuk Limited	Malaysia	Dormant	100	-
EMCO Holdings SA ("EH")**	Switzerland	Acquire, sell, hold, manage and oversee participant in other companies	100	-

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4. Investment in subsidiaries - Company (continued)

Subsidiary	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2018 %	2017 %
Subsidiary of SDSB				
Quantum Offshore Limited ^^	United Kingdom	Design, engineering and installation of auxiliary power generators and firefighting systems and equipment	100	100
Serba Dinamik Construction Sdn. Bhd. (formerly known as Top Luxury Sdn. Bhd.)	Malaysia	Dormant	100	100
Supreme Vista Industries Sdn. Bhd. **	Malaysia	Dormant	100	-
Subsidiary of SDIT				
Telegistics Asia Sdn. Bhd.	Malaysia	Internet and mobile applications solutions	100	100
Subsidiary of PTKG				
PT Delta Conusa Gas **	Indonesia	Dormant	-	90
PT Muaro Jambi Energi **	Indonesia	Dormant	-	82

** *Not audited by member firms of KPMG International*

^^ *The subsidiary is exempted from statutory audit as permitted by the authority in the relevant country*

On 14 February 2018, the Group via SDGB, a wholly owned subsidiary of the Company entered into a conditional Share Sale Agreement to acquire 1,000,000 ordinary shares in KB Engineering Coatings Sdn. Bhd. which represent 100% of the issued share capital for a total cash consideration of RM2,000,000.

On 14 March 2018, the Group via SDGB, a wholly owned subsidiary of the Company has subscribed 1 ordinary share representing 100% shareholdings in Serba Dinamik Power Sdn. Bhd. for a total cash consideration of RM1.

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4. Investment in subsidiaries - Company (continued)

On 10 August 2018, the Group via SDIL, a wholly owned subsidiary of the Company has subscribed 100 ordinary shares representing 100% shareholding in EMCO Holdings SA ("EH") for a total cash consideration of approximately RM401,349.

On 24 August 2018, PT Kubic Gasco, a subsidiary of SDIL has:

i) Disposed 82% equity interest in PT Muaro Jambi Energi representing 8,200 shares to Nugroho Widiyantoro for consideration of IDR8,200,000,000; and

ii) Dissolved of PT Delta Conusa Gas which is currently pending completion with respect to the court trial of company dissolution.

On 6 September 2018, the Group via SDIL, a wholly owned indirect subsidiary of the Company has subscribed 1,000 ordinary shares representing 100% shareholdings in SD International Sukuk Limited for a total cash consideration of RM4,146.

On 9 November 2018, the Group via SDGB, a wholly owned subsidiary of the Company has subscribed 1 ordinary share representing 100% shareholdings in Serba Dinamik Development Sdn. Bhd. for a total cash consideration of RM1.

On 1 January 2016, the Group entered into a sale of shares agreement for the acquisition of 100% equity interest in Supreme Vista Industries Sdn. Bhd. for a cash consideration of RM2,004,255. The acquisition has completed during the year and transferred from deposits.

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4. Investment in subsidiaries - Company (continued)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows:

2018	**PT Serba Dinamik Indonesia RM'000**	**PT Kubic Gasco RM'000**	**SD Advance Engineering Sdn. Bhd. RM'000**	**Other individually immaterial subsidiaries RM'000**	**Total RM'000**
NCI percentage of ownership interest and voting interest	25%	49%	49%		
Carrying amount of NCI	739	2,369	1,299	(317)	4,090
Profit allocated to NCI	19	1,119	143	84	1,365
Summarised financial information before intra-group elimination					
As at 31 December					
Non-current assets	3,686	19,812	3,374		
Current assets	31,689	21,581	16,597		
Non-current liabilities	(634)	(5,345)	(96)		
Current liabilities	(31,783)	(31,213)	(17,224)		
Net assets	2,958	4,835	2,651		
Year ended 31 December					
Revenue	20,904	16,943	5,833		
Profit for the year	77	2,284	292		
Total comprehensive income/(loss)	(45)	1,963	292		

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4. Investment in subsidiaries - Company (continued)

Non-controlling interests in subsidiaries (continued)

Year ended 31 December (continued)

Summarised financial information before intra-group elimination (continued)

	PT Serba Dinamik Indonesia RM'000	**PT Kubic Gasco RM'000**	**SD Advance Engineering Sdn. Bhd. RM'000**
Cash flows (used in)/from operating activities	(6,555)	(3,899)	3,698
Cash flows from/(used in)investing activities	19	(1,153)	(3,639)
Cash flows from financing activities	7,306	5,326	23
Net increase in cash and cash equivalents	770	274	82

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4. Investment in subsidiaries - Company (continued)

Non-controlling interests in subsidiaries (continued)

The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows:

2017	PT Serba Dinamik Indonesia RM'000	PT Kubic Gasco RM'000	SD Advance Engineering Sdn. Bhd. RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	25%	49%	49%		
Carrying amount of NCI	750	2,036	1,143	(52)	3,877
Profit/(Loss) allocated to NCI	19	(3,321)	145	(138)	(3,295)
Summarised financial information before intra-group elimination					
As at 31 December					
Non-current assets	4,537	24,504	206		
Current assets	22,857	8,533	11,748		
Non-current liabilities	(532)	(7,254)	(6)		
Current liabilities	(23,859)	(21,618)	(9,615)		
Net assets	3,003	4,165	2,333		
Year ended 31 December					
Revenue	22,167	2,920	11,482		
Profit/(Loss) for the year	77	(6,777)	296		
Total comprehensive income/(loss)	77	(6,777)	296		

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4. Investment in subsidiaries - Company (continued)

Non-controlling interests in subsidiaries (continued)

2017	PT Serba Dinamik Indonesia RM'000	PT Kubic Gasco RM'000	SD Advance Engineering Sdn. Bhd. RM'000
Year ended 31 December (continued)			
Summarised financial information before intra-group elimination (continued)			
Cash flows (used in)/from operating activities	(1,467)	(3,966)	189
Cash flows from/(used in)investing activities	30	(3,067)	(144)
Cash flows from financing activities	2,074	11,148	6
Net increase in cash and cash equivalents	637	4,115	51

5. Investment in associates - Group

	2018 RM'000	2017 RM'000
Group		
Unquoted shares, at cost	97,538	46,396
Quoted shares, at cost	203,853	-
	301,391	46,396
Share of post-acquisition reserve	4,696	(2,092)
Impairment loss	(176)	(176)
	305,911	44,128
Market value		
Quoted shares	182,427	-

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5. Investment in associates - Group (continued)

In the prior year, the Group has acquired 40% equity in Konsortium Amanie JV Sdn. Bhd. for a purchase consideration of RM34,000,000.

During the year, the Group has acquired the followings:

i) On 10 January 2018, SDIL, a wholly owned indirect subsidiary of the Company has acquired 666,670 ordinary shares representing 40% of Sreem Serba Turbines Private Limited for a total cash consideration of approximately RM1,021,501.

ii) On 20 February 2018, SDIL, a wholly owned indirect subsidiary of the Company has subscribed 250 ordinary shares representing 25% shareholding in Sufini Holding Ltd. for a total cash consideration approximately RM975,375.

iii) On 5 April 2018, SDGB, a wholly owned subsidiary of the Company has completed the acquisition of 14,000 ordinary shares representing 30% of Al Murisi Development Sdn. Bhd. for a total cash consideration of approximately RM18,300,000.

iv) On 11 April 2018, SDIL, a wholly owned indirect subsidiary of the Company entered into a Share Purchase Agreement to acquire 1,470 shares of AED1,000 each representing 49% of equity stake in Al Sagar Engineering Group LLC and Al Sagar National Establishment ("Al Sagar") for a total cash consideration of approximately RM10,544,800.

v) On 13 April 2018, SDIL, a wholly owned indirect subsidiary of the Company entered into eight (8) Share Purchase Agreement to acquire 128,166,250 ordinary shares representing 24.84% of equity stake in CSE Global Limited ("CSE") for a total cash consideration of approximately RM170,567,490.

vi) On 19 July 2018, SDIL, a wholly owned indirect subsidiary of the Company has acquired 51,806,000 ordinary shares representing 15% of Green & Smart Holdings PLC for a total cash consideration of approximately RM16,995,024. Subsequently, on 22 November 2018, Serba Dinamik Group Berhad ("SDGB") a wholly owned subsidiary of the Company entered into a Share Sale Agreement to subscribe 34,537,581 ordinary shares representing approximately 10% equity interest in Green & Smart Holdings PLC for a consideration of RM13,000,000.

vii) On 10 August 2018, the Group has acquired 200 ordinary shares in La Rapida SA via EMCO Holdings SA ("EH"), a wholly owned indirect subsidiary of the Company, representing 20% of shareholdings with purchase consideration of approximately RM6,020,230.

viii) On 5 December 2018, SDIT a wholly owned indirect subsidiary of the Company entered into a Share Sale Agreement to subscribe 251,152 ordinary shares representing approximately 30% equity interest in eNoah iSolution India Private Limited. for a consideration of approximately RM14,940,000.

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5. Investment in associates - Group (continued)

The particulars of the associates are as follows:

Associate	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2018 %	2017 %
Serba Dinamik International Qatar *	Qatar	Dormant	49	49
Adat Sanjung Sdn. Bhd.*	Malaysia	Investment holdings	30	30
Konsortium Amanie JV Sdn. Bhd. *	Malaysia	Developer of water treatment plant	40	40
Al Murisi Development Sdn. Bhd. *	Malaysia	Dormant	30	-
eNoah iSolution India Private Limited *	India	Technology ("IT") solutions, business process management services and support services	30	-
La Rapida SA *	Switzerland	Specialized in the manufacturing of turbine blades, gas & steam turbine components, geothermal and compressor components	20	-
Sreem Serba Turbines Private Limited *	India	Design and Manufacturing of custom designed steam turbines	40	-
Sufini Holding Ltd. *	Abu Dhabi	Special purposed vehicles for the construction of chlor-alkali plant	25	-
Al-Sagar Engineering * Group LLC and Al Sagar National Establishment ("Al Sagar")	United Arab Emirates	Oil & Gas sector Water & Utilities sector	49	-
CSE Global Limited *	Singapore	Oil and Gas, petrochemical, utilities, public infrastructure, environmental and healthcare	24.84	-
Green & Smart Holdings PLC *	Malaysia	Investment holding company	25	-
SD Enertech Sdn Bhd *	Malaysia	Dormant	25	-

* *Audited by another firm of Chartered Accountants.*

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5. Investment in associates - Group (continued)

Group	CSE Global Limited RM'000	Green & Smart Holdings PLC RM'000	Adat Sanjung Sdn. Bhd. RM'000	Konsortium Amanie JV Sdn. Bhd. RM'000	Al Murisi Development Sdn. Bhd. RM'000
2018					
Summarised financial information					
As at 31 December					
Non-current assets	177,947	42,467	5,023	539	19,658
Current assets	638,851	57,578	236,775	297,736	4,827,848
Non-current liabilities	(2,507)	(8,401)	(137,519)	(170,817)	(1,173,539)
Current liabilities	(291,180)	(39,930)	(101,308)	(124,863)	-
	523,111	51,714	2,971	2,595	3,673,967
Year ended 31 December					
Profit/(Loss) from continuing operations	58,148	(13,165)	1,913	(409)	(1,015)
Total comprehensive income/(loss)	59,889	(12,677)	1,913	(409)	(1,015)
Included in the total comprehensive income is					
Revenue	1,126,970	1,924	4,279	21,039	-

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5. Investment in associates - Group (continued)

Group	CSE Global Limited RM'000	Green & Smart Holdings PLC RM'000	Adat Sanjung Sdn. Bhd. RM'000	Konsortium Amanie JV Sdn. Bhd. RM'000	Al Murisi Development Sdn. Bhd. RM'000	Other individually immaterial associates RM'000	Total RM'000
Reconciliation of net assets to carrying amount as at 31 December							
Group's share of net assets	129,090	12,929	(519)	1,038	1,102	14,616	158,256
Goodwill	48,378	16,290	13,551	33,948	16,893	18,595	147,655
Carrying amount in statement of financial position	177,468	29,219	13,032	34,986	17,995	33,211	305,911
Group's share of results for the year ended 31 December							
Group's share of profit or loss from continuing operations	10,701	(801)	2,675	(1,215)	(304)	2,824	13,880
Group's share of other comprehensive income	3,447	-	-	-	-	-	3,447
Group's share of total comprehensive income	14,148	(801)	2,675	(1,215)	(304)	2,824	17,327
Other information							
Dividend received by the Group	(10,539)	-	-	-	-	-	(10,539)

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5. Investment in associates - Group (continued)

Group	Adat Sanjung Sdn. Bhd. RM'000	Konsortium Amanie JV Sdn. Bhd. RM'000	Total RM'000
2017			
Summarised financial information			
As at 31 December			
Non-current assets	346	106,951	
Current assets	171,216	4,769	
Non-current liabilities	(96,410)	(270)	
Current liabilities	(76,417)	(116,329)	
	(1,265)	(4,879)	
Year ended 31 December			
Loss from continuing operations	(7,126)	(573)	
Total comprehensive loss	(7,126)	(573)	
Included in the total comprehensive loss is			
Revenue	4,414	-	
Reconciliation of net assets to carrying amount as at 31 December			
Group's share of net assets	(3,194)	(177)	(3,371)
Goodwill	13,551	33,948	47,499
Carrying amount in the statement of financial position	10,357	33,771	44,128
Group's share of results for the year ended 31 December			
Group share of profit or loss from continuing operations	(1,863)	(229)	(2,092)

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6. Other investments - Group

	RM'000
2018	
Non-current	
Fair value through profit or loss	503
	========
Representing items:	
- market value of quoted shares (Note 27)	106
- fair value of unit trust (Note 27)	397
	========
Current	
Fair value through profit or loss	69,952
	========
2017	
Non-current	
Available-for-sale financial assets	
- quoted shares in Malaysia	106
- unit trust	201
	307
	========
Representing items:	
- market value of quoted shares (Note 27)	80
- fair value of unit trust (Note 27)	223
	========
Current	
Loans and receivables	
- Fixed deposits placed with licensed banks with original maturities exceeding three months	48,469
	========

Fixed deposits are pledged for banking facilities granted to the subsidiaries (see Note 16).

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7. Intangible assets - Group

	Note	Goodwill RM'000	License and rights RM'000	Total RM'000
Cost				
At 1 January 2017		3,832	4	3,836
Additions		-	3,151	3,151
At 31 December 2017/ 1 January 2018		3,832	3,155	6,987
Acquisition through business combination	30(a)	1,426	-	1,426
Amortisation		-	(2,009)	(2,009)
At 31 December 2018		5,258	1,146	6,404

License and rights

Included in the license and rights is the rights of the Group to acquire and use or execute a gas quantity (quota) in accordance with provisions stipulated by the government (Pertamina PEP) to a subsidiary, PD Muaro Jambi Energi as a KSO Partner. The term of the agreement is for six years.

The amortisation of the license and rights is recognised in cost of sales as the gas is used or sold.

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating activities which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of this goodwill is allocated to a subsidiary, which hold a DNV Business Assurance Management System Certification ISO 9001:2008, which is valid for the design and manufacture of fire pumps and power generation systems to the offshore industry. Value in use is used to assess the recoverable amount of the CGU.

The budgeted cash flows was based on the following key assumptions:

- Cash flows were projected based on past experience, with anticipated profit growth by 10% for the years 2019 to 2039; and
- A pre-tax discount of 9% was applied to discount the estimated cash flow.

The key assumptions used for the value in use computations are that the markets will grow and the Group will maintain its market share and gross margins will be maintained at current level.

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8. Deferred assets/(liabilities) - Group

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Property, plant and equipment	-	-	(30,352)	(15,529)	(30,352)	(15,529)
Post employment benefits	135	259	-	-	135	259
Others	11	2,444	-	-	11	2,444
Tax assets/(liabilities)	146	2,703	(30,352)	(15,529)	(30,206)	(12,826)
Set off of tax	355	107	(355)	(107)	-	-
Net tax assets/(liabilities)	501	2,810	(30,707)	(15,636)	(30,206)	(12,826)

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8. Deferred assets/(liabilities) - Group (continued)

Movements in deferred tax during the year are as follows:

	At 01.01.2017 RM'000	Recognised in profit or loss RM'000	Effect of movement in exchange rate RM'000	At 31.12.2017/ 01.01.2018 RM'000	Recognised in profit or loss RM'000	At 31.12.2018 RM'000
Property, plant and equipment	(14,243)	(1,286)	-	(15,529)	(16,995)	(32,524)
Post employment benefits	703	(486)	42	259	(124)	135
Others	(112)	2,556	-	2,444	(261)	2,183
	(13,652)	784	42	(12,826)	(17,380)	(30,206)
		(Note 22)			(Note 22)	

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9. Inventories - Group

	2018 RM'000	2017 RM'000
At cost		
Material on site	842,981	564,298
Spare parts and consumables	5,269	13,464
	848,250	577,762
Recognised in profit or loss		
- inventories recognised as cost of contracts with customers	1,319,821	1,092,689

10. Contract balances – Group

	2018 RM'000	2017 RM'000
Group		
Contract assets	61,177	40,540
Contract liabilities	(18,559)	-

10.1 Contract assets/(liabilities)

The contract assets primarily relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 60 days.

The contract liabilities primarily relate to the advance consideration received from a customer for construction contract, which revenue is recognised overtime during the construction period.

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10. **Contract balances** (continued)

10.1 **Contract assets/(liabilities)** (continued)

Significant changes to contract assets and contract liabilities balances during the period are as follows:

	2018 RM'000	2017 RM'000
Group		
Contract assets at the beginning of the period not transferred to trade receivables due to change in time frame	(40,540)	-

10.2 **Impairment assessment on contract assets**

Credit risk on contract assets arose from O&M and EPCC projects undertaken by the Group. As at end of the reporting period, the maximum exposure to credit risk arising from contract assets is represented by the carrying amount in the statement of financial position. Management has taken reasonable steps to ensure the contract assets are not credit impaired.

