ASDION BERHAD

Subject: **AUDIT REPORT - MODIFIED OPINION / MATERIAL UNCERTAINTY RELATED TO GOING CONCERN : DISCLAIMER OF OPINION**

Description: **ASDION BERHAD ("THE COMPANY" OR "ASDION") - DISCLAIMER OF OPINION PURSUANT TO RULE 9.19(37) OF BURSA MALAYSIA SECURITIES BERHAD'S ACE MARKET LISTING REQUIREMENTS ("BURSA'S AMLR")**

Pursuant to Rule 9.19(37) of the Bursa's AMLR, the Board of Directors of Asdion ("the Directors") wishes to announce the details on disclaimer opinion in the external auditors' report for the financial period ended 30 September 2025 which includes the steps taken or proposed to be taken to address the material uncertainty related to going concern and the time line involved as follows:-

The following is an extract of the Auditors' Report:

Disclaimer

We were engaged to audit the financial statements of Asdion Berhad, which comprise the statements of financial position as at 30 September 2025 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 financial period 1 April 2024 to 30 September 2025, and notes to the financial statements, including material accounting policy information, as set out on pages 17 to 135.

We do not express an opinion on the accompanying financial statements of the Group and of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer Opinion

1. Foreign Subsidiaries Audited by Component Auditors

   As disclosed in Note 8 to the financial statements, the Group has subsidiaries incorporated in Indonesia whose financial information is included in the consolidated financial statements and audited by component auditors. Despite repeated requests, we were unable to obtain access to the component auditors' audit working papers, detailed audit reports, or sufficient underlying financial information. We were also unable to obtain direct access to the accounting records of these subsidiaries or to perform alternative audit procedures to obtain sufficient appropriate audit evidence in respect of the existence, rights and obligations, valuation, and completeness of the subsidiaries' assets and liabilities, and the occurrence and accuracy of revenue and expenses. Based on the financial information available, the Indonesian subsidiaries' major assets as at 30 September 2025 include land and buildings of approximately RM3,195,328 and other receivables of approximately RM7,378,852. As a result, we were unable to obtain sufficient appropriate audit evidence over these material assets, including their existence, ownership, valuation and recoverability.

2. Golden Share Rights and Control Assessment

   As disclosed in Note 8 to the financial statements, the subsidiary Trans Infra Capital Sdn. Bhd. has issued 2,000,000 golden shares to another shareholder which carry enhanced voting rights in respect of certain reserved matters. These reserved matters include significant corporate and financing decisions such as changes to the subsidiary's core business, acquisition or disposal of significant assets, mergers or acquisitions, borrowings above specified thresholds, and appointment or removal of directors within a twelve-month period.

Management represented that the rights attached to the golden shares are protective in nature. However, management did not provide sufficient appropriate audit evidence to support this conclusion, including contractual and governance analyses, shareholder agreements or side arrangements demonstrating how decisions over the subsidiary's relevant activities are made in practice and whether such decisions could be unilaterally directed by the holder of the golden shares if exercised.

In the absence of sufficient appropriate audit evidence, we were unable to determine whether the rights attached to the golden shares are substantive or protective in nature, or to conclude whether the Group has power over the relevant activities of the subsidiary as required under MFRS 10 Consolidated Financial Statements. Accordingly, we were unable to determine whether the consolidation of Trans Infra Capital Sdn. Bhd. is appropriate.

3. Consolidation of Subsidiaries

As a result of the matters described in relation to the foreign subsidiaries audited by component auditors and the golden share rights and control assessment, we were unable to obtain sufficient appropriate audit evidence to conclude whether the Group has control over certain investees and whether the consolidation of subsidiaries is appropriate in accordance with MFRS 10 Consolidated Financial Statements.

In addition, the consolidation schedules and supporting workings provided to us did not agree to, and could not be fully reconciled with, the amounts and disclosures presented in the consolidated financial statements. Management did not provide sufficient reconciliations and supporting documentation to explain the differences, and due to the limitations described above, we were unable to perform alternative procedures to verify the accuracy and completeness of the consolidation adjustments.

