



**REAL NEWS. REAL TIME.  
INFORMED DECISIONS.**

ANNUAL REPORT 2017



## COVER RATIONALE

For more than four decades, Star Media Group has been a long standing source of real on-the-minute news. Recent years saw an evolution of technology and a change in consumer behaviour, both of which require a diversification of our assets to deliver the best in content across multiple platforms.

While some may find it daunting, we see this challenge as an opportunity to showcase the variety and fluidity of what we do - be it on print, in the digital sphere or through our on-ground campaigns and events.

Our methods may have multiplied, but our mission remains the same - to inform, inspire, and innovate Malaysians.

# VISION

To be the leading and innovative media group with various touchpoints to connect with people.

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**S**OAR TO GREATER HEIGHTS. **M**AKE A DIFFERENCE ALWAYS. **G**ROW THE RIGHT WAY.

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# MISSION

Our role as a media company is to keep people informed and inspired through our content and services. In order to continue offering our customers the best-in-class products and experiences, we will continue to innovate.

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**INFORM, INSPIRE AND INNOVATE**

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# LANDMARK ACHIEVEMENTS



**WOW**  
Women do Wonders

## WOW CAMPAIGN A TOAST TO WOMEN

MARCH

Star Media Group paid tribute to women through a month-long Women Do Wonders (WOW) campaign. The Star turned purple on March 8, in keeping with the official colour of the International Women's Day celebrations.

The very first all-about-women campaign, WOW was launched at a ceremony in Menara Star. AirAsia was Star Media Group's partner for the month-long celebration. Guests at the launch were also treated to an energetic flash mob performance by the "SOL Sisters" (Sing Out Loud Sisters), a group of 28 across the Group's different departments, who sang and danced to a mash-up of songs.

Beginning March 8, the Group highlighted women's contributions, as well as issues that concern women, across Star Media Group's different media platforms.

By having women in positions of power on the editorial floor, we have been able to reshape how women stories are treated – with more equality and less sexist overtones.

Datuk Leanne Goh  
Editor-in-Chief

# LANDMARK ACHIEVEMENTS

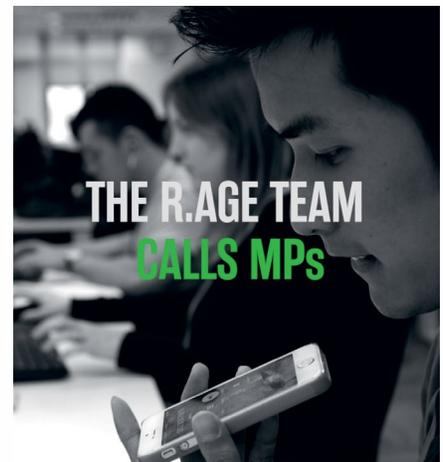
## R.AGE

### R.AGE AGAINST SEXUAL PREDATORS

MARCH

R.AGE's Predator In My Phone campaign, which started in late 2015 with a story about child sexual grooming, culminated in a historic move, where Members of Parliament from various parties gathered together to support the war against child sexual crimes.

The Predator In My Phone campaign helped push through new laws against child sexual crimes by securing pledges of support from 114 Members of Parliament. It led to the government organising a series of national seminars on child sexual crimes (of which R.AGE was part of the organising committee), and a series of town hall discussions with students across the country. The project was highlighted in the United Nations' global "State of the World's Children" (SOWC) report, which was circulated by UN country offices around the world. Predator In My Phone was also featured in related SOWC content on Unicef's global social media platforms.



**It was a great feeling having our colleagues from across the company help push us over the finish line. We had asked for volunteers to help us call MPs on Friday night. Many of them spent the entire weekend following up, which shows how dedicated they are as journalists, not only to their jobs but to important causes as well.**

**Ian Yee**

*Deputy Executive Editor/Producer, R.AGE*

# LANDMARK ACHIEVEMENTS



## Star MEDIA GROUP RAISE THE FLAG

### A SALUTE TO JALUR GEMILANG

JULY - SEPTEMBER

In conjunction with Malaysia's 60th year of Independence, Star Media Group launched the Raise The Flag campaign, an initiative seeking to strengthen national pride among Malaysians. The campaign kicked off on July 20th, 2017 and culminated to Malaysia Day on Sept 16th, 2017 – a significant day to celebrate the many facets of the nation.

A limited-edition wrap was distributed with the day's newspaper, with a special four-page wrap containing the Jalur Gemilang that readers could cut and assemble into a flag. The campaign saw many enthusiastic Malaysians who hashtagged their best poses as #RaiseTheFlagMY on social media.

Apart from the flag, there were also T-shirt templates in the centre spread of the newspaper, where readers could be creative and design their very own Malaysian-inspired motif. Students all over Malaysia flooded their classroom walls with the rolled-up flags and sent in photos of their smiling selves and their teachers 'wearing' their gaily-decorated 'T-shirts'.