11. Trade and other receivables

		Group		Company	
	Note	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Trade					
Trade receivables		923,617	755,011	-	-
Non-trade					
Amount due from subsidiaries	11.1	-	-	1,365,410	420,735
Amount due from an associate	11.2	13,593	59,700	-	-
Other receivables		20,067	25,083	-	-
		33,660	84,783	1,365,410	420,735
Total		957,277	839,794	1,365,410	420,735

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11. Trade and other receivables (continued)

11.1 Amount due from subsidiaries is unsecured, interest free and repayable on demand.

11.2 Amount due from an associate is unsecured, interest free and repayable on demand.

11.3 The Group entered into a non-recourse Receivables Purchase Framework Agreement with a licensed bank, of which the Group may request the bank to purchase any receivables offered. An amount of RM104,544,732 have been derecognised from the statement of financial statement as at reporting date, because the Group has transferred substantially all the risk and reward - primary credit risk to the bank.

11.4 Trade receivables denominated in foreign currencies comprise the following amounts.

	Group	
	2018	**2017**
	RM'000	**RM'000**
United States Dollar ("USD")	698,992	454,567

12. Deposits and prepayments

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits for:				
- land	-	15,697	-	-
- investments	38,283	12,834	-	-
- others	5,848	2,170	-	-
	44,131	30,701	-	-
Prepayments	23,134	9,529	-	-
	67,265	40,230	-	-

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12. Deposits and prepayments (continued)

12.1 Included in deposits are the following:

i) On 28 August 2017, SDGB, a wholly owned subsidiary of the Company entered into a Joint Development Agreement ("JDA") with Greenearth Landmark Sdn. Bhd. to jointly oversee the commercial development. An amount of RM25,000,000 (2017: RM7,000,000) has been paid to date.

ii) On 7 September 2018, SDIL, a wholly owned indirect subsidiary of the Company entered into a Share Purchase Agreement to acquire 450 and 6,000 ordinary shares representing 25% and 100% equity interest in Psicon BV and Psicon AVV for a total cash consideration of approximately RM1,929,400 and RM4,560,050 respectively. An amount of RM6,489,450 has been paid as deposits for the acquisition.

iii) On 16 October 2018, SDIL, a wholly owned indirect subsidiary of the Company entered into a Share Purchase Agreement to acquire 49% equity interest in OHP Ventures Incorporated for a total cash consideration of approximately RM3,325,200. An amount of RM3,308,800 has been paid as deposits for the acquisition.

iv) On 31 October 2018, SDSB, a wholly owned indirect subsidiary of the Company entered into a Subscription Agreement to subscribe 366,013 ordinary shares of RM43.71 each representing approximately 42.26% equity interest in E&E Gas Sdn. Bhd. At the same time, SDSB will also subscribe 10,445,000 redeemable convertible preference shares for a consideration of RM10,445,000. An amount of RM3,000,000 has been paid as deposits for the subscription of the preference shares.

v) On 23 November 2018, Telegistics Asia Sdn. Bhd. ("TASB") a wholly owned indirect subsidiary of the Company entered into a Share Sale Agreement to subscribe 175,000 ordinary shares representing approximately 70% equity interest in Materials Technology Education Sdn. Bhd. for a consideration of RM480,000. An amount of RM480,000 has been paid as deposits for the acquisition.

13. Cash and cash equivalents

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits placed with licensed banks	232,632	148,661	100,341	-
Cash and bank balances	528,159	152,117	202,187	3,810
	760,791	300,778	302,528	3,810

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13. Cash and cash equivalents (continued)

13.1 Term deposits amounting to RM114,638,987 (2017: RM131,008,000) are pledged for banking facilities granted to the Group and the Company respectively (see Note 16).

13.2 Cash and bank balances include the following balances denominated in foreign currency:

	2018 RM'000	2017 RM'000
USD	104,068	152,038
	=========	=========

14. Capital and reserves

14.1 Share capital

	Group and Company			
	Amount RM'000 2018	Number of shares 2018	Amount RM'000 2017	Number of shares 2017
Ordinary shares				
Issued and fully paid				
Opening balance	928,194	1,335,000,000	531,800	1,063,600,000
Issued during the financial year	427,200	133,500,000	407,100	271,400,000
Share issue expenses	(11,047)	-	(10,706)	-
	416,153	133,500,000	396,394	271,400,000
	-------------	-----------------	-------------	-----------------
Closing balance	1,344,347	1,468,500,000	928,194	1,335,000,000
	========	==========	=========	==========

The new Companies Act 2016, which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of the transition.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

On 8 February 2017, the Company issued 271,400,000 new ordinary shares as part of the Initial Public Offering at RM1.50 per ordinary share in addition to an offer for sale by the existing shareholders of 118,000,000 shares of the total enlarged capital of the Company.

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14. Capital and reserves (continued)

14.1 Share capital (continued)

On 30 January 2018, the Company has completed a private placement exercise, in which the Company issued 133.5 million new shares with an issue price of RM3.20 per placement shares.

14.2 Merger reserve

Pursuant to the restructuring in relation to the initial public offering, Serba Dinamik Holdings Berhad has acquired the shares in Serba Dinamik Group Berhad for a purchase consideration of RM531,799,999. The difference, net of tax, between the carrying value and purchase consideration was treated as merger reserve.

14.3 Other reserves

		Group	
		2018	**2017**
	Note	**RM'000**	**RM'000**
Foreign currency translation reserve	14.3.1	23,159	19,265
Statutory reserve	14.3.2	275	275
Capital redemption reserve	14.3.3	36,000	36,000
Capital gain on equity conversion		8,994	8,994
		68,428	64,534

14.3.1 Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

14.3.2 Statutory reserve

In accordance with the provisions of the Bahrain Commercial Companies Law, Decree Number 21 of 2012 in an indirect subsidiary's Memorandum and Articles of Association, an amount equivalent to 10% of the indirect subsidiary's net profit before appropriation is required to be transferred to a non-distributable reserve account until such time as a minimum of 50% of the share capital is set aside.

14.3.3 Capital redemption reserve

Capital redemption reserve was in relation to redeemable preference shares redeemed by subsidiaries, for which amount equivalents to the nominal value of such shares were transferred from retained earnings.

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15. Asset classified as held for sale

On 31 October 2018, the Group via a wholly owned indirect subsidiary, SDSB, entered into a Subscription Agreement to subscribe 366,013 ordinary shares of RM43.71 each representing approximately 42.26% equity interest in E&E Gas Sdn. Bhd. The purchase consideration of RM15,998,428 is to be settled via transfer of this piece of land held under SDSB totalling approximately 10 acres. The completion of the subscription agreement and the transfer of land is expected to be completed by first half of 2019.

	Group	
	2018	**2017**
	RM'000	**RM'000**
Land	16,000	-

16. Loans and borrowings

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current				
Term loans (Islamic) - secured	309,835	12,155	-	-
Term loans - secured	1,336	2,003	-	-
Finance lease liabilities - secured	7,344	10,600	-	-
Sukuk (Islamic) - unsecured	788,990	-	788,990	-
	1,107,505	24,758	788,990	-
Current				
Bank overdrafts (Islamic) - secured	3,281	3,537	-	-
Bank overdrafts - secured	11,357	7,764	-	-
Bankers' acceptances - secured	269	300	-	-
Term loans (Islamic) - secured	4,816	4,958	-	-
Term loans - secured	187	438	-	-
Revolving credits (Islamic) - secured	568,512	592,440	-	-
Revolving credits - secured	1,585	65,847	-	-
Finance lease liabilities - secured	3,944	6,000	-	-
Sukuk (Islamic) - unsecured	10,000	-	10,000	-
	603,951	681,284	10,000	-
Total	1,711,456	706,042	798,990	-

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16. Loans and borrowings (continued)

(i) Security

The bank overdrafts, bankers' acceptances and revolving credits facilities of the Group are secured by the following:

(a) legal charges over on leasehold land and certain buildings of the Group (see Note 3.2).
(b) secured by the facility agreement and pledged term deposits (see Note 6 and Note 13).

The term loans of the Group are secured by the following:

(a) general and supplemental facility agreement.
(b) first and second legal charges over leasehold land and certain buildings of the Group (see Note 3.2).
(c) legal charges over plant and machinery as well as tools and equipment of the Group (see Note 3.2).
(d) legal charges over assets belong to the Directors of the Group.
(e) corporate guarantee from the Company.

Finance lease liabilities of the Group are secured on the respective finance lease assets (see Note 3.2).

The revolving credits (Islamic) of the Group are secured by the following:-

(a) secured by pledged term deposits (see Note 6 and 13);
(b) corporate guarantee from the Company.

(ii) Significant covenants on loans and borrowings

The Group is required to maintain a gearing ratio not exceeding 2.00 times in respect of the banking facilities granted by five licensed banks to the Group. The total outstanding borrowings of the Group with the said banks as at 31 December 2018 are RM283,698,523. The Group has not breached the covenant.

The Islamic term loans, bank overdrafts and revolving credits facilities of RM314,651,000 (2017: RM17,113,000), RM3,281,000 (2017: RM3,537,000) and RM568,512,000 (2017: RM592,440,000) respectively are for Islamic facilities under Bai' Inah and Murabahah contract.

The Group and the Company has issued and finalized a Sukuk Wakalah programme, and raised approximately RM810 million for the purpose of general working capital and refinancing of existing debts with tenure of 5 and 10 years, payable semi-annually, and with maturity on 2023 and 2028 respectively. The Group is required to maintain a debt to equity ratio not exceeding 1.25 times throughout the tenure of Sukuk Wakalah Programmes. The Group has not breached the covenant.

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16. Loans and borrowings (continued)

(iii) Finance lease liabilities

Finance lease liabilities are payable as follows:

	2018		
Group	**Future minimum lease payments RM'000**	**Interest RM'000**	**Present value of minimum lease payments RM'000**
Less than one year	4,573	629	3,944
Between one and two years	3,413	410	3,003
Between two and five years	4,557	267	4,290
More than five years	52	1	51
	12,595	1,307	11,288

	2017		
Group	**Future minimum lease payments RM'000**	**Interest RM'000**	**Present value of minimum lease payments RM'000**
Less than one year	6,932	932	6,000
Between one and two years	4,363	591	3,772
Between two and five years	7,450	629	6,821
More than five years	7	-	7
	18,752	2,152	16,600

16. Loans and borrowings (continued)

(iv) Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1.1.2017 RM'000	Net change from financing cash flows RM'000	Acquisition of new leases RM'000	Effect of movement in exchange rates RM'000	At 31.12.2017/ 1.1.2018 RM'000	Net change from financing cash flows RM'000	Acquisition of new leases RM'000	Effect of movement in exchange rates RM'000	At 31.12.2018 RM'000
Term loans (Islamic)	7,874	9,239	-	-	17,113	293,676	-	3,862	314,651
Term loans	4,903	(2,462)	-	-	2,441	(918)	-	-	1,523
Finance lease liabilities	9,736	(1,924)	8,880	(92)	16,600	(8,717)	3,405	-	11,288
Revolving credits (Islamic)	529,168	103,124	-	(39,852)	592,440	(34,035)	-	10,107	568,512
Revolving credits	77,089	(11,242)	-	-	65,847	(64,262)	-	-	1,585
Bankers' acceptances	300	-	-	-	300	(31)			269
Sukuk (Islamic)	-	-	-	-	-	798,990	-	-	798,990
	629,070	96,735	8,880	(39,944)	694,741	984,703	3,405	13,969	1,696,818

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17. Employment benefits - Group

In accordance with Indonesian Labor Law No.13/2003, the Group provides post employment benefits to the eligible employees of an indirect subsidiary upon terminating their employment or upon attaining retirement age. The benefits payable are determined based on employees length of services and compensation at termination or retirement.

The Group operates the post employment benefits plan for eligible employees of an indirect subsidiary who are Indonesians with age above 20 years and continuous service of at least a year from date of hire. The benefits payable on retirement are based on length of service, input factor and base pay. The retirement age is 55 for employees of the subsidiary. The post employment benefit plan exposes the Group to actuarial risks such as longevity risk, financial risks such as change in discount rates and demographic risk such as turnover rate not being borne out.

The following table shows a reconciliation from the opening balance to the closing balance for defined benefit liability and its components.

	RM'000
Balance at 1 January 2017	492
Included in profit or loss	
Current service cost	100
Balance at 31 December 2017/1 January 2018	592
Included in profit or loss	
Current service cost	51
Balance at 31 December 2018	643

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting date

	2018	**2017**
Average years of service of employees	5.78 years	4.95 years
Annual discount rate	8.80% p.a.	7.2% p.a.
Salary increment rate	10% p.a	10% p.a
Normal pension rate	56 years	56 years
Mortality rate	Table Mortality Indonesia (TMI)	Table Mortality Indonesia (TMI)

Sensitivity analysis

There is no sensitivity analysis performed as any change will be insignificant to the Group.

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18. Trade and other payables

	Group 2018 RM'000	Group 2017 RM'000 Restated	Company 2018 RM'000	Company 2017 RM'000
Non-current				
Other payables (Note 18.3)	55,183	-	-	-
Current				
Trade payables and accruals	200,638	315,382	-	-
Other payables and accruals (Note 18.3)	225,871	107,984	14,594	1,559
Amount due to subsidiaries (Note 18.1)	-	-	35,402	26,450
	426,509	423,366	49,996	28,009
Total	481,692	423,366	49,996	28,009

18.1 Amount due to subsidiaries are interest free, unsecured and repayable on demand.

18.2 Trade and other payables denominated in foreign currencies include the following amounts:

	Group 2018 RM'000	Group 2017 RM'000
USD	162,210	150,678

18.3 (a) The Group through its subsidiary, SDSB had entered into a Joint Venture Agreement ("JVA A") with a third party ("the Land Owner A") on 16 August 2018 to develop a land (the project is hereinafter referred to as "the Proposed Development" and the land, as "the Project Land A").

Through the JVA A, Land Owner A shall contribute the Project Land A for the Proposed Development and SDSB shall undertake the Proposed Development pursuant to and in accordance with the provision of the JVA A. SDSB shall be solely responsible for the entire costs and expenses of the Proposed Development and obtaining all funds and necessary financing in respect thereof.

Pursuant to the JVA A, Land Owner A shall be entitled to a minimum return of RM24,195,402 and a guaranteed return of RM21,775,862. The guaranteed return is payable based on a milestone payment schedule with last payment due in November 2020.

18.3 (b) SDSB had also entered into another Joint Venture Agreement ("JVA B") with a third party ("the Land Owner B") on 28 November 2018 to develop a land (the Proposed Development in (a) and the land, as "the Project Land B").

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18. Trade and other payables (continued)

18.3 (b) Through the JVA B, Land Owner B shall contribute the Project Land B for the Proposed Development and SDSB shall undertake the Proposed Development pursuant to and in accordance with the provision of the JVA B. SDSB shall be solely responsible for the entire costs and expenses of the Proposed Development and obtaining all funds and necessary financing in respect thereof.

Pursuant to the JVA B, Land Owner B shall be entitled to a minimum return of RM75,270,000 and a guaranteed return of RM75,302,545. The guaranteed return is payable based on milestone payment schedule with last payment due in January 2021.

19. Revenue and cost of contracts with customers

Revenue

Group	**2018 RM'000**	**2017 RM'000**
Operation and maintenance	2,928,551	2,342,698
Engineering, procurement, construction and commissioning		
- Contract revenue	84,539	42,906
- Others	262,272	331,365
Other revenue	7,812	5,349
Total revenue from contracts with customers	3,283,174	2,722,318

Company	**2018 RM'000**	**2017 RM'000**
Dividends	118,811	69,420
Management fee	13,320	8,674
Total other revenue	132,131	78,094

Cost of contracts with customers

Group	**2018 RM'000**	**2017 RM'000**
Cost of sales/services	2,624,052	2,214,845
Construction cost	76,798	23,540
	2,700,850	2,238,385

Company		
Cost of services	-	38

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19. Revenue and cost of contract with customers (continued)

19.1 Disaggregation of revenue

	O&M		*EPCC*		*Others*		*Consolidated*	
Group	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Primary geographical markets								
Malaysia	741,053	680,980	171,385	182,941	7,812	5,174	920,250	869,095
Qatar	681,244	491,372	-	-	-	-	681,244	491,372
Saudi Arabia	274,998	303,668	-	-	-	-	274,998	303,668
Indonesia	53,444	98,153	16,955	2,920	-	-	70,399	101,073
United Arab Emirates	551,035	104,816	123,884	184,672	-	175	674,919	289,663
Bahrain	327,204	341,211	-	-	-	-	327,204	341,211
Other countries	299,573	322,497	34,587	3,739	-	-	334,160	326,236
	2,928,551	2,342,697	346,811	374,272	7,812	5,349	3,283,174	2,722,318
Timing and recognition								
Overtime	2,928,551	2,342,697	346,811	374,272	7,812	5,349	3,283,174	2,722,318

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19. Revenue and cost of contract with customers (continued)

19.2 Nature of goods and services

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Warranty
O&M	Revenue is recognised over-time when customer receives benefits as entity performs.	Credit period of 90 days from invoice date.	Not applicable.	Generally, the warranty on the maintenance service covers a period of 3 to 12 months after the services have been satisfactorily performed.
EPCC	Revenue is recognised overtime using the cost incurred method. The construction is on land owned by the customer.	Based on agreed milestones.	There would be liquidated and ascertained damages for late delivery.	Defect liability period of 12 to 24 months is given to the customers.
EPCC - others	Revenue is recognised over-time when customer receives benefits as entity performs.	Credit period of 90 days from invoice date.	Not applicable.	Not applicable.
Others	Revenue is recognised over-time when customer receives benefits as entity performs.	Credit period of 90 days from invoice date.	Not applicable.	Not applicable.

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19. Revenue and cost of contract with customers (continued)

19.3 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unfulfilled (or partially unfulfilled) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

Group	2019 RM'000	2020 RM'000	2021 RM'000	Total RM'000
EPCC	348,524	503,134	291,646	1,143,304

19.4 Significant judgements and assumptions arising from revenue recognition

The Group applied the following judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised. For construction contracts, the Group measured the performance of construction work done by comparing the actual costs incurred with the estimated total costs required to complete the construction. Significant judgements are required to estimate the total contract costs to complete. In making these estimates, management relied on professionals' estimates and also on past experience of completed projects. A change in the estimates will directly affect the revenue to be recognised.

