

MEDIA NOTIFICATION

27 May 2024

BURSA MALAYSIA SECURITIES PUBLICLY REPRIMANDS AND FINES CHEAN MENG HEE, THE FORMER EXECUTIVE DIRECTOR OF ADVANCE INFORMATION MARKETING BERHAD

Bursa Malaysia Securities Berhad [Registration No.: 200301033577 (635998-W)] (**Bursa Malaysia Securities**) has publicly reprimanded and imposed a fine of RM500,000 on Chean Meng Hee (**Chean**), the former Executive Director of Advance Information Marketing Berhad (**AIM**) (removed on 8 October 2021) for breaches of the Bursa Malaysia Securities ACE Market Listing Requirements (**ACE LR**).

Chean had breached Rule 16.13(a) of the ACE LR for causing AIM to breach the following provisions of the ACE LR: -

- Rule 12.18(b) of the ACE LR in respect of the resale of 24,090,500 units of AIM's treasury shares on 5 October 2021 (**Resale**) at a discounted price of more than 5% to the weighted average market price for the company's shares for the 5 market days immediately before the Resale of RM0.2712 (**5-md VWAP**). The Resale was executed at a minimum and maximum price of RM0.14 and RM0.21 respectively, representing a discount of 22.6% and 48.4% to the 5-md VWAP;
- Rule 12.20 of the ACE LR for only making an announcement of the Resale to Bursa Malaysia Securities on 6 October 2021. at 7.20 p.m.; and
- Rule 9.35(1)(a) of the ACE LR in respect of the maximum resale price of RM0.30 stated in the announcement on 6 October 2021 and the minimum resale price of RM0.149 stated in the amended announcement on 8 October 2021 which were inaccurate.

The finding of breach and imposition of the above penalties on Chean were made pursuant to Rule 16.19(1)(b) 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 and the roles, responsibilities, knowledge, involvement and conduct/action of Chean.

Bursa Malaysia Securities viewed a contravention of the share buy-back requirements in Chapter 12 of the ACE LR including Rule 12.18 of the ACE LR seriously as the share buy-back requirements are fundamental to safeguard investors' interest and maintain market integrity in ensuring the share buy-back/resale of treasury shares is conducted in an orderly and fair manner. All listed companies must establish robust internal controls and supervision to ensure that the share buy-back requirements are not abused and share buy-back is undertaken in accordance with these requirements. These controls should be adequately designed, effectively implemented and monitored to prevent and detect any abuse or non-compliance of the share buy-back requirements.

All directors must also maintain the highest standards of integrity, accountability, corporate governance and responsibility.

BACKGROUND

Chean was appointed as AIM's executive director on 3 September 2021 and the Board of Directors of AIM had vide a Directors' Circular Resolution dated 1 October 2021 (**DCR**) authorised Chean to resell the company's treasury shares on Bursa Malaysia Securities in accordance with Rule 12.18 of the ACE LR. However, Chean had executed the Resale (of the company's entire 24,090,500 units of treasury shares which represented 9.05% of the company's total ordinary shares issued of 266,058,666 units as at 31 December 2020) on 5 October 2021 beyond the mandate given to him via the DCR and caused the Company to breach the ACE LR.

Chean had knowingly executed the Resale in blatant contravention of Rule 12.18(b) of the ACE LR without any explanation/justification and coordination with the Board, company secretary or the management. Chean had on 9 October 2021, upon query by the Board, admitted his failure to give clear instruction to the stockbroker pertaining to the Resale to ensure compliance with Rule 12.18 of the ACE LR.

Chean had also failed to make any payment/compensate the losses to AIM despite his agreement to do so and the legal action instituted and the court order obtained by the company on 6 February 2024 that he had breached his fiduciary duties, duty of care and statutory duties to the Company and for Chean to pay special damages of RM2,597,665.71.

An aggravating and deterrent fine was imposed on Chean taking into consideration, among others: -

- (a) the importance of the share buy-back requirements/framework in Chapter 12 of the ACE LR (as set out above) that must be strictly complied with;
- (b) the materiality/impact of the Resale where the Resale had led to an accumulated losses of RM470,000 which represented 3.75% of the Group's net assets of RM12,526,849 as at 31 December 2021 and the difference between the actual net sales proceeds and the net sales proceeds based on the 5% discount of the 5-md VWAP of RM2,597,666 represented 20.74% of the Group's net assets of RM12,526,849 as at 31 December 2021. Further, the 24,090,500 units of treasury shares disposed on 5 October 2021 represented 37.2% of the total volume of 64,835,700 units of the company's shares traded on that day and the heavy and quick disposal of the treasury shares within just one minute had caused a sudden plunge/sharp fall of AIM's share price to hit intraday low of 14 sen and the share price depreciated by 7.5 sen or 35% from the previous day's closing price of 21.5 sen; and
- (c) the blatant disregard/contravention of the ACE LR by Chean and blatant failure in the discharge of his duties as a director in executing the Resale that did not comply with Rule 12.18(b) of the ACE LR. Further, he failed to ensure an immediate and accurate announcement of the Resale and to compensate the company for the losses.

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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.

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ADDENDUM

- **Rule 16.13 of the ACE LR** states that a director of a listed corporation must not –
 - (a) cause, aid or abet a breach of the ACE LR by such listed corporation; or
 - (b) permit, either knowingly or where he had reasonable means of obtaining such knowledge, such listed corporation to commit a breach of the ACE LR.

- **Rule 12.18 of the ACE LR** states that a listed corporation may only resell treasury shares on the Exchange or transfer treasury shares pursuant to section 127(7) of the Companies Act, at –
 - (a) a price which is not less than the weighted average market price for the shares for the 5 market days immediately before the resale or transfer; or
 - (b) a discounted price of not more than 5% to the weighted average market price for the shares for the 5 market days immediately before the resale or transfer provided that–
 - i. the resale or transfer takes place not earlier than 30 days from the date of purchase and
 - ii. the resale or transfer price is not less than the cost of purchase of the shares being resold or transferred.

- **Rule 12.20 of the ACE LR** states that a listed corporation must immediately announce to the Exchange any resale or transfer of its treasury shares pursuant to section 127(7) of the Companies Act, not later than 6.30 p.m. on the day of the resale or transfer. The listed corporation must include in its announcement the information set out in Part B of Appendix 12C.

- **Rule 9.35(1)(a) of the ACE LR** states that a listed corporation must ensure that each public announcement and any circular issued to the securities holders of the listed corporation is factual, clear, unambiguous, accurate, succinct information to enable securities holders and investors to make informed decisions.