The flag is a symbol of our nation. It reminds us that we are a greatly diverse, multiracial country, and we should celebrate the things that make us who we are.

**Datuk Seri Wong Chun Wai**  
Group Managing Director & CEO

# LANDMARK ACHIEVEMENTS



## ALL GEARED UP TO RIDE FOR UNITY

JULY

Ride for Malaysia, Star Media Group's first ever cycling event, saw an amazing turnout of over 2,000 cyclists assembling before dawn in a genuine show of unity and solidarity among Malaysians. An initiative under Star Media Group Berhad's Raise The Flag campaign, Ride for Malaysia seeks to unite Malaysians of all ages in celebration of our country's heritage and accomplishments, whilst aspiring for all Malaysians to move together as a nation.

The event featured two rides: a 30km ride, and a 5.5km family fun ride. The atmosphere was jovial, with some participants turning up in fancy dress, one on an outdoor elliptical bicycle, and one man even pedalling a vintage penny-farthing. Adding to the carnival atmosphere of the jolly Sunday outing were food trucks, a lucky draw, BMX stunt demo, caricature artists and bubble blowers.

There were so many people around and it was good to feel a good kind of energy. Finding the things that bind us, and having an event like this where people can gather, talk and make new friends; that's the essence of what unity should be.

Alvin Lim  
National Paralympic Cyclist

# LANDMARK ACHIEVEMENTS



Star Media Group and Eco World Development Group Berhad organised its second #AnakAnakMalaysia Walk 2017 to promote unity and to get Malaysians from all walks of life to honour National Day and Malaysia Day.



This year, renowned cartoonist Reggie Lee drew inspiration from everyday Malaysians to design the wristband. The walk was graced by the Selangor Ruler Sultan Sharafuddin Idris Shah and saw the likes of prominent figures in the community like Datuk Jimmy Choo, Maya Karin and former national footballers, Datuk Santokh Singh and Datuk Soh Chin Aun.

**PAVING THE WAY  
FOR HARMONY**  
AUGUST

The fun-filled day drew to a close with several lucky draw winners walking away with prizes and the Grand Prize lucky draw winner who drove away with a Proton Iriz.

“While we can reminisce and look back on how far we have come as a nation, it is important for us to look forward to the years ahead, and realise that Malaysia’s greater and brighter days are still ahead of her.”

**Dato’ Fu Ah Kiow**  
Chairman, Star Media Group Berhad

# LANDMARK ACHIEVEMENTS



## STARWALK PENANG CELEBRATES ITS 40TH ANNIVERSARY SEPTEMBER

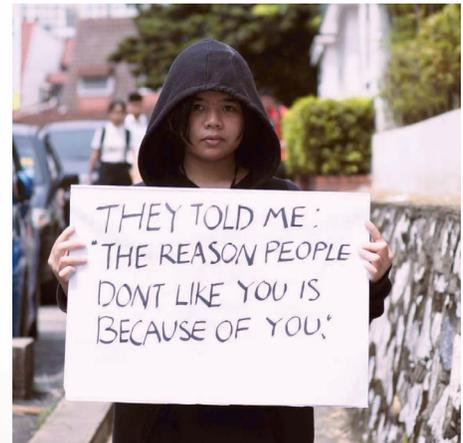
It was a new milestone for Penang Starwalk 2017 as it entered its 40th edition. More than 20,000 participants were in high spirits as they hit the new trail, certifying the event in the Malaysia Book of Records for organising the “Largest Participation In A Fun Walk Event”. The walk was flagged off by Penang Island City Council mayor, Datuk Maimunah Mohd Sharif.



Starwalk holds the distinction of being perhaps the oldest initiative by Star Media Group, one that is still alive and well today.

**Simone Liong See Mun**  
General Manager, Regional Operations (North)

# LANDMARK ACHIEVEMENTS



## #STAND TOGETHER

### STANDING TOGETHER TO PROMOTE KINDNESS IN SCHOOLS

NOVEMBER

R.AGE launched the #StandTogether bullying awareness campaign, which drew support from the Selangor prince and princess, both Deputy Education Ministers, the country's leading child rights organisations, as well as a host of well-known celebrities.

The campaign aims to make the first week of every April to be designated as National Kindness Week, and to mobilise volunteers (former students, parents, teachers, etc.) to independently organise bullying prevention events/activities in their schools.

R.AGE produced a series of online videos featuring the celebrities recounting their personal experiences with bullying, and are currently working on a documentary series about school violence.

**We can end bullying by creating an environment and a culture where kindness is not seen as weakness, but something to be celebrated. This is our chance to finally make that happen and break the cycle of violence in our schools.**

Tengku Datin Paduka Setia Zatashah Sultan Sharafuddin Idris Shah  
Selangor Princess

# LANDMARK ACHIEVEMENTS



## Star **Biz** PREMIUM

### LAUNCH OF PREMIUM BUSINESS CONTENT

NOVEMBER

Star Media Group's business section launched a groundbreaking product, offering readers a single price for access to local, regional and international news from three large media groups.

