

## MEDIA NOTIFICATION

22 September 2020

### **BURSA MALAYSIA SECURITIES PUBLICLY REPRIMANDS AND/OR FINES ASDION BERHAD AND 5 DIRECTORS**

Bursa Malaysia Securities Berhad [Registration No.: 200301033577 (635998-W)] (Bursa Malaysia Securities) has publicly reprimanded Asdion Berhad (ASDION) and 5 of its directors for breaches of the Bursa Malaysia Securities ACE Market Listing Requirements (ACE LR). In addition, 5 directors of ASDION were imposed total fines of RM145,000.

ASDION was publicly reprimanded for the following breaches:-

(1) Non-Compliance with Bursa Malaysia Securities' Directives

Breach of Rule 2.23(1) of the ACE LR for failing to comply with Bursa Malaysia Securities' directives vide letter dated 24 August 2017 where:-

- (a) ASDION had failed to carry out a limited review on the quarterly report for the financial period ended (FPE) 31 March 2018 (QR 4/2018) announced on 25 May 2018 and the quarterly report for the FPE 30 June 2018 (QR 1/2019) announced on 27 August 2018;
- (b) ASDION had failed to ensure its board of directors reviewed and assessed the adequacy and competency of its finance and accounting resources and the adequacy, comprehensiveness, implementation and effectiveness of the Company's policies and procedures in respect of financial reporting; and
- (c) ASDION had failed to ensure all its directors and the relevant personnel attended a training programme in relation to compliance with the ACE LR particularly pertaining to financial statements on or before 24 November 2017.

(2) Misstatement on Compliance with Limited Review Directive (Misstatement Breach)

Breach of Rule 9.16(1)(a) of the ACE LR in respect of the statement under Explanatory Note 27 of the QR 4/2018 announced on 25 May 2018 that the auditors had performed a limited review on the QR 4/2018 which was inaccurate as the limited review was not performed.

(3) Deviation between Unaudited and Audited Results for financial year ended (FYE) 31 December 2018 (Deviation Breach)

Breach of Rule 9.16(1)(a) of the ACE LR for failing to ensure that the QR 4/2018 announced on 25 May 2018 took into account the adjustments as stated in ASDION's announcement on 31 July 2018.

There was a deviation of approximately 107.5% or RM2,523,622 between the unaudited loss after tax and minority interest of RM2,346,515 in the QR 4/2018 as compared to an audited loss after tax and minority interest of RM4,870,137 in the audited financial statements for FYE 31 March 2018 (AFS 2018).

ASDION was also required to review and ensure the adequacy and effectiveness of its financial reporting function and carry out a limited review on its quarterly report submissions. The limited review must be performed by the company's external auditors for four quarterly reports commencing no later from the quarterly report for the financial period ended 30 September 2020. In addition, ASDION must ensure all its directors and relevant personnel attend a training programme in relation to compliance with the ACE LR pertaining to financial statements.

5 directors of ASDION were publicly reprimanded and/or fined for breach of Rule 16.13(b) of the ACE LR for permitting knowingly or where they had reasonable means of obtaining such knowledge, ASDION to commit the aforesaid breaches as follows:-

No.	Director	Breach	Penalty
(1)	<b>Datuk Seri Maglin Dennis D’Cruz</b> Independent Non-Executive Chairman  (Resigned on 20 March 2020)	Rule 16.13(b) of the ACE LR for permitting ASDION’s failure to comply with Bursa Malaysia Securities’ Directives and permitting ASDION to commit the Misstatement Breach	<b>Public Reprimand &amp; Fine of RM25,000</b>
(2)	<b>Razmi Bin Alias (Razmi Alias)</b> Executive Director	(a) Rule 16.13(b) of the ACE LR for permitting ASDION’s failure to comply with Bursa Malaysia Securities’ Directives and permitting ASDION to commit the Misstatement Breach	<b>Public Reprimand &amp; Fine of RM50,000</b>
		(b) Rule 16.13(b) of the ACE LR for permitting ASDION to commit the Deviation Breach	<b>Public Reprimand</b>
(3)	<b>Dato’ Hj. Zulkifli Bin Hj. Alias</b> Independent Non-Executive Director  Audit Committee member	(a) Rule 16.13(b) of the ACE LR for permitting ASDION’s failure to comply with Bursa Malaysia Securities’ Directives and permitting ASDION to commit the Misstatement Breach	<b>Public Reprimand &amp; Fine of RM25,000</b>
		(b) Rule 16.13(b) of the ACE LR for permitting ASDION to commit the Deviation Breach	<b>Public Reprimand</b>
(4)	<b>Selva Rasan A/L Dato’ Puspa Das</b> Independent Non-Executive Director  Audit Committee Chairman (Resigned on 20 March 2020)	(a) Rule 16.13(b) of the ACE LR for permitting ASDION’s failure to comply with Bursa Malaysia Securities’ Directives and permitting ASDION to commit the Misstatement Breach	<b>Public Reprimand &amp; Fine of RM25,000</b>
		(b) Rule 16.13(b) of the ACE LR for permitting ASDION to commit the Deviation Breach	<b>Public Reprimand</b>
(5)	<b>See Poh Yee</b> Independent Non-Executive Director  Audit Committee member (Resigned on 31 May 2018)	(a) Rule 16.13(b) of the ACE LR for permitting ASDION’s failure to comply with Bursa Malaysia Securities’ Directives (except for the directive to carry out the limited review on the QR 1/2019) and permitting ASDION to commit the Misstatement Breach	<b>Public Reprimand &amp; Fine of RM20,000</b>

