

New Straits Times, Business Times – Friday, June 4, 2021 (C)

## PROPOSED KPMG REMOVAL

# DIRECTOR WITHDRAWS EGM NOTICE

### Fitch downgrades Serba Dinamik, citing liquidity pressure, higher refinancing risk

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**S**ERBA Dinamik Holdings Bhd's non-independent and non-executive director Datuk Abdul Kadier Sahib has withdrawn a notice calling for an extraordinary general meeting (EGM) to replace KPMG PLT as the company's external auditor.

Serba Dinamik said it had also received a notice from Kadier on his earlier proposed nomination of BDO PLT as the new auditor after due consideration to the concerns raised by shareholders and stakeholders that had been

supporting the group.

"Kadier is looking forward for the management and KPMG to arrange an engagement session to enable both parties to achieve an amicable solution to the raised matters," said the company in a statement yesterday.

Kadier, who owns a 15.96 per cent stake in Serba Dinamik, had last Friday called for an EGM to replace KPMG.

KPMG had earlier stopped its audit process on Serba Dinamik and flagged audit issues involving transactions worth about RM3.5 billion.

The Minority Shareholders Watch Group had also urged minority shareholders to vote

against the resolution.

The Malaysian Institute of Corporate Governance said Serba Dinamik's bid to remove its external auditor when its executive team was unhappy with the audit findings was not appropriate.

Serba Dinamik group managing director Datuk Dr Mohd Abdul Karim Abdullah said it would appoint an independent audit firm tomorrow, at the earliest, to resolve the audit issues.

He also said it would decide whether to appoint BDO PLT or a different audit firm to complement KPMG.

"I have been caught by surprise over these irregularities," he told the *New Straits Times* yesterday.

He said the independent auditor would need to confirm if there was any discrepancy in the sales transactions.

Karim previously said there

were no issues with the contracts and transactions.

"My job is to strengthen the fundamentals and governance to get the group sustainable. I will give full cooperation to support this and focus on the company's ongoing business."

He expects oil and gas (O&G) services activities to pick up this year on the back of the improved Brent crude oil price.

He also expects Serba Dinamik to reduce its dependence on the O&G sector by diversifying into the technology-related segment.

Meanwhile, Fitch Ratings said yesterday it had downgraded Serba Dinamik's long-term issuer default rating to "B-" from "BB-".

The research firm also downgraded Serba Dinamik's senior unsecured sukuk due next year and 2025 to "B-" from "BB-" with

a recovery rating of "RR4".

The ratings have been placed on Rating Watch Negative (RWN).

"The downgrade reflects the pressure on Serba Dinamik's liquidity and the elevated refinancing risk from its short-term debt maturities this year and its US\$222 million sukuk due May next year.

"We believe the company's access to debt funding has been compromised after its auditor, KPMG, requested an independent review when a 2020 statutory audit raised multiple questions over the company's operations."

Fitch expects to resolve the RWN following the completion of the review and the company demonstrating it has access to funding to enable it to refinance its upcoming debt maturities.