The product, StarBiz Premium, is the first of its kind in Malaysia that allows readers access to news from two other reputable media giants, the Wall Street Journal and Singapore Business Times, giving them an in-depth international and regional perspective of business and economic news. There will also be a line-up of columnists comprising fund managers, industry experts, and economists who will pen their thoughts and dole out their expertise on current developments.

Subscribers can avail themselves with news breaks, analyses, and insightful commentaries from industry experts and well-known columnists from the US to Singapore and Malaysia on global and local issues.



I would like to commend Star Media Group for its ongoing progressive efforts to adapt to the new digital age, and cope with changing trends.

**Datuk Seri Tajuddin Atan**  
Chief Executive Officer, Bursa Malaysia

# LANDMARK ACHIEVEMENTS

## ILETI dimsum

### FIRST ANNIVERSARY

DECEMBER

**dimsum** launched “Celebrate Asia with Us” to mark its first anniversary and announced the upcoming addition of four new regional content partners, Ani-One (Hong Kong), GMM Grammy (Thailand), Celestial Tiger Entertainment (Hong Kong) and Asia Travel (Taiwan) to its platform.

**dimsum** is proud to be the first overseas partner of Ani-One, featuring popular Japanese animated movies and cartoon series, ranging from adventurous, to the most in-demand teen-action-thrilling titles. Among the titles coming on **dimsum** are *Infini T Force*, *Tales of Zestiria The X Season 1 & 2*, *Food Wars - Shokugeki no Soma - The Second Plate*, *KONOSUBA - God's blessing on this wonderful world!! Season 1 & 2*, and *Saga of Tanya The Evil*.



“Our journey in the first year has been exciting; we have secured multiple partners locally and regionally. We will continue to build dimsum to be a regional brand.”

**Lam Swee Kim**

Chief Marketing Officer, SMG Entertainment Sdn. Bhd.

# LANDMARK ACHIEVEMENTS



Star  
MEDIA GROUP  
**#DaretoCare**

## NEW DRIVE TO HELP THOSE IN NEED

DECEMBER

Star Media Group collaborated with SkyWorld Development Group to organise the #DaretoCare corporate social responsibility charity drive which aims to give back to underprivileged children in orphanage homes and elderly in old folks homes around Klang Valley.

The campaign saw the distribution of 50,000 The Star newspapers, enveloped in eye-catching collectable brown paper bags. The public were encouraged to fill the brown bags with gifts they wish to donate or items from the suggested list needed by the underprivileged homes. They can also leave heartfelt and encouraging messages on the back of the paper bag to brighten up the recipients' day.

**I think it's a great campaign, it gives people a chance to come together and help the less fortunate. When we give as a group, the large number enables us to give to more people!**

**Dana Low**

*Miss Universe Malaysia 2017 First Runner-Up*

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\*Proxy Form

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT THE FORTY-SIXTH ANNUAL GENERAL MEETING (“46<sup>TH</sup> AGM”) OF STAR MEDIA GROUP BERHAD (“THE COMPANY”) WILL BE HELD AT THE CYBERTORIUM, LEVEL 2, MENARA STAR, 15 JALAN 16/11, 46350 PETALING JAYA, SELANGOR DARUL EHSAN ON TUESDAY, 15 MAY 2018 AT 10.00 A.M. FOR THE TRANSACTION OF THE FOLLOWING BUSINESS:**

## AGENDA

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Directors’ and Auditors’ Reports thereon  
**Please refer to Note 1**
2. To re-elect the following Directors who retire by rotation pursuant to Article 117 of the Company’s Articles of Association and are eligible to offer themselves for re-election:
  - i) Datuk Seri Wong Chun Wai **Resolution 1**
  - ii) Datin Linda Ngiam Pick Ngoh **Please refer to Note 2**
3. To re-elect the following Directors who retire pursuant to Article 101 of the Company’s Articles of Association and being eligible offer themselves for re-election:
  - i) Mr. Choong Tuck Oon **Resolution 2**
  - ii) Madam Wong You Fong **Resolution 3**
4. To approve the Directors’ fees of up to RM668,000 for the financial year ended 31 December 2017  
**Resolution 4**
5. To approve an amount of up to RM700,000 as benefits payable to the Non-Executive Directors from the 46<sup>th</sup> AGM to the 47<sup>th</sup> AGM of the Company  
**Resolution 5**
6. To re-appoint Messrs BDO as Auditors of the Company for the financial year ending 31 December 2018 and to authorise the Directors to fix their remuneration  
**Resolution 6**

### AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions:

#### 7. ORDINARY RESOLUTION

##### PROPOSED AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT 2016

“**THAT**, subject always to the Companies Act 2016 (“the Act”), the Constitution of the Company and the approvals of the relevant government/regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 75 of the Act, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of total number of issued shares/total number of voting shares of the Company for the time being and that the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued.”