20. Results from operating activities

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Results from operating activities are arrived at after charging:				
Auditors' remuneration				
- Audit fees				
- KPMG PLT Malaysia	371	317	75	70
- Other auditors	76	114	-	-
- Non-audit fees				
- KPMG PLT Malaysia	682	10	682	-
- Affiliate of KPMG Malaysia	91	53	4	-
- Other auditors	26	176	-	-

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20. Results from operating activities (continued)

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Material expenses/(income)				
Depreciation of property, plant and equipment (Note 3)	89,781	69,026	-	-
Foreign exchange loss				
- realised	3,507	-	-	-
- unrealised	425	14,320	-	-
Personnel expenses (including key management personnel):				
- wages, salaries and others	87,250	66,501	5,440	87
- contributions to state plans	1,114	939	110	-
Loss on disposal of financial assets	2,781	-	-	-
Gain on disposal of subsidiaries	817	-	-	-

21. Finance income and costs

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Profit and interest costs				
Profit and interest costs of financial liabilities that are not at fair value through profit or loss:				
- finance leases	1,566	701	-	-
- term loans, revolving credits and bankers' acceptances	46,607	33,390	-	-
- bank overdrafts	3,493	255	1	-
- other finance costs	-	482	-	-
- overdue, late payment and trade finance cost	187	2,243	-	-
- sukuk coupon/profit	10,269	-	10,269	-
Recognised in profit or loss	62,122	37,071	10,270	-

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21. Finance income and costs (continued)

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Profit and interest income				
Profit and interest income of financial assets that are not at fair value through profit or loss:				
- term deposits	12,535	3,135	5,466	394
Recognised in profit or loss	12,535	3,135	5,466	394

22. Tax expense

Recognised in profit or loss

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000U	Company 2017 RM'000
Current tax expense				
Malaysia - current year	18,880	13,337	768	140
- prior year	7,961	26,970	1,919	-
Overseas - current year	562	188	-	-
	27,403	40,495	2,687	140
Deferred tax expense (Note 8)				
- current year	17,326	3,382	-	-
- prior year	54	(2,598)	-	-
	17,380	784	-	-
	44,783	41,279	2,687	140

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22. **Tax expense** (continued)

Reconciliation of tax expense

	Group		Company	
	2018 **RM'000**	**2017** **RM'000**	**2018** **RM'000**	**2017** **RM'000**
Profit after tax	392,842	304,792	111,238	69,689
Total tax expense	44,783	41,279	2,687	140
Profit excluding tax	437,625	346,071	113,925	69,829
Income tax calculated using Malaysian tax rate of 24%	105,030	83,057	27,342	16,759
Tax exempt income	-	-	(25,728)	(16,661)
Effect of lower tax under Labuan Business Activity Tax *	(82,663)	(61,875)	-	-
Effect of tax rate in foreign jurisdictions	(180)	95	-	-
Non-deductible expenses	18,620	3,866	(846)	42
Profit of foreign source not subject to Malaysian tax	(4,039)	(8,236)	-	-
	36,768	16,907	768	140
Under provision in prior year	8,015	24,372	1,919	-
Total tax expense	44,783	41,279	2,687	140

* *Under the preferential tax treatment given to Labuan entities incorporated or registered under the Labuan Companies Act 1990, a subsidiary has qualified and elected to pay tax of RM20,000 per annum.*

In prior year, Lembaga Hasil Dalam Negeri ("LHDN") has conducted tax investigation on two subsidiaries of the Group in relation to Year of Assessment 2010 to 2015. The tax investigation has been settled subsequent to year end, with total tax settlement of RM45 million, of which constitute additional tax payable of RM29 million and tax penalty of RM16 million. As at 31 December 2018, the outstanding tax payment for the additional tax payable and tax penalty are amounting to RM3,628,580 (2017: RM16,933,374) and RM1,996,420 (2017: RM9,316,626) respectively. The subsidiaries of the Group have agreed on a instalment plan with LHDN.

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23. Compensations to key management personnel

Compensations paid/payable to key management personnel are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Directors of the Group or the Company				
- fees	693	642	693	642
- remuneration	2,150	1,248	2,150	1,248
- other short-term employee benefits	437	898	437	898
	3,280	2,788	3,280	2,788
Other key management personnel				
- remuneration	3,631	736	1,164	736
- other short-term employee benefits	253	305	203	305
	3,884	1,041	1,367	1,041
	7,164	3,829	4,647	3,829

Other key management personnel comprise persons other than the Directors of group entities, having authority and responsibility for planning, directing and controlling the activities of the group entities either directly or indirectly.

24. Earnings per ordinary share - Group

Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share at 31 December 2018 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2018 RM'000	2017 RM'000
Profit attributable to ordinary shareholders	391,477	308,087

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24. Earnings per ordinary share - Group (continued)

Basic and diluted earnings per ordinary share (continued)

	2018	2017
Weighted average number of ordinary shares at the beginning of year	1,306,744,658	1,063,600,000
Effect of ordinary shares on issue	151,148,493	243,144,658
Weighted average number of ordinary shares at the end of year	1,457,893,151	1,306,744,658
Basic and diluted earnings per ordinary share (sen)	26.85	23.58

25. Dividends

Dividends recognised by the Company:

2018	Sen per share	Total amount RM'000	Date of payment
Fourth interim 2017	1.60	23,496	30 March 2018
First interim	1.90	27,902	29 June 2018
Second interim	2.15	31,573	28 September 2018
Third interim	1.65	24,230	27 December 2018
		107,201	
2017			
First interim	2.20	29,370	21 June 2017
Second interim	1.50	20,025	20 September 2017
Third interim	1.50	20,025	20 December 2017
		69,420	

On 27 February 2019, the Board of Director declared a fourth interim dividend of 2.30 sen per ordinary share totalling RM33,775,500 in respect of the financial year ended 31 December 2018. The dividend will be recognised in subsequent financial year.

The Directors do not recommend any final dividend to be paid for the year under review.

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26. Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Group Chief Executive Officer (being the Chief Operating Decision Maker), reviews internal management reports quarterly. The following describes the operations in each of the Group's reportable segments.

O&M	-	Operations and maintenance which includes maintenance, repair and overhaul of rotating equipment, inspection, repair and maintenance of static equipment and structure, maintenance of process control and instrumentation, and other related services.
EPCC	-	Engineering, procurement, construction and commissioning which includes, among others, piping system, process control and instrumentation, equipment installation, power generation plant, gas compression plant, auxiliary power generation and fire-fighting system, and other related services.
Others	-	Technical training, ICT solutions, and supply of products and parts.

There are varying levels of integration between the reportable segments. Inter-segment pricing is determined on negotiated terms.

Performance is measured based on segment profit before tax as included in the internal management reports. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

Segment assets and liabilities

For decision making and resources allocation, the Group Chief Executive Officer reviews the statement of financial position of respective subsidiaries. As such, information on segment assets and segment liabilities is not presented.

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26. Operating segments (continued)

	O&M		*EPCC*		*Others*		*Consolidated*	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Revenue from external customers	2,928,551	2,342,697	346,811	374,271	7,812	5,350	3,283,174	2,722,318
Segment profit	524,320	419,612	55,901	63,042	2,103	1,279	582,324	483,933
Unallocated costs							(108,992)	(101,834)
Finance income							12,535	3,135
Finance costs							(62,122)	(37,071)
Share of results of equity accounted associates							13,880	(2,092)
Profit before tax							437,625	346,071
Income tax expense							(44,783)	(41,279)
Profit for the year							392,842	304,792

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26. Operating segments (continued)

	O&M		*EPCC*		*Others*		*Consolidated*	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Included in the segment profit or loss								
Depreciation of property plant and equipment	74,302	55,740	8,799	8,869	198	129	83,299	64,738
Unallocated depreciation of property, plant and equipment	-	-	-	-	-	-	6,482	4,288
Unrealised foreign exchange loss	425	14,320	-	-	-	-	425	14,320

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26. Operating segments (continued)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investments in associates) and deferred tax asset.

Revenue	**2018 RM'000**	**2017 RM'000**
Malaysia	920,250	869,095
Qatar	681,244	491,372
Saudi Arabia	274,998	303,668
Indonesia	70,399	101,073
United Arab Emirates	674,919	289,663
Bahrain	327,204	341,211
Other countries	334,160	326,236
Consolidated	3,283,174	2,722,318

Non-current assets	**2018 RM'000**	**2017 RM'000**
Malaysia	1,107,759	639,374
Indonesia	29,794	25,558
Other countries	1,871	488
Consolidated	1,139,424	665,420

Major customers

The following are the major customers individually accounting for 10% or more of group revenue:

	Revenue 2018 RM'000	**Revenue 2017 RM'000**	**Segment**
Customer A	502,830	378,881	O&M
Customer B	353,128	266,326	O&M
Customer C	329,929	59,224	O&M
Customer D	314,492	336,567	O&M
Customer E	241,418	271,119	O&M

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27. Financial instruments

27.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2018 categorised as follows:

(i) Fair value through profit or loss ("FVTPL")
(ii) Amortised cost ("AC")

Financial assets/(liabilities)	**Carrying amount RM'000**	**AC RM'000**	**FVTPL RM'000**
2018			
Group			
Other investments	70,455	69,952	503
Trade and other receivables	957,277	957,277	-
Cash and cash equivalents	760,791	760,791	-
Trade and other payables	481,692	481,692	-
Loans and borrowings	1,711,456	1,711,456	-
Company			
Trade and other receivables	1,365,410	1,365,410	-
Cash and cash equivalents	302,528	302,528	-
Trade and other payables	49,996	49,996	-
Loans and borrowings	798,990	798,990	-

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27. **Financial instruments** (continued)

27.1 Categories of financial instruments (continued)

The table below provides an analysis of financial instruments as at 31 December 2017 categorised as follows:

(i) Loans and receivables ("L&R");
(ii) Financial liabilities measured at amortised cost ("FL"); and
(iii) Available for sale financial assets ("AFS").

Financial assets/(liabilities) **2017**	**Carrying amount RM'000 Restated**	**L&R/ (FL) RM'000**	**AFS RM'000**
Group			
Other investments	48,776	48,469	307
Trade and other receivables	839,794	839,794	-
Cash and cash equivalents	300,778	300,778	-
Trade and other payables	(423,366)	(423,366)	-
Loans and borrowings	(706,042)	(706,042)	-
Company			
Trade and other receivables	420,735	420,735	-
Cash and cash equivalents	3,810	3,810	-
Trade and other payables	(28,009)	(28,009)	-

27.2 Net gains and losses arising from financial instruments

The table below provides an analysis of financial instruments categorised as follows:

Group	**2018 RM'000**	**2017 RM'000**
Net gains/(losses) on:		
Financial asset at fair value through profit or loss	12,535	-
Loans and receivables	-	3,135
Financial liabilities measured at amortised cost	(62,542)	(51,391)
	(50,007)	(48,256)

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27. Financial instruments (continued)

27.3 Financial risk management

The Group and the Company are exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk; and
- Market risk

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from trade customers. The Group's or the Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

(i) Trade receivables

Risk management objectives, policies and processes for managing the risk

The customers of the Group are principally involved in the oil and gas industry. The Group uses ageing analysis to monitor the credit quality of the receivables.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

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27. Financial instruments (continued)

27.3 Financial risk management (continued)

(a) Credit risk (continued)

(i) Trade receivables (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

Concentration of credit risk

As at the end of the reporting period, there are no significant concentration of credit risk other than the amounts due from four (2017: two) counterparties of RM458,152,887 (2017: RM204,141,806).

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region is:

Group	2018 RM'000	2017 RM'000
Malaysia	213,899	308,636
Asia	133,604	43,533
Middle East	576,063	401,802
Europe	51	1,040
	923,617	755,011

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27. Financial instruments (continued)

27.3 Financial risk management (continued)

(a) Credit risk (continued)

(i) Trade receivables (continued)

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 90 - 150 days. Above 90 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the account receivables team.

In managing credit risk of trade receivables, the Group manages it's debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances.

The trade receivables that are neither past due nor impaired, past due but not impaired are disclosed as below:

Group	**Gross carrying amount RM'000**	**Loss allowance RM'000**	**Net balance RM'000**
2018			
Current (not past due)	896,524	-	896,524
Past due but not impaired			
0 - 30 days past due	2,991	-	2,991
31 - 120 days past due	6,857	-	6,857
More than 120 days past due	17,245	-	17,245
Trade receivables	923,617	-	923,617

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27. Financial instruments (continued)

27.3 Financial risk management (continued)

(a) Credit risk (continued)

(i) Trade receivables (continued)

Recognition and measurement of impairment loss (continued)

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The aging of trade receivables as at 31 December 2017 was as follow:

Group	**Gross RM'000**	**Impairment RM'000**	**Net RM'000**
2017			
Not past due	729,622	-	729,622
Past due 0 - 30 days	303	-	303
Past due 31 - 120 days	13,152	-	13,152
Past due more than 120 days	11,934	-	11,934
Trade receivables	755,011	-	755,011

(ii) Other investments

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities in licensed financial institutions.

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27. Financial instruments (continued)

27.3 Financial risk management (continued)

(a) Credit risk (continued)

(ii) Other investments (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has only invested in domestic securities. The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Other investments of the Group (see Note 6) are categorised as available for-sale financial assets. The Group does not have overdue investments that have not been impaired.

The investments are unsecured.

(iii) Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

(iv) Intercompany balances

Risk management objectives, policies and processes for managing the risk

The Group or the Company provides unsecured loans and advances to subsidiaries and monitors the results of the subsidiaries regularly. The subsidiaries have been reporting strong financial performance and are able to repay the loans and advances in due course.

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27. Financial instruments (continued)

27.3 Financial risk management (continued)

(a) Credit risk (continued)

(iv) Intercompany balances (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position and the Group and the Company dp not recognise any allowance for impairment loss.

(v) Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group or the Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM706,042,000 (2017: RM639,661,000) representing the outstanding banking facilities of the subsidiaries as at end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

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27. **Financial instruments** (continued)

27.3 Financial risk management (continued)

(b) Liquidity risk (continued)

Risk management objectives, policies and processes for managing the risk

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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27. Financial instruments (continued)

27.3 Financial risk management (continued)

(b) Liquidity risk (continued)

(i) Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

Group	Carrying amount RM'000	Contractual interest rate/coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
2018							
Finance lease liabilities - secured	11,288	1.05 - 9.55	12,596	4,573	3,413	4,557	53
Bank overdrafts (Islamic) - secured	3,281	8.00 - 9.00	3,281	3,281	-	-	-
Bank overdrafts - secured	11,357	8.00 - 9.00	11,357	11,357	-	-	-
Revolving credits - secured	1,585	7.85 - 9.10	1,585	1,585	-	-	-
Term loans (Islamic) - secured	314,651	1.40 - 15.50	339,179	7,698	255,887	42,731	32,863
Term loans - secured	1,523	4.25 - 4.77	1,747	266	551	519	411
Bankers' acceptance - secured	269	3.50	269	269	-	-	-
Revolving credits (Islamic) - secured	568,512	3.00 - 9.10	568,512	568,512	-	-	-
Sukuk (Islamic) - unsecured	798,990	4.95 - 5.30	1,139,456	51,493	41,463	120,388	926,112
Trade and other payables	481,692		481,692	426,509	55,183	-	-
	2,193,148		2,559,674	1,075,543	356,497	168,195	959,439

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27. Financial instruments (continued)

27.3 Financial risk management (continued)

(b) Liquidity risk (continued)

(i) Maturity analysis (continued)

Group	Carrying amount RM'000	Contractual interest rate/coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
2017							
Finance lease liabilities - secured	16,600	1.05 - 9.55	18,752	6,932	4,363	7,450	7
Bank overdrafts (Islamic) - secured	3,537	8.00 - 9.00	3,537	3,537	-	-	-
Bank overdrafts - secured	7,764	8.00 - 9.00	7,764	7,764	-	-	-
Revolving credits - secured	65,847	7.85 - 9.10	65,847	65,847	-	-	-
Term loans (Islamic) - secured	17,113	1.40 - 15.50	18,615	5,355	8,281	3,137	1,842
Term loans - secured	2,441	4.25 - 4.77	2,655	438	1,009	630	578
Bankers' acceptance - secured	300	3.50	303	303	-	-	-
Revolving credits (Islamic) - secured	592,440	3.00 - 9.10	592,440	592,440	-	-	-
Trade and other payables	423,366	-	423,366	423,366	-	-	-
	1,129,408		1,133,279	1,105,982	13,653	11,217	2,427

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27. Financial instruments (continued)

27.3 Financial risk management (continued)

(b) Liquidity risk (continued)

(i) Maturity analysis (continued)

Company	Carrying amount RM'000	Contractual interest rate/coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
2018							
Sukuk (Islamic)							
- unsecured	798,990	4.95 - 5.30	1,139,456	51,493	41,463	120,388	926,112
Trade and other payables	49,996	-	49,996	49,996	-	-	-
Financial guarantees *	-	-	590,776	590,776	-	-	-
2017							
Trade and other payables	28,009	-	28,009	28,009	-	-	-
Financial guarantees *	-	-	571,188	571,188	-	-	-

* *Being corporate guarantees granted for banking facilities of certain subsidiaries and associate [see Note 16], which will only be encashed in the event of the default by the subsidiaries and associate. These financial guarantees do not have an impact on the Group contractual cash flows.*

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27. Financial instruments (continued)

27.3 Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

(i) Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk is primarily US Dollar ("USD").

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows:

Balance denominated in USD

	2018 RM'000	2017 RM'000
Group		
Trade receivables	2,571	10,835
Cash and cash equivalents	5,977	3,687
Trade payables	(2,702)	(8,359)
Net exposure in the statement of financial position	5,846	6,163

Currency risk sensitivity analysis

A 10% strengthening of the Ringgit Malaysia ("RM") against USD at the end of the reporting period would have decreased equity and post-tax profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remained constant.

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27. Financial instruments (continued)

27.3 Financial risk management (continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Currency risk sensitivity analysis (continued)

	Profit or loss 2018 RM'000	Profit or loss 2017 RM'000
USD		
In Group	(444)	(468)

A 10% weakening of Ringgit Malaysia ("RM") against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(ii) Interest and profit rates risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest or profit rates. For the Islamic and conventional facilities respectively, the Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest or profit rates. The Group is also exposed to interest or profit rate risk on the term deposits placed with licensed banks. Investments in equity securities and short term receivables and payables are not significantly exposed to interest or profit rate risk.