4. Winding-Up of Subsidiary

As disclosed in Note 39 to the financial statements, Asdion Property Management Sdn. Bhd., a wholly owned subsidiary of the Group, received the winding-up order dated 12 August 2025 and the Receiving Officer from the Insolvency Department of Malaysia has been appointed as Liquidator. As a result the Group no longer has control over the subsidiary in accordance with MFRS 10 Consolidated Financial Statements from the effective date of the winding-up order. An appeal against the winding-up order has been filed and is pending results as at the date of this report.

Management did not provide sufficient appropriate audit evidence and accounting analysis to support the continued consolidation of this subsidiary. We were unable to obtain sufficient appropriate audit evidence to conclude whether the Group continued to have control over the subsidiary or whether the consolidation of the subsidiary remained appropriate.

5. Going Concern Assessment and GN3 Status

As disclosed in Note 38 to the financial statements, on 31 July 2024 the Company was classified as a GN3 (Guidance Note 3) company under Bursa Malaysia Securities Berhad (Bursa) 's ACE Market Listing Requirements following a disclaimer of opinion in its audited financial statements for the period ended 31 March 2024. Pursuant to GN3, the Company was required to submit a regularisation plan within 12 months (by 31 July 2025). On 18 August 2025, Bursa granted an initial extension of time (EOT) until 31 January 2026 for submission of the regularisation plan. On 16 January 2026, the Company submitted another application for a further extension of 6 months up to 31 July 2026, the outcome of which is pending as at the date of this report. Failure to submit, obtain approval for, or implement the plan could result in suspension of trading and potential delisting.

The continuation of the Company's listing status and the Group's ability to continue as a going concern are dependent on the timely submission, regulatory approval, and successful implementation of the regularisation plan within the stipulated timeframe. Management did not provide sufficient appropriate audit evidence to enable us to assess the feasibility and likelihood of successful implementation of the regularisation plan, including a finalised and approved regularisation proposal, detailed implementation timelines, confirmed funding arrangements, regulatory approvals, or contingency plans in the event the plan is not approved or implemented within the prescribed period. In addition, management did not provide reliable cash flow forecasts, stress testing, or sensitivity analyses that appropriately reflect the constraints and uncertainties arising from the GN3 status.

We were unable to obtain sufficient appropriate audit evidence to assess whether the going concern basis of accounting adopted in the preparation of the financial statements was appropriate.

6. Redeemable Convertible Preference Shares (RCPS) and Irredeemable Convertible Preference Shares (ICPS)

   As disclosed in Note 17 and 18 to the financial statements, the Group has issued RCPS amounting to RM5,954,153 from PT Trans Infra and RM1,000,000 from Taz Logistics Sdn. Bhd. respectively, and ICPS amounting to RM9,642,600 from Venice Sanctuary Sdn.Bhd. which have been recognised as equity. The accounting for such instruments requires an assessment under MFRS 132 Financial Instruments: Presentation and MFRS 9 Financial Instruments, including an evaluation of the contractual terms to determine whether the RCPS contain any contractual obligations to deliver cash or other financial assets and whether any features require separate measurement. In addition, as the RCPS and ICPS were issued by subsidiaries and are held by parties other than the parent, the equity interests arising from these instruments should be assessed for presentation as non-controlling interests in the consolidated financial statements in accordance with MFRS 10 Consolidated Financial Statements.

   Management did not provide sufficient contractual analyses, technical assessments, or supporting documentation to substantiate the accounting treatment adopted. Due to the lack of reliable information and incomplete documentation, we were unable to perform alternative audit procedures to assess the classification and measurement of these instruments. Accordingly, we were unable to obtain sufficient appropriate audit evidence to determine whether the RCPS and ICPS were appropriately classified, whether any bifurcation into liability and equity components was required, or whether the equity interests should be presented as non-controlling interests.