**Resolution 7**

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### 8. ORDINARY RESOLUTION

#### **PROPOSED RENEWAL OF AUTHORITY FOR STAR MEDIA GROUP BERHAD TO PURCHASE ITS OWN ORDINARY SHARES OF UP TO TEN PER CENTUM (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES OR THE TOTAL NUMBER OF VOTING SHARES**

**“THAT** subject always to the Companies Act 2016 (“Act”), rules, regulations and orders made pursuant to the Act, provisions of the Company’s Constitution, Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Listing Requirements”) and any other relevant authority or approval for the time being in force or as may be amended from time to time, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares in the Company’s total number of issued shares as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:

- (a) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the total number of issued shares or the total number of voting shares of the Company at any point in time of the said purchase(s);
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings of the Company at the time of the said purchase(s); and
- (c) the authority conferred by this resolution shall commence immediately upon the passing of this resolution and continue to be in force until:
  - (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
  - (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
  - (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,whichever is earlier.

**THAT** upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:

- (aa) cancel all the shares so purchased; and/or
- (bb) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; and/or
- (cc) retain part thereof as treasury shares and cancel the remainder;

and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Listing Requirements of Bursa Securities and any other relevant authority for the time being in force;

**AND THAT** the Directors of the Company be and are hereby authorised to take all such steps as are necessary (including the opening and maintaining of a depository account(s) under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time or as the Directors may in their discretion deem necessary and to do all such acts and things as the said Directors may deem fit and expedient in the best interests of the Company.”

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### 9. ORDINARY RESOLUTION

#### PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

"**THAT**, pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company and its subsidiaries ("Star Media Group") be and are hereby authorised to enter into any of the recurrent transactions of a revenue or trading nature as set out in Section 2.3 of Part B of the Circular to Shareholders dated 20 April 2018 with the related party mentioned therein which are necessary for the Star Media Group's day-to-day operations, subject further to the following:

- (i) the transactions are in the ordinary course of business on normal commercial terms which are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (ii) disclosure of the aggregate value of the transactions of the Proposed Shareholders' Mandate conducted during the financial year will be disclosed in the Annual Report for the said financial year,

**THAT** such approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the Meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(1) of the Companies Act 2016 (the "Act") (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by the Company in a general meeting,

whichever is earlier;

**AND THAT** the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

**Resolution 9**

### 10. SPECIAL RESOLUTION NO. 1

#### PROPOSED AMENDMENT TO THE COMPANY'S MEMORANDUM OF ASSOCIATION

"**THAT**, the Clause 3 of the Memorandum of Association of the Company be hereby amended by adding the following new object clause immediately after the existing object clause 3 (58):

- 58(A) To carry on the business as managers, promoters and organisers of all kinds of events, entertainments, sports, recreations and amusements, whether indoor or outdoor including funfairs, exhibitions, games, competitions, tournaments, concerts, cinematograph and television performances, stage and variety shows, pyrotechnic, aerial and spectacular displays, dancing, skating performances and other forms and types of like enterprises generally and to carry on any other trade, business or activities in connection with or ancillary to any of the above businesses."

**Resolution 10**

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### 11. SPECIAL RESOLUTION NO. 2

#### PROPOSED AMENDMENT TO ARTICLE 125 OF THE COMPANY'S ARTICLES OF ASSOCIATION

“**THAT**, the Company's Articles of Association be hereby amended by deleting the existing Article 125 in its entirety and substituting with the following new Article 125:

##### **Existing Article 125**

A resolution in writing under the hands of all the Directors for the time being present in Malaysia and who are sufficient to form a quorum shall for all purposes be as valid and effectual as a resolution passed at the meeting of the Directors duly called and constituted.

##### **New Article 125**

A resolution in writing signed or approved by all the Directors for the time being in Malaysia by letter, telefax, electronic mail or any form of electronic approval or electronic signature or digital signature via software, electronic devices or other means of telecommunication apparatus or devices, shall be as valid and effective for all purposes as a resolution passed at a meeting of the Directors duly convened, held and constituted, and an alternate director may sign such resolution on behalf of his appointor. All such resolutions may consist of several documents in like form, each signed by one (1) or more of their alternates.”

**Resolution 11**

12. To consider any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Articles of Association.

#### BY ORDER OF THE BOARD

**ONG WEI LYMN (MAICSA 0826394)**

**HOH YIK SIEW (MAICSA 7048586)**

Company Secretaries

Petaling Jaya, Selangor D.E.

20 April 2018

#### **Notes:**

##### **1) Agenda 1 – Audited Financial Statements**

The Audited Financial Statements are laid before the shareholders for discussion only as it does not require approval pursuant to Section 340(1)(a) of the Companies Act 2016. Hence, this agenda item will not be put forward for voting.

