

## MEDIA NOTIFICATION

01 June 2021

### BURSA MALAYSIA SECURITIES PUBLICLY REPRIMANDS AND/OR FINES ASIA MEDIA GROUP BERHAD AND 4 FORMER DIRECTORS

Bursa Malaysia Securities Berhad [Registration No.: 200301033577 (635998-W)] (Bursa Malaysia Securities) has publicly reprimanded Asia Media Group Berhad (AMEDIA) and 4 of its former directors for breaches of the Bursa Malaysia Securities Main Market Listing Requirements (Main LR). In addition, the 4 former directors of AMEDIA were imposed total fines of RM78,400.

AMEDIA was publicly reprimanded for breach of:-

- (a) paragraph 9.23(1) of the Main LR for failing to issue the annual report that included the annual audited financial statements together with the auditors' and directors' reports for the financial year ended 31 December 2018 (AR 2018) on or before 30 April 2019; and
- (b) paragraph 9.22(1) of the Main LR for failing to announce the quarterly report for the financial period ended 30 June 2019 (QR 2/2019) on or before 31 August 2019.

AMEDIA had only issued/announced the AR 2018 and QR 2/2019 on 25 October 2019, after a delay of approximately 6 months and 2 months respectively.

In addition to the public reprimand, AMEDIA was required to review and ensure the adequacy and effectiveness of its financial reporting function including its finance and accounting resources.

4 former directors of AMEDIA were publicly reprimanded and fined for breach of paragraph 16.13(b) of the Main LR for permitting knowingly or where they had reasonable means of obtaining such knowledge, AMEDIA to commit the breach of paragraph 9.23(1) of the Main LR as follows:-

No.	Director	Penalty
1.	<b>Wong Shee Kai</b> Executive Director & Chief Executive Officer (removed on 25 July 2019)	Public Reprimand and Fine of RM28,000
2.	<b>Ong Kar Kian</b> Executive Director (removed on 25 July 2019)	Public Reprimand and Fine of RM28,000
3.	<b>Paul Jong Jun Hian</b> Independent Non-Executive Director Audit Committee Chairman (removed on 25 July 2019)	Public Reprimand and Fine of RM11,200
4.	<b>Ong Chooi Lee</b> Independent Non-Executive Director Audit Committee Member (removed on 25 July 2019)	Public Reprimand and Fine of RM11,200

The finding of breach and imposition of the above penalties on AMEDIA and the directors were made pursuant to paragraph 16.19 of the Main 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 AMEDIA and shareholders/investors and the roles, responsibilities, knowledge and conduct of the directors.

Bursa Malaysia Securities views the contravention seriously as the timely submission of financial statements is one of the fundamental obligations of listed companies and is of paramount importance in ensuring a fair and orderly market for securities traded on Bursa Malaysia Securities and necessary to aid informed investment decisions.

## **BACKGROUND**

AMEDIA's failure to issue the AR 2018 within the stipulated timeframe was mainly due to the failure:-

- to furnish the relevant information and documents to the external auditors, particularly the management accounts, which led to the delay in commencement of the audit only on 8 April 2019. Despite the audit timeline in the audit planning memorandum to provide the management accounts by 14 January 2019 for commencement of the final audit and the numerous requests/reminders from the external auditors since 11 December 2018, the management accounts were only provided to the external auditors on a staggered basis from 12 March 2019 to 31 May 2019 and there was no reasonable explanation provided for the late submission of the management accounts; and
- to address and resolve the key audit issue on impairment loss of the broadcast infrastructure and broadcasting licenses of RM12.9 million which represented 59.7% of the company's net assets as at 31 December 2018 (Key Audit Issue). This Key Audit Issue was specifically highlighted by the external auditors as the main key audit matter in the audit planning memorandum and the Auditors' Report of the audited financial statements for the previous FYE 31 December 2016 and 2017.

The 4 former directors had failed to discharge their duties to ensure timely issuance of the AR 2018 as follows:-

- (a) Wong Shee Kai was the sole Executive Director and Chief Executive Officer of AMEDIA during the FYE 31 December 2018. Hence, he was in the position to address/resolve the audit issues/matters including the Key Audit Issue. He also had a duty to supervise, monitor and ensure the relevant information/documents particularly the management accounts were finalised and provided to the external auditors and the outstanding issues/matters were addressed/resolved with the external auditors expeditiously to enable timely finalisation and issuance of the AR 2018. However, he had abdicated his duties in view of his cessation as a substantial shareholder and exit from the company and merely relied on Ong Kar Kian, the finance staff and the Audit Committee to ensure resolution of the outstanding issues/matters with the external auditors and issuance of the AR 2018.

- (b) Ong Kar Kian had been the company accountant from year 2008 to 2019 in charge of the Group's financial reporting since listing and was the Executive Director primarily responsible for the preparation of the AR 2018. There was blatant failure/neglect by Ong Kar Kian in the discharge of his duties to provide the relevant information/documents particularly the management accounts and address/resolve the outstanding issues/matters including the Key Audit Issue with the external auditors expeditiously to enable timely finalisation and issuance of the AR 2018.
- (c) Paul Jong Jun Hian and Ong Chooi Lee were the Independent Non-Executive Directors and Audit Committee Chairman/member who had the specific function under the Main LR to, amongst others, review the financial statements of the company. However, they had failed to discharge their duties particularly to address and resolve the Key Audit Issue despite the materiality of the Key Audit Issue. There was no discussion/enquiry/assessment by them until the Key Audit Issue was raised by the newly appointed directors and discussed during the Special Board of Directors meeting on 29 March 2019. They had merely relied on Ong Kar Kian and the finance staff to ensure timely issuance of the AR 2018 and their actions/follow-up were mainly taken after the Board was aware of the external auditors' inability to complete the audit on time and AMEDIA's inability to issue the AR 2018 by 30 April 2019.

The directors had represented that there was a boardroom dispute and the constant disagreements among the Board members had led to the delay or affected the ability of the directors to carry out their duties to ensure timely issuance of the AR 2018. However, the boardroom dispute was on issues distinct and irrelevant towards the audit for FYE 31 December 2018 and the directors had failed to discharge their duties to ensure the company's timely completion and issuance of the AR 2018 by 30 April 2019 even prior to the appointment of the new directors on 28 February 2019 and the boardroom dispute.

The failure to issue the AR 2018 had also led to the delay in issuance of the QR 2/2019. Both the AR 2018 and QR 2/2018 were only issued on 25 October 2019 after the extraordinary general meeting to remove the former Board of Directors was concluded on 25 July 2019 and the new management was formed on 1 August 2019. However, the new management had failed to demonstrate reasonable and expeditious steps taken to justify the announcement of the QR 2/2019 only on 25 October 2019.

Upon issuance of the AR 2018, AMEDIA had also made the First Announcement pursuant to Practice Note 17 on 25 October 2019 (amended on 29 October 2019) where AMEDIA had triggered the prescribed criteria under paragraph 2.1(a), (d) and (e) of Practice Note 17.

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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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