7. Goodwill On Consolidation– Impairment Assessment

   As disclosed in Note 10 to the financial statements the Group recognises goodwill amounting to RM9,076,528 which is allocated to cash-generating units (CGUs). In accordance with MFRS 136 Impairment of Assets, goodwill is required to be tested for impairment at least annually at the CGU level.

   Management did not perform impairment assessments for all CGUs to which goodwill has been allocated and did not prepare or provide sufficient supporting analyses, including value-in-use, key assumptions, cash flow forecasts, discount rates, or sensitivity analyses, to support the recoverability of the goodwill balances.

In the absence of these impairment assessments and supporting information, and given the limitations on performing alternative audit procedures, we were unable to obtain sufficient appropriate audit evidence to assess the recoverability of the goodwill or to determine whether any impairment loss should have been recognised as at the reporting date.

8. Deferred Expenditure – Recoverability

As disclosed in Note 11 to the financial statements, the Group, through its subsidiary Venice Sanctuary Sdn. Bhd., incurred deferred expenditure amounting to RM26,719,021 in relation to a joint development arrangement. The project has experienced limited progress over a prolonged period and is subject to termination risk.

The recoverability of this deferred expenditure is dependent on future events that are highly uncertain and mostly outside the Group's control, including the resumption of development activities, availability of funding, and continued enforceability of the underlying agreements.

Management did not provide sufficient supporting evidence, including feasibility studies, updated project cash flow forecasts, funding plans, or other relevant documentation, to support the recoverability of this balance or that the Group has enforceable rights to future economic benefits arising from the project. As a result, we were unable to obtain sufficient appropriate audit evidence to assess the recoverability of the deferred expenditure or to determine whether any impairment or derecognition was required.

9. Other Investment in Redeemable Convertible Preference Shares

As disclosed in Note 9 to the financial statements, the Group holds Redeemable Convertible Preference Shares (RCPS) in Cal-Test Laboratory Sdn. Bhd., which are measured at fair value with a carrying amount of RM728,332 as at 30 September 2025.

Based on the latest available audited financial statements of Cal-Test Laboratory Sdn. Bhd., there was no business activity and the investee's holding company, Iqzan Holding Berhad, has been delisted. These matters indicate that the fair value of the RCPS may have been significantly affected and would ordinarily require a reassessment of fair value as at the reporting date. However, management did not perform a fair value reassessment of the RCPS and did not provide supporting valuation analyses, assumptions, or other relevant information to substantiate the carrying amount recognised in the financial statements. As a result, we were unable to obtain sufficient appropriate audit evidence to evaluate the valuation of the RCPS or to determine whether the carrying amount was recoverable or whether any fair value loss should have been recognised.

10. Other Investment in Kingdom Infra Holdings Sdn Bhd

As disclosed in Note 9 to the financial statements the Group holds a 14.5% equity interest in Kingdom Infra Holdings Sdn. Bhd through its subsidiary Venice Sanctuary Sdn. Bhd., which is measured at fair value through profit or loss with a carrying amount of RM9,642,600 as at the reporting date. The determination of fair value involves significant management judgment and the use of valuation techniques incorporating unobservable inputs, including assumptions relating to the underlying enterprise value and adjustments for the Group's minority interest.

Management did not provide sufficient appropriate audit evidence to support the valuation, including detailed valuation reports, key assumptions and methodologies applied, sensitivity analyses, or corroborative market data. We were unable to perform alternative audit procedures. Benchmarking against comparable entities or transactions was limited by the absence of reliable information regarding the investee's financial position, operating performance, and capital structure, as well as the lack of observable market transactions involving similar assets. As a result, we were unable to obtain sufficient appropriate audit evidence to assess the reasonableness of the fair value recognised, or to determine whether any adjustments were required to the carrying amount.