##### **2) Agenda 2(ii) – Re-election of Director**

Datin Linda Ngiam Pick Ngoh who retires pursuant to Article 117 of the Company's Articles of Association, has indicated to the Company that she does not wish to seek re-election at the 46<sup>th</sup> AGM of the Company.

##### **3) Agenda 5 – Benefits Payable to Non-Executive Directors**

Section 230(1) of the Companies Act 2016 provides amongst others, that the “fees” of the directors and “any benefits” payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board proposes that shareholders' approval be sought at the 46<sup>th</sup> AGM of the Company on Directors' remuneration in two separate resolutions, i.e. Resolution No. 4 on payment of Directors' fees in respect of the preceding year 2017 and Resolution No. 5 on payment of Directors' benefits from 46<sup>th</sup> AGM to the 47<sup>th</sup> AGM of the Company (“Relevant Period”).

The Directors' benefits comprise the meeting allowances, Board Committee allowances and other emoluments (club membership and other claimable benefits) payable to non-executive members of the Board and Board Committees.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### 3) Agenda 5 – Benefits Payable to Non-Executive Directors (CONT'D)

Payment of the benefits to Non-Executive Directors will be made by the Company as and when incurred if the proposed Resolution No. 5 is passed at the 46<sup>th</sup> AGM. The Board is of the view that it is just and equitable for the Non-Executive Directors to be paid the benefits as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the Relevant Period.

### 4) Members Entitled to Attend

Only members whose names appear in the General Meeting Record of Depositors of the Company as at 9 May 2018 shall be entitled to attend, speak and vote at the meeting.

### 5) Appointment of Proxy

- i) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice shall be put to vote by poll.
- ii) A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his/her stead provided that where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy. A proxy may but need not be a member of the Company and there shall be no restrictions as to the qualification of the proxy.
- iii) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or signed by an officer or attorney duly authorised. Any alteration to the Form of Proxy must be initialled.
- iv) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- v) All original Forms of Proxy must be deposited at the Share Registrar’s Office, Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur not less than 48 hours before the time set for this 46<sup>th</sup> AGM or no later than 13 May 2018 at 10.00 am.

### 6) Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the forthcoming 46<sup>th</sup> AGM and/or any adjournment thereof, a member of the Company:

- a) consent to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”);
- b) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents) the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- c) agrees that the member will indemnify the Company in respect of any penalties, claims, demands, losses and damages as a result of the member’s breach of warranty.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### 7) Explanatory Notes on Special Business

#### i) **Ordinary Resolution No. 7 – Proposed Authority to Allot and Issue Shares pursuant to Section 75 of the Companies Act 2016**

The Company had, during its 45<sup>th</sup> AGM held on 22 May 2017, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 75 of the Companies Act 2016 (the "Act"). The Company did not issue any shares pursuant to this mandate obtained.

This Ordinary Resolution No. 7 proposed under item 7 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 75 of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company (excluding treasury shares) for purpose of funding the working capital or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

#### ii) **Ordinary Resolution No. 8 – Proposed Renewal of Authority for Star Media Group Berhad to Purchase its own Ordinary Shares of up to 10% of its total number of Issued Shares or the total number of Voting Shares**

The explanatory notes on Resolution No. 8 are set out in the Statement to Shareholders dated 20 April 2018 accompanying the Company's Annual Report for year 2017.

#### iii) **Ordinary Resolution No. 9 – Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The explanatory notes on Resolution No. 9 are set out in the Circular to Shareholders dated 20 April 2018 accompanying the Company's Annual Report for year 2017.

#### iv) **Special Resolution No. 1 – Proposed Amendment to the Company's Memorandum of Association**

The proposed Special Resolution, if passed, will allow the Company to treat Events as one of its main income instead of other operating income to be in line with the Company's strategic plans of growing the non-print segment.

#### v) **Special Resolution No. 2 – Proposed Amendment to the Company's Articles of Association**

The proposed Special Resolution No. 2 is to enable Directors to use, amongst others, the latest mobile digital technology to approve the circular resolutions. This will improve and expedite the approval process of circular resolutions.

