



PN.PRO.100-3/6/4 Jld.2 (7)

PRESS RELEASE

DECISION TO COMPOUND

SERBA DINAMIK HOLDINGS BERHAD AND ITS FOUR EXECUTIVES NAMELY, DATO' MOHD KARIM ABDULLAH, DATUK SYED NAZIM BIN SYED FAIZAL, MUHAMMAD HAFIZ BIN OTHMAN AND AZHAN BIN AZMI UNDER SECTION 373 OF THE CAPITAL MARKETS AND SERVICES ACT 2007 [ACT 671]

In December 2021, the Securities Commission of Malaysia (SC) presented its findings in relation to an investigation into the alleged contraventions of the provisions of the Capital Markets and Services Act 2007 [Act 671] by Serba Dinamik Holdings Berhad (SDHB) and its four executives to the Attorney General's Chambers (the AGC). The SC recommended that SDHB and the said four executives be prosecuted for the alleged contraventions. The AGC noted that the evidence against SDHB and its four executives was circumstantial in nature and required the application of the deeming provisions of section 367(1) of Act 671 which deem these executives to have committed the offences based on their capacity as directors or officers of SDHB. The SC convinced the AGC that prosecution was a necessary course of action for this case. Thereafter, the AGC gave its consent to prosecute to the SC. SDHB and its executives was consequently charged in court on the 28 December 2021.

On the 21 March 2022, the AGC received a representation letter dated 17 March 2022 from (SDHB) requesting, amongst others, that the AGC to reconsider the charges preferred against SDHB and its four executives. SDHB further proposed that the offences be compounded. The said letter from SDHB was forwarded to the SC for their immediate attention. Thereafter, the AGC discussed the said representation letter with investigating officers from the SC. The matter was also discussed by the Attorney General with the SC's Chairman.

Subsequently, upon the request from the AGC, the SC submitted its investigation paper to the AGC. After perusing the said investigation paper and considering the said representation letter by SDHB, the AGC agreed with the proposal to compound the offences alleged to have been committed by SDHB and its executives, taking into account, amongst others, the circumstantial nature of available evidence against SDHB and the reliance on section 367(1) of Act 671. Furthermore, SDHB and the said executives were willing to accept the maximum amount of compound imposable by the SC.

In light of the evidence in support of the charges and to avoid a long and protracted trial, the AGC is of the view that public interest would be better served by compounding the offences allegedly committed by SDHB and its executives. By compounding the offences, the need for punitive action against SDHB is immediately achieved without going through a lengthy trial. Thereafter, SDHB can redirect resources and time to coordinate with the authorities to comply with the requirements of the law.

The AGC is also of the view that the criminal proceedings against SDHB ought not to be pursued due to the economic consequences of doing so. The impact of the charges on SDHB is disproportionate with the severity

of the alleged offences committed. As at the date of this press release, SDHB is facing winding up petitions from creditors, which jeopardise the livelihood of SDHB's employees and the interest of shareholders and other creditors. In these circumstances, the AGC finds that compounding the offences is an adequate form of punishment for the alleged offences. This would then allow SDHB to focus on rectifying errors and effecting immediate compliance with regulations of Bursa Malaysia and the SC, as SDHB had clearly done so in the past without fault.

The AGC is mindful of the standard of proof required of the prosecution to prove the charges based on the evidence available and strongly of the view that compounding the offences allegedly committed by SDHB and its executives is the most appropriate action to take under the circumstances. Accordingly, on 7 April 2022, the AGC gave its consent to compound the said offences to the SC. The SC, pursuant to section 373 of Act 671, accordingly compounded these offences.

In this regard, the SC had decided to impose a maximum compound on SDHB and its executives, respectively. On the 13 April 2022, notice of compound was issued to SDHB and its four executives respectively and the total amount of compound to be paid is RM16 million which they had paid on 9 May 2022.

**ATTORNEY GENERAL
MALAYSIA
13 MAY 2022**