

## **CUSTOMS MATTERS RELATING TO A SUBSIDIARY OF THE COMPANY**

Further to the announcements previously made on 30 November 2017, 2 July 2018, 18 June 2020, 17 July 2020, 11 January 2021, 25 February 2021 and the quarterly announcements made by the Company pertaining to Company's subsidiary, Seruntun Maju Sdn Bhd ("SMSB") and the Royal Malaysian Customs of Perak Darul Ridzuan ("Customs"), the Board of Directors wishes to provide an update on the said matter.

On 25 February 2021, Customs has initiated criminal proceedings pursuant to Section 65D and Section 138 of the Customs Act 1967 ("Customs Act") towards SMSB and its officers before the Magistrate Court. The Company has engaged solicitors to represent SMSB and its officers.

The criminal charges were made on the basis that SMSB and its officers had breached the conditions of the duty-free license issued by Customs to SMSB under Section 65D of the Customs Act.

However, as previously mentioned, the legality of the conditions that were allegedly breached was challenged by SMSB through a judicial review application (civil proceeding) on 23 November 2017. On 18 June 2020, the conditions were unanimously held by the Court of Appeal to be ultra-vires of Section 65D of the Customs Act and that they ought to be quashed. On 11 January 2021, the Federal Court had dismissed Customs' appeal against the Court of Appeal's decision with costs. Customs had exhausted its rights to appeal and the conditions were held to be ultra vires of the Customs Acts.

Thus, SMSB and its officers had pleaded not guilty and had claimed trial against these charges brought by Customs.

On 12 March 2021, a representation letter was sent to the Attorney General ("AG"), requesting the AG to discontinue criminal proceedings against SMSB and its officers. On 6 April 2021, the representation letter dated 12 March 2021 was rejected by the AG. The Deputy Public Prosecutor ("DPP") then proposed to amend the charges against SMSB and its officers, jointly.

On 8 April 2021, the DPP withdrew the proposed amended charges as the proposed amended charges were defective because one of the officers intended to be charged had never been arrested by the Customs and therefore, he was not within the jurisdiction of the Court.

On 27 July 2021, a representation letter was again sent to the AG, requesting the AG to discontinue criminal proceedings against SMSB and its officers. As at the date of this announcement, there was no reply from the AG's office.

The Company also filed an application to strike out the charges on 18 June 2021 on the grounds that the charges were defective.

However, before the application could be heard, on 28 October 2021, the Learned Magistrate issued an order discharging the Company and its directors without acquitting them. The order discharging the proceedings was made on the grounds that there were significant administrative defects in the charges and the filing of proposed amended charges by the Customs. The Magistrate specifically noted that the Customs is at liberty to issue fresh charges against the Company and its directors.

The Company will make further announcement(s) if there is any material update on the above said matter.

By Order of the Board  
Lee Sze Siang  
Executive Director  
28 October 2021