## FINANCIAL YEAR 1 JANUARY 2017 to 31 DECEMBER 2017

### ANNOUNCEMENT OF 2017 PRELIMINARY RESULTS

First quarter	announced	23 May 2017
Second quarter	announced	21 August 2017
Third quarter	announced	20 November 2017
Fourth quarter	announced	27 February 2018

### DIVIDEND

First Interim and Special	declared	21 August 2017
	entitlement date	29 September 2017
	paid on	17 October 2017
Second Interim	declared	27 February 2018
	entitlement date	30 March 2018
	paid on	18 April 2018

<b>ISSUE OF 2017 ANNUAL REPORT</b>	20 April 2018
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<b>ANNUAL GENERAL MEETING</b>	15 May 2018
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## GROUP'S FIVE-YEAR SUMMARY

YEAR ENDED 31 DECEMBER 2017	2013	2014	2015	2016	2017	
<b>KEY BALANCE SHEET DATA (RM'000)</b>						
Total assets	1,698,099	1,670,312	1,722,081	1,649,401	<b>1,153,184*</b>	
Current liabilities	223,580	223,985	358,125	255,214	<b>250,422*</b>	
Total funds employed	1,474,519	1,446,327	1,363,956	1,394,187	<b>902,762*</b>	
Share capital	738,564	738,564	738,564	738,564	<b>738,564*</b>	
Shareholders' funds	1,162,322	1,142,520	1,145,275	1,128,655	<b>873,613*</b>	
<b>OPERATING RESULTS (RM'000)</b>						
Revenue	1,025,330	1,013,737	1,019,020	630,432*	<b>517,734*</b>	
Profit before tax	192,586	153,421	170,073	122,972*	<b>39,812*</b>	
Profit after tax attributable to shareholders	142,876	111,416	132,956	97,474*	<b>77,620*</b>	
<b>FINANCIAL RATIOS</b>						
Revenue growth	%	(5.1)	(1.1)	0.5	(14.9)*	<b>(17.9)*</b>
Net earnings per share <sup>#</sup>	sen	19.36	15.10	18.02	13.20*	<b>10.52*</b>
Return on shareholders' funds	%	12.3	9.8	11.6	10.8*	<b>8.9*</b>
Dividend per share - Gross	sen	15.0	18.0	18.0	18.0	<b>42.0</b>
Net assets per share <sup>^</sup>	RM	1.58	1.55	1.55	1.53	<b>1.18*</b>

<sup>#</sup> Computed based on adjusted weighted average number of ordinary shares.

<sup>^</sup> Computed based on net number of outstanding paid-up capital.

\* Excludes discontinued operations.

## GROUP'S FIVE-YEAR SUMMARY (CONT'D)

**SHAREHOLDERS' FUND  
(RM'000)**

2017		873,613
2016		1,128,655
2015		1,145,275
2014		1,142,520
2013		1,162,322

**TOTAL FUNDS EMPLOYED  
(RM'000)**

2017		902,762
2016		1,394,187
2015		1,363,956
2014		1,446,327
2013		1,474,519

**REVENUE  
(RM'000)**

2017		517,734
2016		630,432
2015		1,019,020
2014		1,013,737
2013		1,025,330

**PROFIT BEFORE TAX  
(RM'000)**

2017		39,812
2016		122,972
2015		170,073
2014		153,421
2013		192,586

**PROFIT AFTER TAX ATTRIBUTABLE TO SHAREHOLDERS  
(RM'000)**

2017		77,620
2016		97,474
2015		132,956
2014		111,416
2013		142,876

# CORPORATE INFORMATION

AS AT 30 MARCH 2018

## BOARD OF DIRECTORS

### DATO' FU AH KIW

(Independent Non-Executive Director & Chairman)

### TAN SRI DATO' SRI IR KUAN PENG CHING @ KUAN PENG SOON

(Non-Independent Non-Executive Director & Deputy Chairman)

### DATUK SERI WONG CHUN WAI

(Group Managing Director & Chief Executive Officer)

### MR LEE SIANG CHIN

(Senior Independent Non-Executive Director)

### DATIN LINDA NGIAM PICK NGOH

(Independent Non-Executive Director)

### DATO' DR MOHD AMINUDDIN BIN MOHD ROUSE

(Non-Independent Non-Executive Director)

### MR CHOONG TUCK OON

(Independent Non-Executive Director)

### MADAM WONG YOU FONG

(Independent Non-Executive Director)

## AUDIT COMMITTEE

Mr Lee Siang Chin\* (Chairman)

Datin Linda Ngiam Pick Ngoh\* (Member)

Mr Choong Tuck Oon\* (Member)

## NOMINATION COMMITTEE

Tan Sri Dato' Sri IR Kuan Peng Ching

@ Kuan Peng Soon (Chairman)

Datin Linda Ngiam Pick Ngoh\* (Member)

Madam Wong You Fong\* (Member)

## REMUNERATION COMMITTEE

Dato' Fu Ah Kiow\* (Chairman)

Tan Sri Dato' Sri IR Kuan Peng Ching

@ Kuan Peng Soon (Member)

Dato' Dr Mohd Aminuddin bin Mohd Rouse (Member)

## FINANCE COMMITTEE

Dato' Fu Ah Kiow\* (Chairman)

Tan Sri Dato' Sri IR Kuan Peng Ching

@ Kuan Peng Soon (Member)

Dato' Dr Mohd Aminuddin bin Mohd Rouse (Member)

Mr Lee Siang Chin\* (Member)

Mr Choong Tuck Oon\* (Member)