Risk management objectives, policies and processes for managing the risk

The Group monitors its exposure to changes in interest or profit rates on a regular basis. Borrowings are negotiated with a view to securing the best possible terms including rates of interest and profit rate, to the Group.

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27. Financial instruments (continued)

27.3 Financial risk management *(continued)*

(c) Market risk (continued)

(ii) Interest and profit rate risk (continued)

Exposure to interest and profit rates risk

The interest and profit rates profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	2018 RM'000	**2017 RM'000**
Group		
Fixed rate instruments		
Financial assets	101,037	124,666
Financial liabilities	(824,916)	(27,901)
	(723,879)	96,765
Floating rate instruments		
Financial liabilities	(886,540)	(678,141)
Company		
Fixed rate instruments		
Financial assets	(798,990)	-

Interest and profit rates risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest and profit rates at the end of the reporting period would not affect profit or loss.

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27. Financial instruments (continued)

27.3 Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest and profit rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest and profit rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100bp increase	**100bp decrease**
Group	**RM'000**	**RM'000**
Floating rate instruments		
- 2018	(6,738)	6,738
- 2017	(5,154)	5,154

Other price risk

Equity price risk arises from the Group or the Company's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by management.

There is no sensitivity analysis performed as any change will be insignificant to the Group.

27.4 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate fair values due to the relatively short term nature of these financial instruments.

The fair value of other investments is disclosed in Note 6, which is based on their quoted closing market prices and the net asset value of the unit trust at their reporting date.

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27. Financial instruments (continued)

27.4 Fair value information (continued)

The table below analyses non-current financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value		Fair value of financial instruments not carried at fair value			
2018	**Level 1 RM'000**	**Total RM'000**	**Level 3 RM'000**	**Total RM'000**	**Total fair value RM'000**	**Carrying amount RM'000**
Group						
Financial assets						
Other investments	503	503	-	-	503	503
Financial liabilities						
Term loans (Islamic)	-	-	309,835	309,835	309,835	309,835
Term loans	-	-	1,336	1,336	1,336	1,336
Finance lease liabilities	-	-	7,344	7,344	7,344	7,344
Sukuk	-	-	788,990	788,990	788,990	788,990
	-	-	1,107,505	1,107,505	1,107,505	1,107,505

27. Financial instruments (continued)

27.4 Fair value information (continued)

2017	Fair value of financial instruments carried at fair value Level 1 RM'000	Total RM'000	Fair value of financial instruments not carried at fair value Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
Group						
Financial assets						
Other investments	307	307	-	-	307	307
Financial liabilities						
Term loans (Islamic)	-	-	12,155	12,155	12,155	12,155
Term loans	-	-	2,003	2,003	2,003	2,003
Finance lease liabilities	-	-	10,600	10,600	10,600	10,600
	-	-	24,758	24,758	24,758	24,758

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27. Financial instruments (continued)

27.4 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year.

Level 3 fair value

Level 3 fair value is estimated using observable inputs for the financial assets and liabilities.

The table in ensuing page shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and input used
Term loans and finance lease liabilities	Discounted cash flow using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.

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28. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group's strategy, was to maintain the debt-to-equity ratio not exceeding 2.00 times. The debt-to-equity ratios at 31 December 2018, were as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Total loans and borrowings (Note 16)	1,711,456	706,042
Less: Cash and cash equivalents (Note 13)	(760,791)	(300,778)
Less: Other investments (Note 6)	(69,952)	(48,469)
	880,713	356,795
Total equity	2,092,265	1,387,729
Debt-to-equity ratios	0.42	0.26

There was no change in the Group's approach to capital management during the financial year.

The Group is also required to maintain a maximum debt-to-equity ratio of 2.00 to comply with bank covenants, failing which, the banks may call an event of default. The Group has not breached this covenant (see Note 16).

29. Related parties

Identity of related parties

For the purposes of the financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the parties or exercise significant influence over the parties in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related party may be individuals or other entities.

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29. Related parties (continued)

Identity of related parties (continued)

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or the Company either directly or indirectly and entity that provides key management personnel services to the Group. Key management personnel include all the Directors of the Group or the Company, and certain members of senior management of the Group or the Company.

The Group has related party relationships with its significant investors, subsidiaries, associate and key management personnel.

Significant related party transactions

Significant related party transactions, other than compensations paid to key management personnel (see Note 23) and those disclosed elsewhere in the financial statements, are as follows:

Transactions with companies/corporations in which certain Directors have or are deemed to have substantial interests

	Group		**Company**	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Nature of transactions				
Contractor charges	12,827	8,101	-	-
Professional service charges	4,377	9,333	-	-
Revenue from operation and maintenance	(6,610)	(3,999)	-	-

Transactions with associates

	Group		**Company**	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Nature of transactions				
Revenue from engineering, procurement, construction and commissioning project	(67)	(53,332)	-	-
Contract revenue	(84,472)	(42,906)	-	-

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29. Related parties (continued)

The balances with associate and subsidiaries are disclosed in Notes 11 and 18 to the financial statements.

The above transactions are based on negotiated terms. All the outstanding balances are unsecured and expected to be settled in cash.

30. Acquisition and disposal of subsidiaries and non-controlling interests

(a) Acquisition of subsidiaries

On 14 February 2018, SDGB, a wholly owned subsidiary of the Company entered into a conditional Share Sale Agreement to acquire 1,000,000 ordinary shares in KB Engineering Coatings Sdn. Bhd. which represent 100% of the issued share capital for a total cash consideration of RM2,000,000.

In November 2018, SDSB, a wholly owned indirect subsidiary of the Company has acquired 100% equity interest in Supreme Vista Industries Sdn. Bhd. for a cash consideration of RM2,004,255.

		Recognised fair value at date of acquisition		
	Note	**KB Engineering Coatings Sdn. Bhd. RM'000**	**Supreme Vista Industries Sdn. Bhd. RM'000**	**Total RM'000**
Property, plant and equipment	3	1,514	2,004	3,518
Trade and other receivables		415	-	415
Deposit		31	-	31
Cash and cash equivalents		43	-	43
Current tax recoverable		2	-	2
Trade and other payables		(1,330)	-	(1,330)
Loan and borrowings		(101)	-	(101)
Net identifiable assets and liabilities		574	2,004	2,578
Goodwill	7	1,426	-	1,426
Purchase consideration		2,000	2,004	4,004
Less: Cash and cash equivalents acquired		(43)	-	(43)
Net cash outflow on acquisition of subsidiaries		1,957	2,004	3,961

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30. Acquisition and disposal of subsidiaries and non-controlling interests (continued)

(b) Incorporation of subsidiaries

On 14 March 2018, a wholly owned indirect subsidiary of the Group, SDSB, has subscribed to 1 ordinary shares representing 100% of Serba Dinamik Power Sdn. Bhd. for a total cash consideration of RM1.

On 10 August 2018, a wholly owned indirect subsidiary of the Group, SDIL, has subscribed to 100 ordinary shares representing 100% of EMCO Holdings SA ("EH") for a total cash consideration of approximately RM401,349.

On 6 September 2018, a wholly owned indirect subsidiary of the Group, SDIL, has subscribed 1,000 ordinary shares representing 100% of SD International Sukuk Limited for a total cash consideration of RM4,146.

On 9 November 2018, , a wholly owned subsidiary of the Group, SDGB, has subscribed 1 ordinary share representing 100% of Serba Dinamik Development Sdn. Bhd. for a total cash consideration of RM1.

The incorporation of the above subsidiaries, at their respective dates of incorporation, has no material impact on the results of the Group for the current financial year.

(c) Disposals of subsidiaries and non-controlling interests

On 24 August 2018, PT Kubic Gasco, subsidiary of SDIL has disposed 82% equity interest in PT Muaro Jambi Energi representing 8,200 shares to Nugroho Widiyantoro for consideration of IDR8,200,000,000. The disposal of PT Muaro Jambi Energi had no material impact to the Group's assets and liabilities on disposal date. The Group recognised a decrease in non-controlling interest of RM963,000.

31. Significant events

(i) On 30 January 2018, the Company has completed a private placement exercise which the Company has issued 133.5 million new shares with an issue price of RM3.20 per placement shares.

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31. Significant events (continued)

ii) As at 2 October 2018, the Group and the Company has issued and finalized a Sukuk Wakalah programme, and raised approximately RM810 million for the purpose of general working capital and refinancing of existing debts with tenure of 5 and 10 years, payable semi-annually, and with maturity on 2023 and 2028 respectively.

32. Capital commitment - Group

	2018 RM'000	2017 RM'000
Land and buildings		
Contracted but not provided for	607,572	439,150
	=========	=========

33. Subsequent events

(i) On 15 March 2019, a wholly owned indirect subsidiary of the Group, SDSB, entered into a shares sale agreement to acquire the entire equity interest in Sg Rek Sdn. Bhd. for a total cash consideration of RM8,000,000.

(ii) On 5 April 2019, a wholly owned indirect subsidiary of the Group, SDIT, has subscribed to 250,000 ordinary shares representing 100% shareholdings in SDIT International Ltd. ("SDITL") for a total cash consideration of USD250,000.

34. Significant changes in accounting policies

During the year, the Group and the Company adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* on their financial statements. The Group and the Company generally applied the requirements of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards. Nevertheless, as permitted by MFRS 9, the Group and the Company have elected not to restate the comparatives.

34.1 Impacts on financial statements

The following tables summarise the impacts arising from the adoption of MFRS 15 and MFRS 9 on the Group's financial statements.

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34. Significant changes in accounting policies (continued)

34.1 Impacts on financial statements (continued)

a) Statement of financial position

Group	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
31 December 2017			
Contract assets	-	40,540	40,540
Trade and other receivables	880,334	(40,540)	839,794
Others	1,680,084	-	1,680,084
Total assets	2,560,418	-	2,560,418

b) Statement of cash flows

	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
For the year ended 31 December 2017			
Profit before tax	346,071	-	346,071
Adjustments for:			
Changes in contract assets	-	29,613	29,613
Changes in trade and other receivables	(184,334)	(29,613)	(213,947)
Others	(76,399)	-	(76,399)
Net cash from operating activities	85,338	-	85,338

34. Significant changes in accounting policies (continued)

34.2 Accounting for financial instruments

a) Transition

In the adoption of MFRS 9, the following transitional exemptions as permitted by the standard have been adopted:

i) The Group and the Company have not restated comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, *Financial Instruments: Recognition and Measurement*.

ii) The following assessments have been made based on the facts and circumstances that existed at the date of initial application:

- the determination of the business model within which a financial asset is held;
- the designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and
- the designation of certain investments in equity instruments not held for trading as at FVOCI.

iii) If an investment in a debt security had low credit risk at date of initial application of MFRS 9, the Group and the Company has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

iv) Loss allowance for receivables (other than trade receivables) is recognised at an amount equal to lifetime expected credit losses until the receivable is derecognised.

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34. Significant changes in accounting policies (continued)

34.2 Accounting for financial instruments (continued)

b) Classification of financial assets and financial liabilities on the date of initial application of MFRS 9

The following table shows the measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's and the Company's financial assets and financial liabilities as at 1 January 2018:

		1 January 2018		
			Reclassification to new MFRS 9 category	
	31 December 2017 RM'000	Remeasurement RM'000	AC RM'000	FVTPL RM'000
Category under MFRS 139				
Financial assets				
Group				
Loan and receivables				
Other investments	48,469	-	48,469	-
Trade and other receivables	880,334	-	880,334	-
Cash and cash equivalents	330,778	-	330,778	-
	1,259,581	-	1,259,581	-
Available for sale financial asset				
Other investment	307	-	-	307

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34. Significant changes in accounting policies (continued)

34.2 Accounting for financial instruments (continued)

b) Classification of financial assets and financial liabilities on the date of initial application of MFRS 9 (continued)

		1 January 2018		
			Reclassification to new MFRS 9 category	
	31 December 2017 RM	Remeasurement RM	AC RM	FVTPL RM
Category under MFRS 139 *(continued)*				
Financial assets *(continued)*				
Company				
Loan and receivables				
Trade and other receivables	420,735	-	420,735	-
Cash and cash equivalents	3,810	-	3,810	-
	424,545	-	424,545	-
Financial liabilities				
Group				
Loan and receivables				
Trade and other payables	(706,042)	-	(706,042)	-
Loans and borrowings	(423,366)	-	(423,366)	-
	(1,129,408)	-	(1,129,408)	-
Company				
Loan and receivables				
Trade and other payables	(28,009)	-	(28,009)	-

34. Significant changes in accounting policies (continued)

34.2 Accounting for financial instruments (continued)

b) Classification of financial assets and financial liabilities on the date of initial application of MFRS 9 (continued)

(i) Reclassification from loans and receivables to amortised cost

Trade and other receivables, other investments and cash and cash equivalents that were classified as loans and receivables under MFRS 139 are now reclassified at amortised cost. No allowance for impairment was recognised in operating retained earnings of the Group and the Company at 1 January 2018 respectively on transition to MFRS 9.

(ii) Reclassification from available for sale to fair value through profit or loss

These are equity instruments which are not held for strategic purposes. As a result, the other investments are now reclassified from available-for-sale to fair value through profit or loss.

34.3 Accounting for revenue

34.3.1 Changes in revenue recognition

In the adoption of MFRS 15, the following practical expedients as permitted by the standard have been adopted:

(a) For completed contracts, the Group does not restate contracts that:
  (i) begin and end within the same annual reporting period; or
  (ii) are completed contracts at the beginning of the earliest period presented.

  If this practical expedient is not applied, revenue for the current year is expected to be higher because performance obligations where revenue was recognised previously could have been recognised in the current year.

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34. Significant changes in accounting policies (continued)

34.3 Accounting for revenue (continued)

34.3.1 Changes in revenue recognition (continued)

(b) For completed contracts that have variable consideration, the Group uses the transaction price at the date the contract was completed rather than estimating variable consideration amounts in the comparative reporting periods.

The Group is unable to estimate the effects arising from the application of this practical expedient.

(c) For contracts that were modified before the beginning of the earliest period presented, the Group does not retrospectively restate the contract for those contract modifications. Instead, the Group or the Company reflects the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented when:

(i) identifying the satisfied and unsatisfied performance obligations;
(ii) determining the transaction price; and
(iii) allocating the transaction price to the satisfied and unsatisfied performance obligations.

The application of this practical expedient is not expected to have material impact to the Group.

(d) For comparatives, the Group does not disclose the amount of consideration allocated to the remaining performance obligations and an explanation of when the Group expects to recognise revenue.

The following are the changes in revenue recognition:

Type of revenue	Previous year's revenue recognition	Current year's revenue recognition
O&M	The Group previously recognised revenue for these contracts when a reasonable estimate of the returns can be made, provided that all other criteria for revenue recognition would be deferred until the return period lapsed or a reasonable estimate of returns could be made.	Under MFRS 15, revenue is recognised over-time by reference to the cost incurred over the estimated cost. The related cost are recognised in profit or loss when they are incurred.

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34. Significant changes in accounting policies (continued)

34.3 Accounting for revenue (continued)

34.3.1 Changes in revenue recognition (continued)

Type of revenue	Previous year's revenue recognition	Current year's revenue recognition
EPCC	If the outcome of a construction contract could be estimate reliably, then contract revenue was recognised in proportion to stage of the contract. The stage of completion was assessed with reference to surveys of work performed. Otherwise, contract revenue was recognised only to the extent of contract costs incurred that were likely to be recoverable. Contract expenses were recognised as they were incurred. An expected loss on a contract was recognised immediately in profit or loss. Advances received were included in deferred revenue.	Under MFRS 15, revenue is recognised over-time by reference to the cost incurred over the estimated cost. The related cost are recognised in profit or loss when they are incurred. Advances received from contract customer are now included in contract liabilities.
Others	The Group previously recognised revenue for these contracts when a reasonable estimate of the returns can be made, provided that all other criteria for revenue recognition would be deferred until the return period lapsed or a reasonable estimate of returns could be made.	Under MFRS 15, revenue is recognised over-time when customer receives benefits as entity performs.

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34. Significant changes in accounting policies (continued)

34.3 Accounting for revenue (continued)

34.3.2 Presentation of contract assets and contract liabilities

When adopting MFRS 15, the Group has changed the presentation of certain amounts in the financial positions.

Upon transition to MFRSs, it requires separate presentation of contract balances in the statement of financial position. Contract balances generally comprise:

- Contract assets are mainly the right to consideration for works completed but yet billed to customers. Contract assets represents the excess of cumulative revenue recognised (net of variable consideration) over cumulative billings to-date.

- Contract liabilities are the obligations to transfer goods or services to the customers which the Group has received the consideration or has billed the customers in advance of the performance.

Serba Dinamik Holdings Berhad
(Company No. 1167905 - P)
(Incorporated in Malaysia)
and its subsidiaries

Statement by Directors pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 7 to 126 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah
Director

....

Dato' Awang Daud Bin Awang Putera
Director

Shah Alam,

Date: 16 April 2019

Serba Dinamik Holdings Berhad
(Company No. 1167905 - P)
(Incorporated in Malaysia)
and its subsidiaries

Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Syed Nazim bin Syed Faisal**, the Officer primarily responsible for the financial management of Serba Dinamik Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 7 to 126 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **Syed Nazim bin Syed Faisal**, NRIC: **801112-08-5943**, MIA **CA 27418**, at Shah Alam in the State of Selangor Darul Ehsan on 16 April 2019.