No.	Director	Breach	Penalty
		(b) Rule 16.13(b) of the ACE LR for permitting ASDION to commit the Deviation Breach	Public Reprimand

The finding of breach and imposition of the above penalties on ASDION and its directors were made pursuant to Rule 16.19 of the ACE LR upon completion of due process and after taking into consideration all facts and circumstances of the matter including the materiality of the breaches; impact of the breaches to ASDION and shareholders/investors, the roles, responsibilities, knowledge and conduct of the directors and the fact that ASDION had previously committed [similar breach](#) in respect of the deviation between the unaudited and audited results for FYE 31 March 2016.

Bursa Malaysia Securities views the contraventions seriously as the requirements for listed companies to submit financial statements that are factual, clear, unambiguous, accurate, succinct and contains sufficient information to enable investors to make informed decisions are fundamental obligations of listed companies and of paramount importance in ensuring a fair and orderly market for securities traded on Bursa Malaysia Securities and necessary to aid informed investment decisions. In addition, the directives by Bursa Malaysia Securities served to prevent recurrence of the financial reporting breaches and to enhance the credibility and reliability of the company's financial statements.

## BACKGROUND

Bursa Malaysia Securities had on 24 August 2017 publicly reprimanded ASDION for breaches of Rule 9.16(1)(a) of the ACE LR in respect of the deviation in the company's unaudited and audited results for FYE 31 March 2016 and Rule 9.23(1) of the ACE LR in respect of the delay in issuance of the annual report for FYE 31 March 2016. In addition to the public reprimand, ASDION was required to carry out a limited review on four quarterly reports from the quarterly report for FPE 30 September 2017, to review and ensure the adequacy and effectiveness of the company's financial reporting function and ensure all the directors and relevant personnel attend a training programme in relation to compliance with the ACE LR pertaining to financial statements (Bursa Malaysia Securities' Directives).

The directors were aware of ASDION's previous breaches of Rules 9.16(1)(a) and 9.23(1) of the ACE LR, the materiality of the previous breaches which led to the public reprimand being imposed on the company and Bursa Malaysia Securities' Directives during the Board of Directors meeting on 29 August 2017. However, the directors had merely noted the public reprimand without further discussion of the matter and there was no supervision, discussion, deliberation, enquiry and/or action/steps taken by the directors to ensure compliance with Bursa Malaysia Securities' Directives. The directors had abdicated their duties where they had placed total reliance on the management to ensure compliance with Bursa Malaysia Securities' Directives. Their blatant failure/disregard/neglect to ensure compliance with Bursa Malaysia Securities' Directives had culminated in the Misstatement Breach.

In addition, after ASDION's announcement of the QR 4/2018 on 25 May 2018 without undertaking the limited review, ASDION had made certain adjustments in the AFS 2018 issued on 31 July 2018 leading to the deviation of approximately 107.5% or RM2,523,622 between the unaudited loss after tax and minority interest of RM2,346,515 in the QR 4/2018 as compared to an audited loss after tax and minority interest of RM4,870,137 in the AFS 2018.

The deviation was mainly due to the impairment of trade and other receivables of its wholly-owned subsidiaries, Asdion Logistics Sdn Bhd, Asdion Project Synergy Sdn Bhd and Venice Sanctuary Sdn Bhd amounting to RM2,232,294.

The external auditors had highlighted to the directors on 12 March 2018 (i.e. 2.5 months prior to the due date for announcement of the QR 4/2018 on 31 May 2018) that one of the significant risks/areas for audit emphasis was the receivables of the Group amounting to RM4.33 million as at 31 December 2017 and the audit approach would be to assess the recoverability of balances and the adequacy of impairment loss for significant outstanding balances exceeding the credit terms granted. However, the directors had failed to discharge their duties where they had proceeded to approve the QR 4/2018 without any deliberation, enquiry or assessment on the impairment of receivables at the Board of Directors meeting on 24 May 2018.

A higher fine was imposed on Razmi Alias who was the only the executive director at the material time primarily responsible for the overall including financial management of ASDION. Further, he was clearly aware that no limited review was performed on the QR 4/2018 and yet, proceeded to approve the QR 4/2018 where Explanatory Note 27 stated otherwise.

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#### **About Bursa Malaysia**

Bursa Malaysia is an exchange holding company incorporated in 1976 and listed in 2005, and has grown to be one of the largest bourses in ASEAN today. Bursa Malaysia operates and regulates a fully-integrated exchange offering a comprehensive range of exchange-related facilities, and is committed to *Creating Opportunities, Growing Value*. Learn more at [www.bursamalaysia.com](http://www.bursamalaysia.com).

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