\* Independent Non-Executive Director

## SECRETARIES

Ong Wei Lymn (MAICSA 0826394)

(Group Company Secretary)

Hoh Yik Siew (MAICSA 7048586)

(Assistant Company Secretary)

## AUDITORS

BDO (AF: 0206)

Chartered Accountants

Level 8, BDO @ Menara CenTARa

360 Jalan Tuanku Abdul Rahman

50100 Kuala Lumpur

Tel : +603 2616 2888 | Fax : +603 2616 3190

## REGISTERED OFFICE

Level 15, Menara Star

15 Jalan 16/11

46350 Petaling Jaya

Selangor Darul Ehsan

Tel : +603 7967 1388 | Fax : +603 7954 6752

**CORPORATE INFORMATION (CONT'D)**

AS AT 30 MARCH 2018

**PRINCIPAL BANKERS**

Public Bank Berhad  
RHB Bank Berhad  
Citibank Berhad  
Standard Chartered Bank Malaysia Berhad  
CIMB Bank Berhad

**SHARE REGISTRAR**

**Tricor Investor & Issuing House Services Sdn. Bhd.**  
(Company No. 11324H)  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South, No. 8 Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : +603 2783 9299 | Fax : +603 2783 9222

**STOCK EXCHANGE LISTING**

**Main Market of Bursa Malaysia Securities Berhad**  
Stock Code: 6084  
Stock Name: STAR

**WEBSITE**

[www.starmediatgroup.my](http://www.starmediatgroup.my)

The Company's Annual Report 2017 is available on the Company's website at [www.starmediatgroup.my](http://www.starmediatgroup.my) and also on Bursa Malaysia's website at [www.bursamalaysia.com](http://www.bursamalaysia.com)



## **BOARD OF DIRECTORS**

### **SEATED FROM LEFT TO RIGHT**

- 1. DATUK SERI WONG CHUN WAI**  
*Group Managing Director & Chief Executive Officer*
- 2. DATO' FU AH KIW**  
*Independent Non-Executive Director & Chairman*
- 3. TAN SRI DATO' SRI IR KUAN PENG CHING @ KUAN PENG SOON**  
*Non-Independent Non-Executive Director & Deputy Chairman*



**STANDING FROM LEFT TO RIGHT**

- |   |  |
|---|--|
| <b>1. DATO' DR MOHD AMINUDDIN BIN MOHD ROUSE</b><br><i>Non-Independent Non-Executive Director</i> | <b>4. MADAM WONG YOU FONG</b><br><i>Independent Non-Executive Director</i> |
| <b>2. DATIN LINDA NGIAM PICK NGOH</b><br><i>Independent Non-Executive Director</i>                | <b>5. MR CHOONG TUCK OON</b><br><i>Independent Non-Executive Director</i>  |
| <b>3. MR LEE SIANG CHIN</b><br><i>Senior Independent Non-Executive Director</i>                   |  |

## DIRECTORS' PROFILE



**DATO' FU AH KIW**

*68 years of age, Male, Malaysian  
Independent Non-Executive Director & Chairman*

Dato' Fu is the Chairman of the Board and an Independent Non-Executive Director. He was appointed to the Board on 27 February 2014 and was elected Chairman on 21 May 2014. He is also the Chairman of Finance Committee and Remuneration Committee of the Company.

He holds a Bachelor of Science (Honours) degree in Physics from the University of Malaya and a Master's degree in Industrial Engineering and Management Science from the Cranfield University, United Kingdom.

He has more than 13 years of distinguished service in the Malaysian Government. Dato' Fu was elected a Member of Parliament in 1995 and was a Deputy Minister in several ministries prior to his retirement in 2008. Before joining the Government service, Dato' Fu had worked as an engineer and in various managerial roles, with multinational companies, and later founded and successfully managed companies engaged in construction and M&E engineering services.

Currently, Dato' Fu is Director and Chairman of Tiong Nam Logistics Holdings Berhad and Fitters Diversified Berhad. He is also Chairman of the Board of Trustees of Star Foundation.



**TAN SRI DATO' SRI IR KUAN PENG  
CHING @ KUAN PENG SOON**

*72 years of age, Male, Malaysian  
Non-Independent Non-Executive Director & Deputy Chairman*

Tan Sri Kuan was appointed as a Non-Independent Non-Executive Director of Star on 27 February 2014 and was elected as Deputy Chairman of the Company on 21 May 2014. He is also the Chairman of Nomination Committee and a member of Remuneration and Finance Committees of the Company.

Tan Sri Kuan is a qualified electrical engineer graduated from Adelaide University, South Australia and is registered with the Board of Engineers, Malaysia as a Professional Engineer and also a member of the Institution of Engineers, Malaysia.

Tan Sri Kuan also sits on the board of several public and private companies. He is also on the Board of Trustee of Star Foundation.