....
Syed Nazim bin Syed Faisal

Before me:

PESURUHJAYA SUMPAH
B 433
MOHD YUNUS B. JAMIL
23.10.2018 - 22.10.2019
MALAYSIA

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Pusat Dagangan UMNO Shah Alam
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KPMG PLT
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SERBA DINAMIK HOLDINGS BERHAD

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Serba Dinamik Holdings Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statement of changes in equity and the statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 7 to 126.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws"), and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Existence, accuracy and completeness of revenue recognition
   Refer to Note 2(p) (accounting policy) and Note 19 (financial disclosures)

Key audit matter	**How the matter was addressed in our audit**
Serba Group generates its revenue from provision of operation and maintenance services ("O&M") as well as its participations in engineering, procurement, construction and commissioning projects ("EPCC"). Revenue generated from O&M segment is approximately RM2,928 million, representing 89% of total revenue. EPCC segment contributes to 10% of the total revenue. Contracts for both O&M services and EPCC project varies, each with different terms. This leads to complexity around the calculation and recognition of revenue and any accrued and deferred revenue. Currently, the revenue from the maintenance service and certain EPCC contracts is tracked manually on the point of service and, where necessary, estimates of fair values for the services provided that involve a significant degree of management judgment. On the other hand, certain EPCC contract is to be accounted for using contract accounting and the revenue recognition is based on the stage of completion. The stage of completion is determined by reference to the survey of work performed. Hence, revenue recognition has been considered as the key audit matter.	Our audit procedures included, amongst others: i) We evaluated the controls designed and applied by the Group in the process of determining the revenue recognised in the financial statements. ii) We inspected all new contracts with customers to determine whether, based on the contract terms and billing schedule as well as overall performance of services, the Group has appropriately accounted for the contracts in accordance with the accounting policy. iii) We checked completeness and accuracy of revenue by inspecting job completion certificates and other relevant documents (i.e. timesheets, delivery order, etc.) whether the associated revenue was recognised in the correct period. iv) We checked billed invoices against the job completion certificates, delivery orders and/or proforma invoices. v) We verified journal entries for revenue and revenue related accounts based on specific high risk criteria set to ascertain whether there are any unusual, unauthorised or unsupported entries made against revenue.

1. Existence, accuracy and completeness of revenue recognition (continued)
Refer to Note 2(l) (accounting policy) and Note 19 (financial disclosures)

Key audit matter	**How our audit addressed the key audit matter**
	Our audit procedures included, amongst others: (continued) vi) We confirmed trade receivables balances and performed alternative test on non-replies by sighting to underlying delivery orders, job completion certificates and other underlying source documents. vii) We compared the accounting policies adopted with the requirements of MFRS 15. viii) We assessed the completeness, accuracy and appropriateness of disclosures as required by MFRS 15.

2. Completeness and existence of material on site
Refer to Note 2(g) (accounting policy) and Note 9 (financial disclosures).

Key audit matter	**How the matter was addressed in our audit**
The Group has high material on site balance in particular in various locations in the Middle East as well as in Malaysia. Material on site is a significant portion of the Group's current assets amounting to RM842 million, which is approximately 30% of total current assets. This reflects the needs for the material on site to be on be available on the sites given the logistical complexity in delivering the material on site to various locations. We focused on this area as a key audit matter due to its susceptibility to error especially in determining the completeness and the existence of the rmaterial on site.	Our audit procedures included, amongst others: i) We evaluated the design and implementation of controls related to inventories. ii) We attended inventory count at various locations in the Middle East and Malaysia to ascertain the existence and accuracy of the material on site. iii) We verified purchases of material on site to the suppliers' invoices and goods entry forms as well as verified to goods exit forms for the material on site consumed.

3. Valuation of trade and other receivables
Refer to Note 2(p)(i) (accounting policy) and Note 11 (financial disclosures).

Key audit matter	How the matter was addressed in our audit
As at 31 December 2018, the trade receivables and other receivables of the Group stood at RM957 million, representing 34% and 23% of current and total assets respectively. The recoverability of the trade receivables and the level of allowance for impairment losses of doubtful receivables are considered to be key audit matter due to the pervasive nature of these balances to the financial statement. The level of allowance of impairment losses involved management judgement based upon the individual debtor's credit risk evaluation, historical payment trends, subsequent to year end collections and the existence of collaterals. There is a risk that the management assessment of the level of these allowances is insufficient or inaccurate.	Our audit procedures included, amongst others: i) We tested the processes for trade receivables and credit control, including the allowance for impairment losses and cash receipts. ii) We checked the accuracy of trade receivables ageing and verified the past payment patterns and credit history, existence of collaterals and disputes with customers. iii) We checked the adequacy of impairment loss of trade receivables by assessing the assumptions made by the Group with reference to the profile of aged debts at the reporting date and payment trends. iv) We evaluated the Directors' conclusion on the level of impairment loss of trade receivables, specifically significant outstanding balances which are past due but assessed as not impaired, by assessing the cash receipts during the year and subsequent to year end collections and considered the actions taken by management to recover the debts. v) We assessed the completeness, accuracy and relevance of the transition disclosures required by MFRS 9.

We have determined that there is no key audit matter in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Group or the Company are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements of the Group or the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group or the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group or the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group or the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Group or the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 4 to the financial statements.

Other Matter

This report is made solely to the members of the Group or the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Nicholas Chia Wei Chit
Approval Number: 03102/03/2020 J
Chartered Accountant

Kuching,

Date: 16 April 2019

Serba Dinamik Group Berhad

(Company No. 663460 - T)
(Incorporated in Malaysia)

and its subsidiaries

Financial statements
for the year ended 31 December 2017

Serba Dinamik Group Berhad
(Company No. 663460 - T)
(Incorporated in Malaysia)
and its subsidiaries

Directors' report for the year ended 31 December 2017

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2017.

Principal activities

The Company is principally engaged in investment holding and provision of management services. There has been no significant change in the nature of these activities during the year.

Ultimate holding company

Serba Dinamik Holdings Berhad, a company incorporated in Malaysia is regarded by the Directors as the Company's ultimate holding company, during the financial year and until the date of this report.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 4 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	309,678	68,394
Non-controlling interests	(3,295)	-
	306,383	68,394

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review, other than those disclosed in the financial statements.

Company No.
663460 - T

Dividends

Since the end of the previous financial year, the amount of dividends paid by the Company as reported in the Directors' Report in respect of the financial year ended 31 December 2017 were:

i) A first interim of 52.82 sen per ordinary share totalling RM39,077,192 declared on 29 April 2017 and paid on 30 April 2017;

ii) A second interim of 13.94 sen per ordinary share totaling RM10,317,808 declared on 31 July 2017 and paid on 1 August 2017; and

iii) A third interim of 17.32 sen per ordinary share totalling RM20,025,000 declared on 11 December 2017 and paid on 12 December 2017.

On 26 February 2018, the Directors declared a fourth interim dividend of RM1.60 per ordinary share totalling RM31,360,000 in respect of the financial year ended 31 December 2017. The dividend will be recognised in subsequent financial year.

The Directors do not recommend any final dividend to be paid for the year under review.

Directors of the Company

Directors who served since the date of the last report are:

Hj. Abdul Kadier Bin Sahib
Dato' Awang Daud Bin Awang Putera
Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah

The names of the Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the information is deemed incorporated herein by such reference and made a part thereof.

Directors' benefits

Since the end of previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or the fixed salary of a full time employee of the Company and of its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Company No.
663460 - T

Issue of shares and debentures

There were no other changes in the issued and paid-up capitals of the Company, nor issuances of debentures by the Company during the year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Indemnity and insurance costs

The following disclosure on particular indemnity given to, or insurance effected for, any director or officer of Serba Dinamik Holdings Berhad, the ultimate holding company and its subsidiaries is made pursuant to Section 289(7) of the Companies Act 2016:

	Premium paid RM	**Sum insured RM**
Directors and Officers Liability Insurance	69,325	1,160,000

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) there are no bad debts to be written off and no provision need be made for doubtful debts, and

ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render it necessary to write off any bad debts or provide for any doubtful debts, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

Company No.
663460 - T

Other statutory information (continued)

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the year ended 31 December 2017 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Company No.
663460 – T

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 18 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

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Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah
Director

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Dato' Awang Daud Bin Awang Putera
Director

Shah Alam,

Date: 26 April 2018

Serba Dinamik Group Berhad
(Company No. 663460 – T)
(Incorporated in Malaysia)
and its subsidiaries

Statement of financial position as at 31 December 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Assets					
Property, plant and equipment	3	658,126	490,173	43,514	34
Investment in subsidiaries	4	-	-	72,139	63,589
Investment in associates	5	44,128	12,220	-	-
Other investments	6	307	307	307	307
Intangible assets	7	6,987	3,836	-	-
Deferred tax assets	8	2,810	703	-	-
Total non-currents assets		712,358	507,239	115,960	63,930
Inventories	9	577,762	486,349	-	-
Trade and other receivables	10	878,942	742,755	102,790	51,737
Deposits and prepayments	11	40,230	9,907	11,454	32
Current tax assets		487	931	-	-
Other investments	6	48,469	52,446	-	-
Cash and cash equivalents	12	296,968	187,353	24,128	123
Total current assets		1,842,858	1,479,741	138,372	51,892
Total assets		2,555,216	1,986,980	254,332	115,822
Equity					
Share capital	13.1	97,091	73,979	97,091	73,979
Share premium		-	23,112	-	23,112
Other reserve	13.2	63,552	126,793	8,994	8,994
Retained earnings		825,843	585,597	1,789	2,814
Total equity attributable to owners of the Company		986,486	809,481	107,874	108,899
Non-controlling interests	4	3,877	7,929	-	-
Total equity		990,363	817,410	107,874	108,899

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Statement of financial position as at 31 December 2017 (continued)

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Liabilities					
Deferred tax liabilities	8	15,636	14,355	7	1
Loans and borrowings	14	46,315	16,229	-	-
Employment benefits	15	592	492	-	-
Total non-current liabilities		62,543	31,076	7	1
Trade and other payables	16	806,353	500,890	83,844	6,264
Loans and borrowings	14	659,727	623,432	61,650	-
Current tax payable		36,230	14,172	957	658
Total current liabilities		1,502,310	1,138,494	146,451	6,922
Total liabilities		1,564,853	1,169,570	146,458	6,923
Total equity and liabilities		2,555,216	1,986,980	254,332	115,822

The notes on pages 16 to 98 are an integral part of these financial statements.

Serba Dinamik Group Berhad
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Statement of profit or loss and other comprehensive income for the year ended 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Revenue	17	2,722,318	2,168,328	114,742	22,547
Cost of sales/services		(2,245,052)	(1,794,611)	(26,075)	(13,856)
Gross profit		477,266	373,717	88,667	8,691
Other operating income		4,074	1,073	270	676
Other operating expense		(32,272)	-	-	-
Administrative expenses		(64,984)	(71,845)	(16,132)	(7,246)
Results from operating activities	18	384,084	302,945	72,805	2,121
Finance costs	19	(37,071)	(38,974)	(3,258)	-
Finance income	19	2,741	3,963	-	-
Net finance costs		(34,330)	(35,011)	(3,258)	-
Share of results of equity accounted associates		(2,092)	-	-	-
Profit before tax		347,662	267,934	69,547	2,121
Tax expense	20	(41,279)	(22,125)	(1,153)	(807)
Profit for the year		306,383	245,809	68,394	1,314
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(64,010)	35,413	-	-
Total comprehensive income for the year		242,373	281,222	68,394	1,314

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Statement of profit or loss and other comprehensive income for the year ended 31 December 2017 (continued)

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Profit for the year attributable to:					
- Owners of the Company		309,678	245,997	68,394	1,314
- Non-controlling interests	4	(3,295)	(188)	-	-
Profit for the year		306,383	245,809	68,394	1,314
Total comprehensive income attributable to:					
- Owners of the Company		246,425	280,596	68,394	1,314
- Non-controlling interests		(4,052)	626	-	-
Total comprehensive income for the year		242,373	281,222	68,394	1,314

The notes on pages 16 to 98 are an integral part of these financial statements.

Serba Dinamik Group Berhad
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Consolidated statement of changes in equity for the year ended 31 December 2017

	Attributable to owners of the Company								
	Non-distributable					Distributable			
	Share capital RM'000	Share premium RM'000	Redeemable Convertible Preference Share 'A' RM'000	Foreign currency translation reserve RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group									
At 1 January 2016	62,090	-	1,193	46,936	(16,917)	375,100	468,402	7,303	475,705
Foreign currency translation differences for foreign operations	-	-	-	34,599	-	-	34,599	814	35,413
Profit for the year	-	-	-	-	-	245,997	245,997	(188)	245,809
Total comprehensive income for the year	-	-	-	34,599	-	245,997	280,596	626	281,222
Issue of ordinary shares	11,889	-	-	-	-	-	11,889	-	11,889
Share option exercised	-	-	(1,193)	-	26,675	-	25,482	-	25,482
Acquisition of subsidiaries									
Transfer to share premium for share option exercised	-	23,112	-	-	-	-	23,112	-	23,112
Transfer to capital redemption reserve	-	-	-	-	35,500	(35,500)	-	-	-
At 31 December 2016	73,979	23,112	-	81,535	45,258	585,597	809,481	7,929	817,410
	(Note 13.1)			(Note 13.2)	(Note 13.2)				

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Statement of changes in equity for the year ended 31 December 2017 (continued)

	Attributable to owners of the Company							
	Non-distributable				Distributable			
Group	Share capital RM'000	Share premium RM'000	Foreign currency translation reserve RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2017	73,979	23,112	81,535	45,258	585,597	809,481	7,929	817,410
Foreign currency translation differences for foreign operations	-	-	(63,253)	-	-	(63,253)	(757)	(64,010)
Profit for the year	-	-	-	-	309,678	309,678	(3,295)	306,383
Total comprehensive income for the year	-	-	(63,253)	-	309,678	246,425	(4,052)	242,373
Dividends paid (Note 22)	-	-	-	-	(69,420)	(69,420)	-	(69,420)
Transfer to other reserve	-	-	-	12	(12)	-	-	-
Transfer in accordance with Section 618(2) of the Companies Act 2016	23,112	(23,112)	-	-	-	-	-	-
At 31 December 2017	97,091	-	18,282	45,270	825,843	986,486	3,877	990,363
	(Note 13.1)		(Note 13.2)	(Note 13.2)				

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Statement of changes in equity for the year ended 31 December 2017

		Non-distributable			Distributable	
	Note	Share capital RM'000	Share premium RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000
Company						
At 1 January 2016		62,090	-	-	1,501	63,591
Profit and total comprehensive income for the year		-	-	-	1,314	1,314
Issue of ordinary shares	13.1.2	11,889	-	-	-	11,889
Transfer to share premium for share option exercised		-	23,112	-	-	23,112
Capital gain on equity conversion		-	-	8,994	-	8,994
At 31 December 2016/1 January 2017		73,979	23,112	8,994	2,815	108,900
Profit and total comprehensive income for the year		-	-	-	68,394	68,394
Dividends paid	22	-	-	-	(69,420)	(69,420)
Transfer in accordance with Section 618(2) of the Companies Act 2016		23,112	(23,112)	-	-	-
At 31 December 2017		97,091	-	8,994	1,789	107,874
		(Note 13.1)		(Note 13.2)		

The notes on pages 16 to 98 are an integral part of these financial statements.

Serba Dinamik Group Berhad
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Statement of cash flows for the year ended 31 December 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash flows from operating activities				
Profit before tax	347,662	267,934	69,547	2,121
Adjustments for:				
Allowance for diminution in value of other investments	-	54	-	54
Depreciation of property, plant and equipment (Note 3)	69,026	52,941	87	12
Unrealised foreign exchange loss	14,320	977	3,610	-
Finance income (Note 19)	(2,741)	(3,963)	-	-
Finance costs (Note 19)	37,071	38,974	3,258	-
Post employment benefits (Note 15)	100	88	-	-
Property, plant and equipment written off	-	16,205	-	-
Impairment loss on intangible assets	-	354	-	-
Share of loss of equity accounted associates, net of tax	2,092	-	-	-
Operating profit before changes in working capital	467,530	373,564	76,502	2,187
Changes in working capital:				
Inventories	(117,456)	(251,075)	-	-
Trade and other receivables, deposits and prepayments*	(127,076)	(285,005)	(21,435)	(2,985)
Trade and other payables	264,473	258,202	77,580	1,086
Cash generated from operations	487,471	95,686	132,647	288
Tax paid	(18,437)	(1,244)	(847)	(425)
Interest paid	(581)	(3,654)	-	-
Net cash from/(used in) operating activities	468,453	90,788	131,800	(137)

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Statement of cash flows for the year ended 31 December 2017 (continued)

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash flows from investing activities				
Acquisition of shares in an associate (Note 5)	(34,000)	-	-	-
Acquisition of property, plant and equipment [Note (i)]	(256,530)	(198,171)	(43,567)	(9)
Acquisition of intangible assets	(3,151)	-	-	-
Interest received	2,741	3,963	-	-
Decrease/(Increase) in term deposits pledged to banks	2,023	(27,243)	-	-
Decrease/(Increase) in other investments (Note 6)	3,977	(21,034)	-	-
Purchase of other investments	-	(200)	-	(200)
Advances to associates	(59,700)	-	(44,650)	-
Subscription of shares in subsidiaries	-	-	(8,550)	-
Net cash used in investing activities	(344,640)	(242,685)	(96,767)	(209)
Cash flows from financing activities				
Interest paid	(36,490)	(35,320)	(3,258)	-
Net proceeds from loans and borrowings	98,659	152,224	61,650	-
Net repayment of finance lease liabilities	(1,924)	(2,011)	-	-
Amount due from subsidiary	-	-	-	(606)
Redemption of Redeemable Convertible Preference Shares	-	(500)	-	-
Dividends paid (Note 22)	(69,420)	-	(69,420)	-
Net cash (used in)/from financing activities	(9,175)	114,393	(11,028)	(606)
Net increase/(decrease) in cash and cash equivalents	114,638	(37,504)	24,005	(952)
Effect of exchange rate fluctuations on cash held	(3,710)	3,714	-	-
Cash and cash equivalents at beginning of year	43,731	77,521	123	1,075
Cash and cash equivalents at end of year [Note (ii)]	154,659	43,731	24,128	123

** Net of unrealised foreign exchange differences*

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Statements of cash flows for the year ended 31 December 2017 (continued)

Notes:

(i) Acquisition of property, plant and equipment

During the year, the Group acquired property, plant and equipment as follows:

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Paid in cash	256,530	198,171	43,567	9
In the form of finance lease	8,880	3,680	-	-
Total (see Note 3)	265,410	201,851	43,567	9

(ii) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts in the statements of financial position:

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Term deposits placed with licensed banks	148,661	133,031	23,250	-
Cash and bank balances	148,307	54,322	878	123
Total (see Note 12)	296,968	187,353	24,128	123
Less: Bank overdrafts (see Note 14)	(11,301)	(10,591)	-	-
Less: Deposits pledged (see Note 12)	(131,008)	(133,031)	-	-
	154,659	43,731	24,128	123

The notes on pages 16 to 98 are an integral part of these financial statements.