11. Credit Risk and Recoverability of Trade and Other Receivables

    As disclosed in Note 12 and 13 to the financial statements, the Group recognises trade receivables and other receivables, deposits and prepayments amounting to RM1,255,437 and RM9,625,124 respectively measured at amortised cost. Management did not perform expected credit loss (ECL) assessments in accordance with MFRS 9 Financial Instruments, and did not provide sufficient supporting information, including ageing analyses, recoverability assessments, subsequent settlement evidence, or information on the counterparties' ability to pay.

    In the absence of these impairment assessments and supporting information, and given the limitations on performing alternative audit procedures, we were unable to obtain sufficient appropriate audit evidence to assess the recoverability of the trade and other receivables or to determine whether any ECL allowance was required.

12. Project Advance

    As disclosed in Note 9 to the financial statements, the Group recognises a project advance of RM636,000, which is classified as a financial asset measured at fair value through profit or loss. Management did not provide sufficient appropriate audit evidence to support the fair value recognised including valuation analyses, reliable financial forecasts, sensitivity analyses, or evidence of actual or expected cash inflows arising from the arrangement.

    In the absence of sufficient supporting information, and given the limitations on performing alternative audit procedures, we were unable to obtain sufficient appropriate audit evidence to assess the reasonableness of the fair value recognised for the project advance or to determine whether any adjustment was required.

Because of the significance and pervasiveness of the matters described above, and the effect of the multiple limitations on the scope of our audit, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we were unable to determine whether any adjustments might have been necessary to the Group's and the Company's assets, liabilities, equity, revenue, expenses, cash flows, and the related disclosures in the financial statements.

Steps Taken Or Proposed To Be Taken To Address The Key Audit Matters Relates To The Disclaimer Of Opinion

In relation to the above, the Board wishes to inform of the following:

1. Foreign Subsidiaries Audited by Component Auditors (Indonesia)
Steps Taken / Proposed:

- Management has initiated engagement with the component auditors in Indonesia to obtain access to audit working papers, detailed audit reports, and relevant supporting documentation in compliance with MFRS requirements.
- Formal instructions have been issued to the Indonesian subsidiaries to grant the Group and its auditors direct access to accounting records and supporting schedules.
- The Group is evaluating the appointment of alternative auditors or requesting expanded reporting packages from the component auditors to ensure sufficient appropriate audit evidence can be obtained.
- Additional internal controls and reporting timelines will be implemented to ensure completeness, accuracy, and timely submission of financial information from foreign subsidiaries.
- Independent valuation exercises will be considered for material assets, including land and buildings and significant receivables, where necessary.

2. Golden Share Rights and Control Assessment – Trans Infra Capital Sdn. Bhd.
Steps Taken / Proposed:

- Management has commenced a comprehensive review of the golden share arrangements, including shareholder agreements, constitutional documents, and any side arrangements.
- A legal opinion has been obtained confirming the legality of the Golden Shares under MFRS 10. Additionally, an official confirmation from the Company Secretary has been received, verifying that the Golden Shares comply with the Companies Act.
- A governance and decision-making analysis will be prepared to document how relevant activities are directed in practice.
- Based on the outcome of the assessment, Management will reassess the appropriateness of consolidation and make the necessary accounting adjustments, if required.

3. Consolidation of Subsidiaries and Consolidation Schedules
Steps Taken / Proposed:

- Management is undertaking a full reconciliation of consolidation schedules to underlying subsidiary financial information.
- Standardised consolidation templates and review procedures will be implemented to ensure accuracy and consistency.
- Supporting documentation for consolidation adjustments, eliminations, and non-controlling interests will be strengthened.
- Where control assessment remains uncertain, Management will reassess consolidation conclusions in accordance with MFRS 10.

4. Winding-Up of Asdion Property Management Sdn. Bhd.
Steps Taken / Proposed:

- The latest development, the plaintiff/ claimant has on 28 January 2026 through their lawyer agreed with the counter-proposal amount of RM97,541.66.

Our lawyers are currently reviewing the payment process, given that it involves payment to the Insolvency Department or the claimant's lawyers.

