

# Ex-Ageson unit incurred RM24m cost for RM11.5m worth of works done for KL construction project, forensic audit reveals (7th April, 2021 - The Edge Malaysia)

<https://www.theedgemarkets.com/article/exageson-unit-incurred-rm24m-cost-rm115m-worth-works-done-kl-construction-project-forensic>

KUALA LUMPUR (April 7): A forensic audit by Ferrier Hodgson MH Sdn Bhd revealed that the RM23.7 million construction cost incurred by former Ageson Bhd unit Prinsiptek (M) Sdn Bhd (PMSB) for a construction project in Sentul here did not commensurate with the progress billing issued by the project's quantity surveyor.

In a statement, Ageson said the survey certified that only RM2.8 million worth of preliminary works and RM8.6 million of piling works had been done as at Nov 22, 2017.

It is now clear that [Ageson's ex-managing director Datuk Foo Chu Jong] failed to exercise his duty as the managing director by paying RM23.7 million in exchange for works done with RM11.5 million. On April 2, 2021, we invited independent personnel to visit the construction site, and the photos taken proved that there had been no development since June 2018," said the group.

Ferrier Hodgson also found that PMSB only issued one progress billing for RM11.5 million to Qaiser Harta PMC — which awarded the construction contract to the company on Nov 17, 2017 — in the financial year ended June 30, 2018 (FY18).

PMSB then charged a portion of the cost of RM8.8 million and profit of RM2.6 million that year.

Moreover, Ferrier Hodgson also found that the letters of award to MH Maju Holdings Sdn Bhd dated Sept 14, 2016, Dec 1, 2016, and April 4, 2017 could not have been issued by PMSB as the project title and MH Maju were not in existence at that time.

MH Maju, which is involved in machinery rental and leasing, was only incorporated on Aug 29, 2017.

In addition, Ferrier Hodgson also found that 93% of payments amounting to RM22.6 million were made to MH Maju (67.3%) and project contractor Rapi Mulia Sdn Bhd (26%). However, the audit firm estimated that PMSB only stood to make RM22.04 million in profit from the project.

Considering that the Ageson group had sufficient knowledge and experience in property development and the construction industry, was the amount for consultation really necessary?" the group asked.

According to Ageson, other than the 11 invoices issued by MH Maju and progress work certification issued by PMSB, Ferrier Hodgson had not sighted any other documentary evidence that could substantiate the basis of the invoices issued by MH Maju, as well as the value of work done by MH Maju that was certified by PMSB.

Numerous cheques were issued to MH Maju and cleared for payment by the bank on the same day, and there were a few occasions where cheque receipts with identical amounts to the cheques were issued to MH Maju — deposited into PMSB's bank account immediately after PMSB's cheques to MH Maju were cleared for payment," added Ageson.

The group said the latest findings "cemented" its suit against Chu Jong, former executive director Foo Chu Pak and five others for a breach of statutory duty and conspiracy to injure the company.

The other defendants in the suit are MH Maju, Rapi Mulia, Fab Builders Sdn Bhd, Fatimah Kamaluddin, and Zairul Hasnan Md Ariffin.

Fatimah and Zariul are former directors of Rapi Mulia.

The suit centres around a construction contract awarded to PMSB in 2016 for a 44-storey apartment block, together with an eight-storey car park podium and amenities in Sentul, Kuala Lumpur.

The contract, awarded by Qaiser Harta PMC, had a value of RM330.3 million.

According to Ageson's statement of claim, Ferrier Hodgson found that PMSB made bogus or dubious payments to certain consultants and third parties that amounted to RM24.175 million.

These payments were disguised in an elaborate scheme to siphon money out of Prinsiptek to the detriment and loss of Ageson," the group said, alleging that the main perpetrators in the illegal scheme were Chu Jong and Chu Pak with the complicity of the others acting in concert with both of them.

Ageson also alleged that Chu Jong and Chu Pak had breached their duties as directors and their fiduciary duties owed to the company that resulted in eventual demand by Maybank on the company's corporate guarantee.

It further claimed that the duo acted with the intention of causing wrongful loss to the company, and breached their statutory duties under Section 317A of the Capital Markets and Services Act 2007.

Ageson is seeking an order of restitution damages against Chu Jong and Chu Pak for RM23.77 million, along with damages in equity, damages for conspiracy including aggravated damages and/or exemplary damages.

As for the other defendants, it is seeking an order of restitution damages of RM3.492 million against MH Maju, another RM12.678 million from Fab Builders and RM6.282 million from Rapi Mulia, along with damages in equity, damages for conspiracy including aggravated and exemplary damages, and costs of the action.

At 3.01pm today, Ageson was unchanged at 13 sen, valuing the company at RM147.21 million.