Serba Dinamik Group Berhad
(Company No. 663460 - T)
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Notes to the financial statements

Serba Dinamik Group Berhad is a public limited liability company, incorporated and domiciled in Malaysia. The address of its registered office is No. 8-5, Pusat Dagangan UMNO Shah Alam, Lot 8, Persiaran Damai Seksyen 11, 40100 Shah Alam, Selangor Darul Ehsan.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2017 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates.

The Company is principally engaged in investment holding and provision of management services while the principal activities of the subsidiaries are stated in Note 4 to the financial statements.

The ultimate holding company is Serba Dinamik Holdings Berhad ("SDHB"), which is incorporated in Malaysia. SDHB is listed on the Main Market of Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Board of Directors on 26 April 2017.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRS / Amendment / Interpretation	Effective date
MFRS 9, *Financial Instruments* (2014)	1 January 2018
MFRS 15, *Revenue from Contracts with Customers*	1 January 2018
Clarifications to MFRS 15, *Revenue from Contracts with Customers*	1 January 2018

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1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRS / Amendment / Interpretation	Effective date
Amendments to MFRS 2, *Share-based Payment -, Classification and measurement of Share-based Payment Transactions*	1 January 2018
IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*	1 January 2018
Amendments to MFRS 4, *Insurance Contracts - Applying MFRS 9 Financial Instruments with Payment Transactions*	1 January 2018
Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014 – 2016 Cycle)*	1 January 2018
Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*	1 January 2018
MFRS 16, *Leases*	1 January 2019
Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	1 January 2019
Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	1 January 2019
Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	1 January 2019
Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	1 January 2019
Amendments to MFRS 128, *Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures*	1 January 2019
IC Interpretation 23, *Uncertainty over Income Tax Treatments*	1 January 2019
MFRS 17, *Insurance Contracts*	1 January 2021
Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Yet to be determined

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1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Group and the Company plan to apply:

- from the annual period beginning on 1 January 2018 for MFRS 9, MFRS 15, Clarifications to MFRS 15, IC Interpretation 22, and Amendments to MFRS 128, which are effective for annual period beginning on or after 1 January 2018.

- from the annual period beginning on 1 January 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019, except for Amendments to MFRS 11.

The Group and the Company does not plan to apply MFRS 17, *Insurance Contracts*, which is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of the Group and the Company except as mentioned below:

(i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate,* IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue Barter Transactions Involving Advertising Services.* Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. Based on the assessment, the Group and the Company do not expect the application of MFRS 15 to have a significant impact on its consolidated financial statements.

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1. Basis of preparation (continued)

(a) Statement of compliance (continued)

(ii) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is expected that the Group's and the Company's investment in unquoted shares will be measured at fair value through other comprehensive income.

The adoption of MFRS 9 will result in a change in accounting policy. Based on the assessment, the Group and the Company do not expect the application of MFRS 9 to have a significant impact on its consolidated financial statements.

(iii) MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

(iv) Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*

The amendments clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates and joint ventures at fair value.

The Group is currently assessing the financial impact that may arise from the adoption of the amendments.

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1. Basis of preparation (continued)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, other than disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

2. Significant accounting policies

(a) Basis of consolidation

(i) Subsidiaries

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

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2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Acquisitions from entities under common controls

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

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2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Loss of controls

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(vi) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

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1. **Significant accounting policies** (continued)

(a) **Basis of consolidation** (continued)

(vi) Associates (continued)

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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2. Significant accounting policies (continued)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") within equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

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2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia ("RM") (continued)

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

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2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group and the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

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2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment [see Note 2(i)(i)].

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2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

All financial liabilities, other than those categorised as fair value through profit or loss, are subsequently measured at amortised cost.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

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2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) the derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or a part thereof is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part thereof is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "administrative expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

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2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Assets under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Plant and machinery	10 years
Motor vehicles	5 years
Furniture, fittings and office equipment	10 years
Tools and equipment	10 years
Office renovation	10 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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2. Significant accounting policies (continued)

(e) Leased assets (continued)

(i) Finance lease (continued)

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group and the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(ii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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2. **Significant accounting policies** (continued)

(f) **Intangible assets** (continued)

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates.

(iv) Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) **Inventories**

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is determined on the first-in first-out cost basis. The cost of inventories comprises include expenditure in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

(h) **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

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2. Significant accounting policies (continued)

(i) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

2. **Significant accounting policies** (continued)

(i) **Impairment** (continued)

(i) ***Financial assets*** (continued)

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) ***Other assets***

The carrying amounts of other assets (except for inventories [refer Note 2(g)] and deferred tax assets [refer Note 2(o)]) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purpose. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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2. Significant accounting policies (continued)

(i) Impairment (continued)

(ii) Other assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amounts of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(j) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Ordinary shares

Ordinary shares are classified as equity.

(ii) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

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2. Significant accounting policies (continued)

(k) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liabilty is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

2. Significant accounting policies (continued)

(k) Employee benefits (continued)

(iii) Defined benefit plans (continued)

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Site restoration

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

(iii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

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2. Significant accounting policies (continued)

(m) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Services rendered

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of service contracts. The stage of completion of a service contract is assessed by reference to survey of works performed. Where the outcome of a transaction cannot be estimated reliably, revenue is recognised only to the extent of the expenses incurred that are recoverable. An expected loss on a service contract is recognised immediately in profit or loss.

(iii) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

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2. Significant accounting policies (continued)

(m) Revenue and other income (continued)

(iv) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(v) Rental income

Rental income is recognised in profit or loss as it accrues, based on rates agreed with tenants.

(vi) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

(vii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(viii) Interest income

Interest income is recognised in profit or loss as it accrues, taking into account the effective yield on the asset.

(ix) Management fees

Management fees are recognised in profit or loss as it accrues at contracted rates.

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2. Significant accounting policies (continued)

(n) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(o) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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2. Significant accounting policies (continued)

(o) Income tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extend that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(p) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments' results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(q) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

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2. Significant accounting policies (continued)

(r) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset of a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

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3. Property, plant and equipment

	Freehold land RM'000	Long-term leasehold land (Unexpired lease term > 50 years) RM'000	Short-term leasehold land (Unexpired lease term < 50 years) RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Tools and equipment RM'000	Office renovation RM'000	Asset under construction RM'000	Total RM'000
Cost											
At 1 January 2016	375	600	936	14,143	88,528	13,690	5,170	294,232	2,248	9,827	429,749
Additions	3,668	-	-	-	89,440	2,594	1,102	96,448	224	8,375	201,851
Effect of movement in exchange rates	24	-	-	-	2,776	164	35	6,899	-	727	10,625
Adjustments	-	2,500	-	(2,500)	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	(37)	-	-	-	-	(37)
Written off	-	-	-	-	(895)	-	-	(17,249)	-	-	(18,144)
At 31 December 2016/ 1 January 2017	4,067	3,100	936	11,643	179,849	16,411	6,307	380,330	2,472	18,929	624,044
Additions	-	-	20,154	45,359	30,596	8,336	805	103,488	390	56,282	265,410
Effect of movement in exchange rates	(37)	-	-	-	(6,298)	(146)	(33)	(27,665)	-	(2,039)	(36,218)
Transfer	-	-	-	15,704	-	-	-	-	-	(15,704)	-
At 31 December 2017	4,030	3,100	21,090	72,706	204,147	24,601	7,079	456,153	2,862	57,468	853,236

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3. Property, plant and equipment

	Freehold land RM'000	Long-term leasehold land (Unexpired lease term > 50 years) RM'000	Short-term leasehold land (Unexpired lease term < 50 years) RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Tools and equipment RM'000	Office renovation RM'000	Assets under construction RM'000	Total RM'000
Depreciation											
At 1 January 2016	-	70	227	1,207	21,532	7,053	2,457	46,802	1,076	-	80,424
Depreciation for the year (Note 18)	-	10	56	279	12,733	2,440	888	36,336	199	-	52,941
Effect of movement in exchange rates	-	-	-	-	888	29	23	1,541	-	-	2,481
Disposal	-	-	-	-	-	(37)	-	-	-	-	(37)
Written off	-	-	-	-	-	-	-	(1,938)	-	-	(1,938)
At 31 December 2016/ 1 January 2017	-	80	283	1,486	35,153	9,485	3,368	82,741	1,275	-	133,871

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3. Property, plant and equipment (continued)

	Freehold land RM'000	Long-term leasehold land (Unexpired lease term > 50 years) RM'000	Short-term leasehold land (Unexpired lease term < 50 years) RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Tools and equipment RM'000	Office renovation RM'000	Assets under construction RM'000	Total RM'000
***Depreciation** (continued)*											
At 31 December 2016/ 1 January 2017	-	80	283	1,486	35,153	9,485	3,368	82,741	1,275	-	133,871
Depreciation for the year (Note 18)	-	10	154	2,511	20,063	3,165	566	42,335	222	-	69,026
Effect of movement in exchange rates	-	-	(40)	(155)	(2,389)	(53)	61	(5,211)	-	-	(7,787)
At 31 December 2017	-	90	397	3,842	52,827	12,597	3,995	119,865	1,497	-	195,110
Carrying amount											
31 December 2016/ At 1 January 2017	4,067	3,020	653	10,157	144,696	6,926	2,939	297,589	1,197	18,929	490,173
At 31 December 2017	4,030	3,010	20,693	68,864	151,320	12,004	3,084	336,288	1,365	57,468	658,126

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3. Property, plant and equipment (continued)

	Buildings RM'000	Furniture, fittings and office equipment RM'000	Motor vehicle RM'000	Total RM'000
Company				
Cost				
At 1 January 2016	-	-	57	57
Addition	-	9	-	9
At 31 December 2016/1 January 2017	-	9	57	66
Addition	43,500	67	-	43,567
At 31 December 2017	43,500	76	57	43,633
Depreciation				
At 1 January 2016	-	-	20	20
Depreciation charge for the year (Note 18)	-	1	11	12
At 31 December 2016/1 January 2017	-	1	31	32
Depreciation charge for the year (Note 18)	74	2	11	87
At 31 December 2017	74	3	42	119
Carrying amount				
At 31 December 2016/1 January 2017	-	8	26	34
At 31 December 2017	43,426	73	15	43,514

3.1 Leased property, plant and equipment

The carrying amounts of the property, plant and equipment under finance leases are as follows:

	Carrying amount 2017 RM'000	Carrying amount 2016 RM'000
Group		
Plant and machinery	9,572	7,813
Motor vehicles	9,066	6,680
	18,638	14,493

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3. Property, plant and equipment (continued)

3.2 Security

The assets under finance leases are charged to secure the finance lease liabilities of the Group (see Note 14).

The following property, plant and equipment are charged as security for certain borrowings of the Group (see Note 14).

	Carrying amount	
	2017	2016
	RM'000	RM'000
Group		
Buildings	54,642	10,157
Leasehold land	12,721	1,213
Plant and machinery, tools and equipment	12,908	2,911

4. Investment in subsidiaries - Company

	2017	2016
	RM'000	RM'000
Unquoted shares, at cost	72,139	63,589

Details of subsidiaries, are as follows:

Subsidiary	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2017 %	2016 %
Serba Dinamik International Ltd. ("SDIL")	Malaysia	Operation and maintenance of plants and facilities engineering, procurement, construction and commissioning and related products and services	100	100
Serba Dinamik Sdn. Bhd. ("SDSB")	Malaysia	Operation and maintenance of plants and facilities, engineering, procurement construction and commissioning, technical training and related products and services	100	100

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4. Investment in subsidiaries - Company (continued)

Subsidiary	**Country of incorporation**	**Principal activities**	**Effective ownership interest and voting interest 2017 %**	**2016 %**
Serba Dinamik IT Solutions Sdn. Bhd. ("SDIT")	Malaysia	Information and communications technology software and solutions	100	100
SD Controls Sdn. Bhd.	Malaysia	Testing and calibration of process control and instrumentation	80	80
SD Advance Engineering Sdn. Bhd.	Malaysia	Maintenance of micro turbines and related products and services	51	51
Serba Dinamik (B) Sdn. Bhd.^^	Brunei	Operation and maintenance of plants and facilities, engineering, procurement, construction and commissioning and related products and services	75	75
AR Global Engineering Sdn.Bhd.	Malaysia	Process control, instrumentation and related products and services	100	100
Serba Dinamik RMC FZE ^^	United Arab Emirates	Maintenance, repair and overhaul, fabrication and logistic services	100	100
<u>Subsidiary of SDIL</u>				
PT Serba Dinamik Indonesia **	Indonesia	Operation and maintenance of plants and facilities, engineering, procurement, construction and commissioning and related products and services	75	75
Serba Dinamik International Petroleum Services W.L.L **	Kingdom of Bahrain	Operation and maintenance of plants and facilities, engineering, procurement, construction and commissioning and related products and services	99	99
Serba Dinamik International Limited ^^	United Kingdom	Inspection, repair and maintenance of static equipment and structures, and related products and services	100	100

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4. Investment in subsidiaries - Company (continued)

Subsidiary	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2017 %	2016 %
Subsidiary of SDIL (continued)				
PT Kubic Gasco ("PTKG") **	Indonesia	Processing and supply of compressed natural gas	51	51
Subsidiary of SDSB				
Quantum Offshore Limited ^^	United Kingdom	Design, engineering and installation of auxiliary power generators and firefighting systems and equipment	100	100
Top Luxury Sdn. Bhd.	Malaysia	Dormant	100	100
Subsidiary of SDIT				
Telegistics Asia Sdn. Bhd.	Malaysia	Internet and mobile applications solutions	100	100
Subsidiary of PTKG				
PT Delta Conusa Gas**	Indonesia	Dormant	90	90
PT Muaro Jambi Energi**	Indonesia	Dormant	82	82

** *Not audited by member firms of KPMG International*

^^ *The subsidiary is exempted from statutory audit as permitted by the authority in the relevant country*

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4. Investment in subsidiaries - Company (continued)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows:

2017	**PT Serba Dinamik Indonesia RM'000**	**PT Kubic Gasco RM'000**	**SD Advance Engineering Sdn. Bhd. RM'000**	**Other individually immaterial subsidiaries RM'000**	**Total RM'000**
NCI percentage of ownership interest and voting interest	25%	49%	49%		
Carrying amount of NCI	750	2,036	1,143	(52)	3,877
(Loss)/Profit allocated to NCI	19	(3,321)	145	(138)	(3,295)
Summarised financial information before intra-group elimination					
As at 31 December					
Non-current assets	4,537	24,504	206		
Current assets	22,857	8,533	11,748		
Non-current liabilities	(532)	(7,254)	(6)		
Current liabilities	(23,859)	(21,618)	(9,615)		
Net assets	3,003	4,165	2,333		
Year ended 31 December					
Revenue	22,167	2,920	11,482		
Profit/(Loss) for the year	77	(6,777)	296		
Total comprehensive income/(loss)	77	(6,777)	296		

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4. Investment in subsidiaries - Company (continued)

Non-controlling interests in subsidiaries (continued)

Year ended 31 December (continued)	PT Serba Dinamik Indonesia RM'000	PT Kubic Gasco RM'000	SD Advance Engineering Sdn. Bhd. RM'000
Summarised financial information before intra-group elimination (continued)			
Cash flows from operating activities	(1,467)	(3,966)	189
Cash flows from/(used in)investing activities	30	(3,067)	(144)
Cash flows from financing activities	2,074	11,148	6
Net increase in cash and cash equivalents	637	4,115	51

4. Investment in subsidiaries - Company (continued)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows:

2016	PT Serba Dinamik Indonesia RM'000	PT Kubic Gasco RM'000	SD Advance Engineering Sdn. Bhd. RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	25%	49%	49%		
Carrying amount of NCI	699	5,978	1,053	199	7,929
Profit/(Loss) allocated to NCI	32	(389)	248	(79)	(188)
Summarised financial information before intra-group elimination					
as at 31 December					
Non-current assets	5,871	20,055	52		
Current assets	20,764	4,026	15,926		
Non-current liabilities	(1,319)	(4,825)	-		
Current liabilities	(22,520)	(7,056)	(13,831)		
Net assets	2,796	12,200	2,147		
Year ended 31 December					
Revenue	20,769	91	15,399		
Profit/(Loss) for the year	127	(795)	506		
Total comprehensive income/(loss)	127	(795)	506		

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4. Investment in subsidiaries - Company (continued)

Non-controlling interests in subsidiaries (continued)

2016 (continued)	**PT Serba Dinamik Indonesia RM'000**	**PT Kubic Gasco RM'000**	**SD Advance Engineering Sdn. Bhd. RM'000**
Summarised financial information before intra-group elimination (continued)			
Cash flows (used in)/from operating activities	(880)	7,487	(4)
Cash flows used in investing activities	-	(7,962)	(2)
Cash flows from financing activities	379	3,507	-
Net (decrease)/increase in cash and cash equivalents	(501)	3,032	(6)

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5. Investment in associates - Group

	2017 RM'000	2016 RM'000
Group		
Unquoted shares, at cost	46,396	12,396
Share of post-acquisition reserve	(2,092)	-
Impairment loss	(176)	(176)
	44,128	12,220

During the year, the Group has acquired 40% equity in Konsortium Amanie JV Sdn. Bhd. for a purchase consideration of RM34,000,000.