5. Going Concern Assessment and GN3 Status
Steps Taken / Proposed:

- Management has continued to engage with advisers and regulators in relation to the GN3 regularisation plan.
- A detailed and comprehensive regularisation plan will be formulated and the extension of time application is under review by Bursa.
- Moving forward, the Management will ensure Cash flow forecasts, stress testing, and sensitivity analyses are prepared to support the going concern assessment.
- The Board will closely monitor developments and ensure timely communication with Bursa Malaysia.

6. RCPS and ICPS Issued by Subsidiaries
Steps Taken / Proposed:

- Management will perform a detailed contractual and technical assessment of the RCPS and ICPS in accordance with MFRS 132 and MFRS 9.
- The presentation of these instruments as equity or non-controlling interests will be reassessed under MFRS 10.
- Necessary accounting adjustments and enhanced disclosures will be made once assessments are completed.

7. Goodwill on Consolidation – Impairment Assessment
Steps Taken / Proposed:

- Management will perform impairment testing for all CGUs to which goodwill is allocated, in accordance with MFRS 136.
- Value-in-use calculations, key assumptions, discount rates, and sensitivity analyses will be prepared and documented.
- Independent valuation specialists may be engaged to support the impairment assessment.
- Any impairment losses identified will be recognised accordingly.

8. Deferred Expenditure – Recoverability
Steps Taken / Proposed:

- Management will reassess the recoverability of the deferred expenditure by preparing updated feasibility studies and project cash flow forecasts.
- Legal enforceability of the underlying agreements will be reviewed.
- Funding plans and project viability will be reassessed.
- Where recoverability cannot be substantiated, impairment or derecognition will be considered in accordance with applicable accounting standards.

9. Other Investment in RCPS – Cal-Test Laboratory Sdn. Bhd.
Steps Taken / Proposed:

- Management will perform a fair value reassessment of the RCPS as at the reporting date.
- Appropriate valuation methodologies and assumptions will be applied in accordance with MFRS 9.
- External valuation specialists may be engaged where necessary.

- Any fair value loss identified will be recognised in profit or loss.

10. Other Investment in Kingdom Infra Holdings Sdn. Bhd.
Steps Taken / Proposed:

- Management will obtain or prepare detailed valuation reports, including key assumptions and sensitivity analyses.
- Market benchmarking and alternative valuation approaches will be considered where data permits.
- The fair value measurement will be reassessed and adjusted where necessary.

11. Credit Risk and Recoverability of Trade and Other Receivables
Steps Taken / Proposed:

- Management will implement expected credit loss (ECL) assessments in accordance with MFRS 9.
- Ageing analyses, recoverability assessments, and subsequent settlement reviews will be performed.
- Credit policies and monitoring procedures will be strengthened.
- Necessary impairment allowances will be recognised.

12. Project Advance
Steps Taken / Proposed:

- Management will reassess the fair value of the project advance using appropriate valuation techniques.
- Supporting documentation, including financial forecasts and expected cash inflows, will be prepared.
- Independent valuation support will be considered where required.
- Adjustments will be recognised if the fair value differs from the carrying amount.

Overall Governance and Control Enhancements

- The Board and Audit Committee will enhance oversight over financial reporting and audit matters.
- Internal reporting timelines and documentation standards will be strengthened.
- External professional advisers will be engaged where necessary to address complex accounting and valuation issues.
- Management is committed to resolving the outstanding matters to enable the issuance of an unmodified audit opinion in future financial periods.

In view of the abovementioned steps taken, the Board is of the opinion that these steps provide a clear, factual basis to remove the qualified opinion in future audit. These steps are expected to be executed immediately, and the outcomes of these proposals will be dynamic with no specific deadlines, as they form part of the Group’s self-initiated governance measures.

Timeline for the Steps

These steps are expected to be executed immediately and the outcome of these proposal will be dynamic with no specific deadlines, as part of Group on-going self-initiated governance.

This announcement is dated 30 January 2026.