The particulars of the associates are as follows:

Associate	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2017 %	2016 %
Serba Dinamik International Qatar *	Qatar	Dormant	49	49
Adat Sanjung Sdn. Bhd.*	Malaysia	Investment holdings	30	30
Konsortium Amanie JV Sdn Bhd *	Malaysia	Developer of water treatment plant	40	-

* *Audited by another firm of Chartered Accountants.*

2017 **Group** *Summarised financial information* **As at 31 December**	Adat Sanjung Sdn. Bhd. RM'000	Konsortium Amanie JV Sdn. Bhd. RM'000	Total RM'000
Non-current assets	346	106,951	107,297
Current assets	171,216	4,769	175,985
Non-current liabilities	(96,410)	(270)	(96,680)
Current liabilities	(76,417)	(116,329)	(192,746)
	(1,265)	(4,879)	(6,144)

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5. Investment in associates – Group (continued)

2017 (continued) Group (continued)	Adat Sanjung Sdn. Bhd. RM'000	Konsortium Amanie JV Sdn. Bhd. RM'000	Total RM'000
Year ended 31 December			
Loss from continuing operations	(7,126)	(573)	(7,699)
Total comprehensive loss	(7,126)	(573)	(7,699)
Included in the total comprehensive loss is			
Revenue	4,414	-	4,414

Reconciliation of net assets to carrying amount as at 31 December

2017	Adat Sanjung Sdn. Bhd. RM'000	Konsortium Amanie JV Sdn. Bhd. RM'000	Total RM'000
Group's share of net assets	(3,194)	(177)	(3,371)
Goodwill	13,551	33,948	47,499
Carrying amount in the statement of financial position	10,357	33,771	44,128

Group's share of results for the year ended 31 December 2017

	Adat Sanjung Sdn. Bhd. RM'000	Konsortium Amanie JV Sdn. Bhd. RM'000	Total RM'000
Group share of profit or loss from continuing operations	(1,863)	(229)	(2,092)

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5. Investment in associates – Group (continued)

	Adat Sanjung Sdn. Bhd. RM'000
2016	
Group	
Summarised financial information as at 31 December	
As at 31 December	
Non-current assets	93,262
Current assets	9,445
Non-current liabilities	(59,305)
Current liabilities	(42,537)
	865
Year ended 31 December	
Loss from continuing operations	(542,663)
Total comprehensive loss	(542,663)
Included in the total comprehensive loss is	
Revenue	2,500,000
Reconciliation of net assets to carrying amount as at 31 December	
Group's share of net assets	(1,331)
Goodwill	13,551
Carrying amount in the statement of financial position	12,220

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6. Other investments – Group and Company

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current				
Available-for-sale financial assets				
- quoted shares in Malaysia	160	160	160	160
- allowance for diminution in value	(54)	(54)	(54)	(54)
	106	106	106	106
- unit trust	201	201	201	201
	307	307	307	307
Representing items:				
- market value of quoted shares (Note 24)	80	132	80	132
- fair value of unit trust (Note 24)	223	204	223	204
Current				
Loans and receivables				
- Fixed deposits placed with licensed banks with original maturities exceeding three months	48,469	52,446	-	-

Fixed deposits are pledged for banking facilities granted to the subsidiaries (see Note 12).

7. Intangible assets

	Goodwill RM'000	License and rights RM'000	Total RM'000
Cost			
At 1 January 2016			
Additions	3,832	4	3,836
At 31 December 2016/1 January 2017	3,832	4	3,836
Additions	-	3,151	3,151
At 31 December 2017	3,832	3,155	6,987

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7. **Intangible assets** (continued)

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating activities which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of this goodwill is allocated to a subsidiary, which hold a DNV Business Assurance Management System Certification ISO 9001:2008, which is valid for the design and manufacture of fire pumps and power generation systems to the offshore industry. Value in use is used to assess the recoverable amount of the CGU.

The budgeted cash flows was based on the following key assumption:

- Cash flows were projected based on past experience, with anticipated profit growth by 10% for the years 2018 to 2022; and

- A pre-tax discount of 9% was applied to discount the estimated cash flow.

The key assumptions used for the value in use computations are that the markets will grow and the Group will maintain its market share and gross margins will be maintained at current level.

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8. Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Group						
Property, plant and equipment	-	-	15,529	14,243	15,529	14,243
Post employment benefits	(259)	(703)	-	-	(259)	(703)
Others	(2,551)	-	107	112	(2,444)	112
Tax (assets)/liabilities	(2,810)	(703)	15,636	14,355	12,826	13,652

	Liabilities	
	2017 RM'000	2016 RM'000
Company		
Property, plant and equipment	(7)	(1)

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8. **Deferred tax** (continued)

Movements in deferred tax during the year are as follows:

Group	At 1.1.2016 RM'000	Recognised in profit or loss RM'000	Effect of movement in exchange rate RM'000	At 31.12.2016/ 1.1.2017 RM'000	Recognised in profit or loss RM'000	Effect of movement in exchange rate RM'000	At 31.12.2017 RM'000
Property, plant and equipment	4,989	9,254	-	14,243	1,286	-	15,529
Post employment benefits	(69)	(639)	5	(703)	486	(42)	(259)
Others	163	(51)	-	112	(2,556)	-	(2,444)
	5,083	8,564	5	13,652	(784)	(42)	12,826
		(Note 20)			(Note 20)		

Company	At 1.1.2016 RM'000	Recognised in profit or loss RM'000	At 31.12.2016/ 1.1.2017 RM'000	Recognised in profit or loss RM'000	At 31.12.2017 RM'000
Property, plant and equipment	(3)	2	(1)	(6)	(7)
	(Note 20)		(Note 20)		

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9. Inventories - Group

	2017 RM'000	2016 RM'000
At cost		
Material on site	564,298	476,433
Spare parts and consumables	13,464	9,916
	577,762	486,349
Recognised in profit or loss		
- inventories recognised as cost of sales/services	1,092,689	581,514

10. Trade and other receivables

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade				
Trade receivables	755,011	657,115	-	-
Accrued billings	40,540	70,153	-	-
	795,551	727,268	-	-
Non-trade				
Other receivables	23,691	14,173	653	656
Amount due from an associate	59,700	-	44,650	-
Amount due from holding company	-	1,314	-	1,314
Amounts due from subsidiaries	-	-	57,487	49,767
	83,391	15,487	102,790	51,737
Total	878,942	742,755	102,790	51,737

Amount due from an associate is unsecured, interest free and repayable on demand.

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10. Trade and other receivables (continued)

10.1 Trade receivables denominated in foreign currencies comprise the following amounts.

	Group	
	2017 RM'000	2016 RM'000
United States Dollar ("USD")	454,567	431,539

11. Deposits and prepayments

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deposits for:				
- land	15,697	1,753	3,000	-
- investment	12,834	1,204	7,500	-
- others	2,170	2,150	914	30
	30,701	5,107	11,414	30
Prepayments	9,529	4,800	40	2
	40,230	9,907	11,454	32

11.1 Included in deposits are the following:

i) On 18 August 2017, the Group entered into a Memorandum of Agreement with a counterparty for a collaborative development of industrial and commercial projects on a piece of land measuring approximately 15.87 acres located at Bukit Pelali, Mukim Pengerang, Daerah Pengerang, State of Johor Darul Takzim amounting RM24,195,402. An amount of RM14,097,701 has been paid as deposits for the acquisition of the land.

ii) On 1 October 2017, the Group and the Company paid a deposit of RM7,000,000 for acquisition of an investment. The acquisition is expected to be completed by the second quarter of financial year 2018.

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11. Deposits and prepayments (continued)

11.1 Included in deposits are the following (continued):

iii) On 1 January 2016, the Group entered into a sale of shares agreement for the acquisition of 100% equity interest in Supreme Vista Industries Sdn. Bhd. for a cash consideration of RM2,004,255. The acquisition is expected to be completed in the second quarter of 2018. The completion date will be the date of final and full payment by the Group.

iv) On 21 August 2017, the Group entered into a Share Sale Agreement with a counterparty for the acquisition of 14,000 ordinary shares representing 30% ordinary equity interest in Al Murisi Development Sdn Bhd, for a total cash consideration of RM18,300,000. Included in the deposits is an amount of RM1,830,000 paid for this acquisition, which is expected to be completed by the second quarter of financial year 2018.

12. Cash and cash equivalents

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	148,307	54,322	878	123
Deposits placed with licensed banks	148,661	133,031	23,250	-
	296,968	187,353	24,128	123

12.1 Term deposits amounting to RM131,008,000 (2016: RM133,031,000) are pledged for banking facilities granted to the Group (see Note 14).

12.2 Cash and bank balances include the following balances denominated in foreign currency:

	Group	
	2017 RM'000	2016 RM'000
USD	152,038	38,234

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13. Capital and reserves

13.1 Share capital

	Group and Company			
	Amount		Number of shares	
	RM'000 2017	RM'000 2016	2017	2016
Ordinary shares				
Issued and fully paid				
Opening balance	73,979	62,091	73,979	62,091
Issued during the financial year	-	11,888	-	11,888
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016 (Note 1)	23,112	-	-	-
Closing balance	97,091 (Note 2)	73,979	73,979	73,979

Note 1: In accordance with Section 618(2) of Companies Act, 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of Companies Act, 2016 on 31 January 2017 to utilise the credit.

Note 2: Included in share capital is the share premium account amounting to RM23,112,000 that is available to be utilised in accordance with Section 618(3) of Companies Act, 2016 on or before 30 January 2019 (24 months from commencement of section 74).

The new Companies Act 2016, which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of the transition.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

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13. Capital and reserves (continued)

13.2 Other reserves

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Foreign currency translation reserve	13.2.1	18,282	81,535	-	-
Statutory reserve	13.2.2	276	264	-	-
Capital redemption reserve	13.2.3	36,000	36,000	-	-
Capital gain on equity conversion		8,994	8,994	8,994	8,994
		63,552	126,793	8,994	8,994

13.2.1 Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

13.2.2 Statutory reserve

In accordance with the provisions of the Bahrain Commercial Companies Law, Decree Number 21 of 2012 in an indirect subsidiary's Memorandum and Articles of Association, an amount equivalent to 10% of the indirect subsidiary's net profit before appropriation is required to be transferred to a non-distributable reserve account until such time as a minimum of 50% of the share capital is set aside.

13.2.3 Capital redemption reserve

Capital redemption reserve was in relation to redeemable preference shares redeemed by subsidiaries, for which the amount equivalent to the nominal value of such shares redeemed were transferred from retained earnings.

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14. Loans and borrowings

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Non-current				
Term loans (Islamic) – secured	33,712	5,919	-	-
Term loans - secured	2,003	3,352	-	-
	35,715	9,271	-	-
Finance lease liabilities - secured	10,600	6,958	-	-
	46,315	16,229	-	-
Current				
Bank overdrafts (Islamic) - secured	3,537	5,074	-	-
Bank overdrafts - secured	7,764	5,517	-	-
	11,301	10,591	-	-
Bankers' acceptances - secured	300	300	-	-
Term loans (Islamic) – secured	4,402	1,955	-	-
Term loans - secured	1,063	1,550	-	-
	5,465	3,505	-	-
Revolving credits (Islamic) – secured	570,814	529,168	61,650	-
Revolving credits - secured	65,847	77,089	-	-
	636,661	606,257	61,650	-
Finance lease liabilities - secured	6,000	2,779	-	-
	659,727	623,432	61,650	-
Total	706,042	639,661	61,650	-

(i) ***Security***

The bank overdrafts, bankers' acceptances and revolving credits facilities of the Group are secured by the following:

(a) legal charges over on leasehold land and certain buildings of the Group (see Note 3.2).

(b) secured by the facility agreement and pledged term deposits (see Note 6 and Note 12).

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14. Loans and borrowings (continued)

(i) *Security* (continued)

The term loans of the Group are secured by the following:

(a) general and supplemental facility agreement.
(b) first and second legal charges over leasehold land and certain buildings of the Group (see Note 3.2).
(c) legal charges over plant and machinery as well as tools and equipment of the Group (see Note 3.2).
(d) legal charges over assets belong to the Directors of the holding Company.
(e) corporate guarantee from the holding Company.

Finance lease liabilities of the Group are secured on the respective finance lease assets (see Note 3.2).

The revolving credits (Islamic) of the Group and the Company are secured by the following:-

(a) secured by term deposits (see Notes 6 and 12);
(b) corporate guarantee from the holding company and its subsidiaries.

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14. Loans and borrowings (continued)

(ii) *Significant covenants on loans and borrowings*

The Group is required to maintain a gearing ratio not exceeding 2.00 times (2016: 2.00) in respect of the banking facilities granted by five licensed banks (2016: two) to the Group. The total outstanding borrowings of the Group with the said banks as at 31 December 2017 are RM25,470,731. The Group has not breached the covenants.

In addition, a subsidiary of the Company is required to maintain a ratio between the amount due from subsidiaries and associate as well as amount owing to subsidiaries and associate of not more than 1.00 time for the Islamic Treasury Facilities secured during the year, which has been complied with.

The Islamic term loans, bank overdrafts and revolving credits facilities of RM78,762,132, RM3,537,470 and RM517,033,817 respectively are Islamic facilities under Bai' Inah contract.

(iii) *Reconciliation of movement of liabilities to cash flows arising from financing activities*

Group	At 1.1.2017 RM'000	Net change from financing cash flows RM'000	Acquisition of new leases RM'000	Effect of movement in exchange rates RM'000	At 31.12.2017 RM'000
Term loans (Islamic)	7,874	30,240	-	-	38,114
Term loans	4,902	(1,836)	-	-	3,066
Finance lease liabilities	9,737	(1,924)	8,880	(93)	16,600
Revolving credits (Islamic)	529,168	81,497	-	(39,851)	570,814
Revolving credits	77,089	(11,242)	-	-	65,847
Bankers' acceptances	300	-	-	-	300
	629,070	96,735	8,880	(39,944)	694,741
Company					
Revolving credits	-	61,650	-	-	61,650

14. **Loans and borrowings** (continued)

(iv) Finance lease liabilities

Finance lease liabilities are payable as follows:

	2017			2016		
	Future minimum lease payments RM'000	**Interest RM'000**	**Present value of minimum lease payments RM'000**	**Future minimum lease payments RM'000**	**Interest RM'000**	**Present value of minimum lease payments RM'000**
Group						
Less than one year	6,932	932	6,000	3,404	625	2,779
Between one and two years	4,363	591	3,772	3,364	434	2,930
Between two and five years	7,450	629	6,821	4,172	277	3,895
More than five years	7	-	7	148	15	133
	18,752	2,152	16,600	11,088	1,351	9,737

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15. Employment benefits - Group

In accordance with Indonesian Labor Law No.13/2003, the Group provides post employment benefits to the eligible employees of an indirect subsidiary upon terminating their employment or upon attaining retirement age. The benefits payable are determined based on employees length of services and compensation at termination or retirement.

The Group operates the post employment benefits plan for eligible employees of an indirect subsidiary who are Indonesians with age above 20 years and continuous service of at least a year from date of hire. The benefits payable on retirement are based on length of service, input factor and base pay. The retirement age is 55 for employees of the subsidiary. The post employment benefit plan exposes the Group to actuarial risks such as longevity risk, financial risks such as change in discount rates and demographic risk such as turnover rate not being borne out.

The following table shows a reconciliation from the opening balance to the closing balance for defined benefit liability and its components.

	RM'000
At January 2016	397
Included in profit or loss (Note 18)	
Current service cost	95
Balance at 31 December 2016/1 January 2017	
Acquisition through subsidiaries	492
Included in profit or loss (Note 18)	
Current service cost	100
Balance at 31 December 2017	592

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting date:

	2017	**2016**
Average years of service of employees	4.95 years	2.45 years
Annual discount rate	7.2% p.a.	9% p.a.
Salary increment rate	10% p.a.	7% p.a.
Normal pension rate	56 years	55 years
Mortality rate	Table Mortality Indonesia (TMI)	Table Mortality Indonesia (TMI)

Sensitivity analysis

There is no sensitivity analysis performed as any change will be insignificant to the Group/

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16. Trade and other payables

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade				
Trade payables and accruals	315,382	442,814	458	460
Non-trade				
Other payables and accruals	97,107	58,076	42,821	4,420
Amount due to subsidiary (Note 16.1)	-	-	881	1,384
Amount due to immediate holding company	393,864	-	39,684	-
	490,971	58,076	83,386	5,804
Total	806,353	500,890	83,844	6,264

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16. Trade and other payables (continued)

16.1 Amount due to subsidiaries is interest free, unsecured and repayable on demand.

16.2 Trade and other payables denominated in foreign currencies include the following amounts:

	Group	
	2017 RM'000	2016 RM'000
USD	150,678	259,974

17. Revenue

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Operation and maintenance	2,342,698	1,930,535	-	-
Engineering, procurement, construction and commissioning				
- contract revenue	42,906	61,065	-	-
- others	331,365	171,570	-	-
	374,271	232,635	-	-
Dividend income			69,420	
Provision of management services	-	-	45,322	22,547
Others	5,349	5,158	-	-
	2,722,318	2,168,328	114,742	22,547

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18. Results from operating activities

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Results from operating activities are arrived at after charging:				
Auditors remuneration:				
- Statutory audit fees				
- KPMG Malaysia	247	214	16	15
- Others	114	188	-	-
- Non-statutory audit fees				
- KPMG Malaysia	10	175	-	175
- Non-audit fees				
- KPMG Malaysia	53	675	-	675
- Affiliate of KPMG Malaysia	176	48	-	-
Depreciation of property, plant and equipment (Note 3)	69,026	52,941	87	12
Foreign exchange loss:				
- realised	-	1,740	-	-
- unrealised	14,320	977	3,610	-
Employment benefits (Note 15)	100	95	-	-
Personnel expenses (including key management personnel):				
- contributions to state plans	939	2,013	1,854	787
- wages, salaries and others	66,501	47,630	22,182	7,398

and after crediting:

Realised foreign exchange gain	-	1,073	-	-

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19. Finance income and costs

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Interest cost and profit				
Interest cost and profit of financial liabilities that are not at fair value through profit or loss:				
- finance leases	701	709	-	-
- RCPS 'B'	-	168	-	-
- RCPS 'A'	-	6,717	-	-
- term loans, revolving credits and bankers' acceptances	33,390	14,567	3,258	-
- bank overdrafts	255	261	-	-
- overdue, late payment and trade interest	2,243	3,654	-	-
- trade loan	-	12,192	-	-
- other finance costs	482	706	-	-
Recognised in profit or loss	37,071	38,974	3,258	-
Finance income				
Interest income of financial assets that are not at fair value through profit or loss:				
- term deposits	2,741	3,963	-	-
Recognised in profit or loss	2,741	3,963	-	-

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20. Tax expense

Recognised in profit or loss

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Current tax expense				
Malaysian - current year	13,337	12,642	555	369
- prior year	26,970	612	592	440
Overseas - current year	188	307	-	-
	40,495	13,561	1,147	809
Deferred tax expense/(income) (Note 8)				
- current year	3,382	6,679	1	1
- prior year	(2,598)	1,885	5	(3)
	784	8,564	6	(2)
	41,279	22,125	1,153	807

Reconciliation of tax expense

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Profit after tax	306,383	245,809	68,394	1,314
Total tax expense	41,279	22,125	1,153	807
Profit excluding tax	347,662	267,934	69,547	2,121
Income tax calculated using Malaysian tax rate of 24% (2016: 24%)	86,923	64,304	16,691	509
Tax exempt income under Labuan Business Activity Tax *	(61,875)	(46,111)	-	-
Effect of tax rate in foreign jurisdictions	95	(516)	-	-
Non-deductible expenses	-	3,378	526	5
Tax exempt income	-	(197)	(16,661)	(144)
Profit of foreign source not subject to Malaysian tax	(8,236)	(1,231)	-	-
	16,907	19,627	556	370
Under provision in prior years	24,372	2,498	597	437
Total tax expense	41,279	22,125	1,153	807

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20. Tax expense (continued)

* *Under the preferential tax treatment given to Labuan entities incorporated or register under the Labuan Companies Act 1990, a subsidiary has qualified and elected to pay tax of RM20,000 per annum.*

During the year, Lembaga Hasil Dalam Negeri ("LHDN") has conducted tax investigation on two subsidiaries of the Group in relation to Year of Assessment 2010 to 2015. The tax investigation has been settled subsequent to year end, with total tax settlement of RM45 million, of which constitute additional tax payable of RM29 million and tax penalty of RM16 million. As at 31 December 2017, the outstanding tax payment for the additional tax payable and tax penalty are amounting to RM16,933,374 and RM9,316,626 respectively. The subsidiaries of the Group have agreed on an instalment plan with LHDN.

21. Compensations to key management personnel

Compensations paid/payable to key management personnel are as follows:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Directors of the Company				
- fees	841	512	73	439
- remuneration	2,003	891	107	-
- other short-term employee benefits	898	254	-	709
	2,844	1,657	180	1,148
Other key management personnel				
- fees	-	346	-	133
- other short-term employee benefits	911	206	129	38
	911	552	129	171
	3,755	2,209	309	1,319

Other key management personnel comprise persons other than the Directors of group entities, having authority and responsibility for planning, directing and controlling the activities of the group entities either directly or indirectly.

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22. Dividends

Dividends recognised by the Company are as follows:

2017	Sen per share	Total amount RM'000	Date of payment
First interim	52.82	39,077	21 June 2017
Second interim	13.94	10,318	20 September 2017
Third interim	17.32	20,025	12 December 2017
		69,420	

On 26 February 2018, the Board of Directors declared a fourth interim dividend of RM1.60 per ordinary share totalling RM31,360,000 in respect of the financial year ended 31 December 2017. The dividend will be recognised in subsequent financial year.

The Directors do not recommend any final dividend to be paid for the year under review.

23. Financial instruments

23.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(i) Loans and receivables ("L&R");
(ii) Financial liabilities measured at amortised cost ("FL"); and
(iii) Available for sale financial assets ("AFS").

Financial assets/(liabilities)	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000
2017			
Group			
Other investments	48,776	48,469	307
Trade and other receivables	878,942	878,942	-
Cash and cash equivalents	296,968	296,968	-
Trade and other payables	(806,353)	(806,353)	-
Loans and borrowings	(706,042)	(706,042)	-

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23. **Financial instruments** (continued)

23.1 Categories of financial instruments (continued)

Financial assets/(liabilities)	**Carrying amount RM'000**	**L&R/ (FL) RM'000**	**AFS RM'000**
Company			
Other investments	307	-	307
Trade and other receivables	102,790	102,790	-
Cash and cash equivalents	24,128	24,128	-
Trade and other payables	(83,844)	(83,844)	-
Loans and borrowings	(61,650)	(61,650)	-
2016			
Group			
Other investments	52,753	52,446	307
Trade and other receivables	742,755	742,755	-
Cash and cash equivalents	187,353	187,353	-
Trade and other payables	(500,890)	(500,890)	-
Loans and borrowings	(639,661)	(639,661)	-
Company			
Other investments	307	-	307
Trade and other receivables	51,737	51,737	-
Cash and cash equivalents	123	123	-
Trade and other payables	(6,264)	(6,264)	-

23.2 Net gains and losses arising from financial instruments

The table below provides an analysis of financial instruments categorised as follows:

	Group	
	2017 RM'000	**2016 RM'000**
Net gains/(losses) on:		
Loans and receivables	2,741	3,963
Financial liabilities measured at amortised cost	(51,391)	(38,974)
	(48,650)	(35,011)

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23. Financial instruments

23.3 Financial risk management

The Group and the Company are exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk; and
- Market risk

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from trade customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables from external parties

(i) Risk management objectives, policies and processes for managing the risk

The customers of the Group are principally involved in the oil and gas industry. The Group uses ageing analysis to monitor the credit quality of the receivables.

(ii) Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position. Cash and cash equivalents are only placed with licensed banks/institutions.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Company. The Company uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

As at the end of the reporting period, there are no significant concentration of credit risk other than the amounts due from two (2016: one) counterparties of RM204,141,806 (2016: RM82,949,000).

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23. Financial instruments (continued)

23.3 Financial risk management (continued)

(a) Credit risk (continued)

Receivables from external parties (continued)

(ii) Exposure to credit risk, credit quality and collateral (continued)

The exposure of credit risk for receivables as at the end of the reporting period by geographic region is:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Malaysia	308,636	208,365
Asia	43,533	67,775
Middle East	401,802	379,815
Europe	1,040	1,160
	755,011	657,115

(iii) Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

Group	**Gross RM'000**	**Impairment RM'000**	**Net RM'000**
2017			
Not past due	729,622	-	729,622
Past due 0 - 30 days	303	-	303
Past due 31 - 120 days	13,152	-	13,152
Past due more than 120 days	11,934	-	11,934
	755,011	-	755,011

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23. Financial instruments (continued)

23.3 Financial risk management (continued)

(a) Credit risk (continued)

Receivables (continued)

(iii) Impairment losses (continued)

Group	Gross RM'000	Impairment RM'000	Net RM'000
2016			
Not past due	628,900	-	628,900
Past due 0 - 30 days	12,014	-	12,014
Past due 31 - 120 days	13,249	-	13,249
Past due more than 120 days	2,952	-	2,952
	657,115	-	657,115

Other investments

(i) Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

(ii) Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has only invested in domestic securities. The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Other investments of the Group (see Note 6) are categorised as available for-sale financial assets. The Group does not have overdue investments that have not been impaired.

The investments are unsecured.

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23. Financial instruments (continued)

23.3 Financial risk management (continued)

(a) Credit risk (continued)

Inter-company balances

(i) Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries and monitors the results of the subsidiaries regularly. The subsidiaries have been reporting strong financial performance and are able to repay the loans and advances in due course.

(ii) Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Financial guarantees

(i) Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries.

(ii) Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM706,042,000 (2016: RM639,661,000) representing the outstanding banking facilities of the subsidiaries as at end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

23. **Financial instruments** (continued)

23.3 Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

Risk management objectives, policies and processes for managing the risk

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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23. Financial instruments (continued)

23.3 *Financial risk management* (continued)

(b) *Liquidity risk* (continued)

(i) *Maturity analysis*

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

2017	Carrying amount RM'000	Contractual profit/interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Group							
Finance lease liabilities - secured	16,600	1.05 – 9.55	18,752	6,932	4,363	7,450	7
Bank overdrafts (Islamic) - secured	3,537	8.00 – 9.00	3,537	3,537	-	-	-
Bank overdrafts – secured	7,764	8.00 – 9.00	7,764	7,764	-	-	-
Revolving credits (Islamic) - secured	570,814	7.85 – 9.10	570,814	570,814	-	-	-
Revolving credits– secured	65,847	3.00 – 9.10	65,847	65,847	-	-	-
Term loans (Islamic) – secured	38,114	1.40 – 15.50	18,615	5,355	8,281	3,137	1,842
Term loans - secured	3,066	4.25 – 4.77	2,655	438	1,009	630	578
Bankers' acceptance	300	3.50	303	303	-	-	-
Trade and other payables	806,353	-	806,353	806,353	-	-	-
	1,512,395		1,494,640	1,467,343	13,653	11,217	2,427
Company							
Revolving credits (Islamic)	61,650	3 - 9.10	61,650	61,650	-	-	-

23. Financial instruments (continued)

23.3 *Financial risk management* (continued)

(b) *Liquidity risk* (continued)

(i) ***Maturity analysis*** (continued)

2016	Carrying amount RM'000	Contractual profit/interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Group							
Finance lease liabilities - secured	9,737	1.05 – 9.55	11,087	3,403	3,364	4,172	148
Bank overdrafts (Islamic) - secured	5,074	8.00 – 9.00	5,110	5,110	-	-	-
Bank overdrafts – secured	5,517	8.00 – 9.00	5,556	5,556	-	-	-
Revolving credits (Islamic) - secured	529,168	3.00 – 9.10	529,168	529,168	-	-	-
Revolving credits – secured	77,089	7.85 – 15.50	77,088	77,088	-	-	-
Term loans (Islamic) - secured	7,874	7.20 – 15.50	10,002	2,593	1,384	3,137	2,888
Term loans – secured	4,902	4.25 – 4.77	5,330	1,728	1,618	1,293	691
Bankers' acceptance – secured	300	3.50	303	303	-	-	-
Trade and other payables	500,890	-	500,890	500,890	-	-	-
	1,140,551		1,144,534	1,125,839	6,366	8,602	3,727

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23. Financial instruments (continued)

23.3 Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk is primarily US Dollar ("USD").

(i) Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	2017 RM'000	**2016 RM'000**
Denominated in USD		
Group		
Trade receivables	10,835	1,850
Cash and cash equivalents	3,687	1,835
Trade payables	(8,359)	(2,660)
Net exposure in the statement of financial position	6,163	1,025

(ii) Currency risk sensitivity analysis

A 10% strengthening of the Ringgit Malaysia ("RM") against USD at the end of the reporting period would have decreased equity and post-tax profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remained constant.

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23. Financial instruments (continued)

23.3 Financial risk management (continued)

(c) Market risk (continued)

Currency risk (continued)

(ii) Currency risk sensitivity analysis (continued)

	Profit or loss	
	2017	**2016**
	RM'000	**RM'000**
USD		
In Group	(468)	(77)

A 10% weakening of Ringgit Malaysia ("RM") against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest or profit rates. For the Islamic and conventional facilities respectively, the Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest or profit rates. The Group is also exposed to interest or profit rate risk on the term deposits placed with licensed banks. Investments in equity securities and short term receivables and payables are not significantly exposed to interest or profit rate risk.

(i) Risk management objectives, policies and processes for managing the risk

The Group monitors its exposed to changes in interest rates on a regular basis. Borrowings are negotiated with a view to securing the best possible terms including rates of interest, to the Group.

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23. Financial instruments (continued)

23.3 Financial risk management (continued)

(c) Market risk (continued)

***Interest rate risk** (continued)*

(ii) Exposure to interest rate risk

The interest and profit rates profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2017 RM'000	**2016 RM'000**
Group		
Fixed rate instruments		
Financial assets	124,666	159,820
Financial liabilities	(27,901)	(20,327)
	96,765	139,493
Floating rate instruments		
Financial liabilities	(678,141)	(619,333)

(iii) Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest and profit rates at the end of the reporting period would not affect profit or loss.

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23. **Financial instruments** (continued)

23.3 Financial risk management (continued)

(c) Market risk (continued)

Interest rate risk (continued)

(iii) Interest rate risk sensitivity analysis (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest and profit rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100bp increase	**100bp decrease**
Group	**RM'000**	**RM'000**
Floating rate instruments		
- 2017	(5,154)	5,154
- 2016	(4,706)	4,706

Other price risk

Equity price risk arises from the Company's investments in equity securities.

(i) ***Risk management objectives, policies and processes for managing the risk***

Management monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by management.

There is no sensitivity analysis performed as any change will be insignificant to the Group.

23. **Financial instruments** (continued)

23.4 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate fair values due to the relatively short term nature of these financial instruments.

The fair value of other investments is disclosed in Note 6, which is based on their quoted closing market prices and the net asset value of the unit trust at their reporting date.

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23. Financial instruments (continued)

23.4 Fair value information (continued)

The table below analyses non-current financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

2017	Fair value of financial instruments carried at fair value Level 1 RM'000	Fair value of financial instruments carried at fair value Total RM'000	Fair value of financial instruments not carried at fair value Level 3 RM'000	Fair value of financial instruments not carried at fair value Total RM'000	Total fair value RM'000	Carrying amount RM'000
Group						
Financial assets						
Other investments	307	307	-	-	307	307
Financial liabilities						
Term loans (Islamic)	-	-	33,712	33,712	33,712	33,712
Term loans	-	-	2,003	2,003	2,003	2,003
Finance lease liabilities	-	-	11,769	11,769	11,769	11,769
	-	-	47,484	47,484	47,484	47,484
Company						
Financial assets						
Other investments	307	307	-	-	307	307

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23. Financial instruments (continued)

23.4 *Fair value information* (continued)

2016	Fair value of financial instruments carried at fair value		Fair value of financial instruments not carried at fair value		Total fair value	Carrying amount
	Level 1 RM'000	Total RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Group						
Financial assets						
Other investments	337	337	-	-	337	337
Financial liabilities						
Term loans (Islamic)	-	-	5,919	5,919	5,919	5,919
Term loans	-	-	3,352	3,352	3,352	3,352
Finance lease liabilities	-	-	6,958	6,958	6,958	6,958
	-	-	16,229	16,229	16,229	16,229
Company						
Financial assets						
Other investments	337	337	-	-	337	337

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23. **Financial instruments** (continued)

23.4 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year. (2016: no transfer in either directions)

Level 3 fair value

Level 3 fair value is estimated using observable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	**Description of valuation technique and input used**
Term loans and finance lease liabilities liabilities	Discounted cash flow using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.

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24. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group's strategy, was to maintain the debt-to-equity ratio not exceeding 2.00 times. The debt-to-equity ratios at 31 December 2017, were as follows:

	Group	
	2017 RM'000	**2016 RM'000**
Total loans and borrowings (Note 14)	706,042	639,661
Less: Cash and cash equivalents (Note 12)	(296,968)	(187,353)
Less: Other investments (Note 6)	(48,469)	(52,446)
	360,605	399,862
Total equity	990,363	817,410
Debt-to-equity ratios	0.36	0.49

There was no change in the Group's approach to capital management during the financial year.

The Group is also required to maintain a maximum debt-to-equity ratio of 2.00 to comply with bank covenants, failing which, the banks may call an event of default. The Group has not breached this covenant (see Note 14).

25. Related parties

Identity of related parties

For the purposes of the financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the parties or exercise significant influence over the parties in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related party may be individuals or other entities.

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25. Related parties (continued)

Identity of related parties (continued)

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly and entity that provides key management personnel services to the Group. Key management personnel include all the Directors of the Group and the Company, and certain members of senior management of the Group and the Company.

The Group and the Company has related party relationships with its significant investors, subsidiaries, associates and key management personnel.

Significant related party transactions

Significant related party transactions, other than compensations paid to key management personnel (see Note 21) and those disclosed elsewhere in the financial statements, are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Transactions with subsidiaries				
Nature of transaction				
Management fee receivables	-	-	(20,924)	(20,924)
Service fee payable	-	-	-	340
Transactions with companies/ corporations in which certain substantial shareholders have or are deemed to have substantial interests				
Nature of transaction				
Purchase of goods	-	1,160	-	-
Services rendered	-	1,981	-	(1,623)
Transactions with associates				
Nature of transaction				
Revenue from engineering, procurement, construction and commissioning project	(53,332)	-	-	-
Contract revenue	(42,906)	(61,065)	-	-

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25. Related parties (continued)

Transactions with associates (continued)

The balances with associates and subsidiaries are disclosed in Notes 10 and 16 to the financial statements.

The above transactions are based on negotiated terms. All the outstanding balances are unsecured and expected to be settled in cash.

26. Significant event

On 8 March 2016, the Company notified the RCPS holders their intention to exercise the Share Swap Right as defined in the Share Subscription Agreement. The Company will purchase the 131,772 units of RCPS held by the RCPS holders, and in consideration thereof, the holding company will issue 11,888,402 units of its ordinary shares equivalent to 16.07% of the issued and paid-up capital of the holding company. The conversion was completed on 16 May 2016.

On the same day, the Group had simultaneously terminated the Put Option Agreement with the RCPS holders in view of the completion of conversion.

27. Capital commitment – Group

	2017 RM'000	**2016 RM'000**
Land		
Contracted but not provided for	439,150	9,780

28. Subsequent event

i) On 5 February 2018, the Company entered into a Memorandum of Agreement for the acquisition of 40% equity stake held in Maju Renewable Energy Sdn. Bhd., Maju RE (Talang) Sdn. Bhd. and Maju RE (Temenggor) Sdn. Bhd. with purchase consideration of RM24,853,941.00.

ii) On 14 February 2018, the Company entered into a conditional Share Sale Agreement to acquire 1,000,000 ordinary shares in KB Engineering which represent 100% of the issued share capital of KB Engineering for a total cash consideration of RM2,000,000.

Serba Dinamik Group Berhad
(Company No. 663460 - T)
(Incorporated in Malaysia)
and its subsidiaries

Statement by Directors pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 6 to 98 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah
Director

....

Dato' Awang Daud bin Awang Putera
Director

Shah Alam,

Date: 26 April 2018

Serba Dinamik Group Berhad
(Company No. 663460 - T)
(Incorporated in Malaysia)
and its subsidiaries

Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Syed Nazim Bin Syed Faisal**, the Officer primarily responsible for the financial management of Serba Dinamik Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 6 to 98 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **Syed Nazim Bin Syed Faisal**, NRIC: 801112-08-5943, MIA CA 27418 at Shah Alam in the State of Selangor Darul Ehsan on 26 April 2018.

....
Syed Nazim Bin Syed Faisal

Before me:

PESURUHJAYA SUMPAH
MOHD YUNUS B. JAMIL
1.7.2017 - 22.10.2018
MALA...

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INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF SERBA DINAMIK GROUP BERHAD

(Company No. 663460 - T)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Serba Dinamik Group Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, including a summary of significant accounting policies, as set out on pages 6 to 98.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 4 to the financial statements.

Other Matter

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG

KPMG PLT
(LLP0010081-LCA& AF 0758)
Chartered Accountants

Nicholas Chia Wei Chit
Approval Number: 03102/03/2020 J
Chartered Accountant

Kuching,

Date: 26 April 2018

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