## DIRECTORS' PROFILE (CONT'D)

**DATUK SERI WONG CHUN WAI**

*57 years of age, Male, Malaysian*  
**Group Managing Director & Chief Executive Officer**

Datuk Seri Wong joined the Board as an Executive Director of Star on 11 March 2010 and was appointed Group Managing Director & Chief Executive Officer of the Company on 20 November 2013. He has served the Company for more than 30 years, starting out as a journalist in the Penang office. Prior to his appointment as the Group Managing Director & Chief Executive Officer of the Company, he served in various capacities including the Group Chief Editor of The Star.

Datuk Seri Wong holds a Bachelor of Arts degree from Universiti Kebangsaan Malaysia, majoring in political science and history. He has attended financial and leadership development programmes organised by the International Centre For Leadership In Finance at several American universities including the University of Stanford and University of Southern California.

He was a member of supervisory council of the national news agency (BERNAMA) and had also served as member of the Governance Council of the National Innovation Agency in the Prime Minister's Department. In 2012, Datuk Seri Wong became the first Malaysian to be elected into the board of the Paris-based World Editors Forum. He was also chairman of the Bangkok-based Asia News Network, an alliance of 21 media groups in Asian cities.

Currently, Datuk Seri Wong is an adjunct professor at Universiti Utara Malaysia (UUM), a Fellow at the Universiti Kebangsaan Malaysia (UKM) and an advisory panel member of the UKM Graduate School of Business. In addition to the above, Datuk Seri Wong is a board member of the Center for Mobile Studies (CMS) at the Xiamen University Malaysia. He is also an Honorary Advisor of the Malaysia-China Chamber of Commerce (MCCC) (2016-2019). Datuk Seri Wong was also awarded the Lifetime Achievement Award for Leadership in Media Industry by the World Chinese Economic Forum in Chongqing, China in 2014.

He also sits on the board of some of the subsidiaries of Star. Apart from this, he does not hold any directorships in any public or listed companies.

**MR LEE SIANG CHIN**

*69 years of age, Male, Malaysian*  
**Senior Independent Non-Executive Director**

Mr Lee was appointed as an Independent Non-Executive Director of Star on 24 May 2010. He is the Chairman of the Audit Committee and also a member of the Finance Committee of the Company.

Mr Lee currently sits on the boards of Value Partners Group Ltd, Maybank Investment Bank Berhad and also Maybank Kim Eng Securities (Thailand) Public Limited Company. He is also a Trustee of Yayasan Alumni Ipoh ACS.

Mr Lee previously served as Chairman of Surf88.com Sdn. Bhd. and Managing Director of AmSecurities Sdn. Bhd.. He also served as a Director of the Social Security Organisation of Malaysia and a member of its investment panel. Mr Lee has also worked in corporate finance of leading investment banks in London, Sydney and Kuala Lumpur. His past appointments include being a board member of the Kuala Lumpur Stock Exchange and President of the Association of Stock Broking Companies in Malaysia.

Mr Lee became a member of the Malaysian Institute of Certified Public Accountants in June 1975 and a Fellow of the Institute of Chartered Accountants in England and Wales in January 1979.

## DIRECTORS' PROFILE (CONT'D)



**DATIN LINDA NGIAM PICK NGOH**

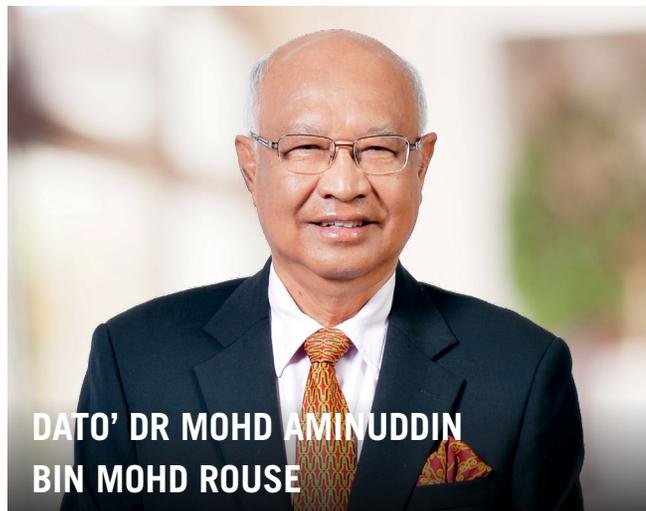
*62 years of age, Female, Malaysian  
Independent Non-Executive Director*

Datin Linda Ngiam was appointed to the Board on 1 March 2007. She was the Group Managing Director & Chief Executive Officer of Star from 1 July 2008 until 30 June 2011 and served as Deputy Group General Manager from 2004 until her appointment as Group Chief Operating Officer in Star in 2005. Prior to this, she was General Manager, Advertising & Business Development (1985 – 2003). Datin Linda Ngiam was re-designated to Independent Director of the Company on 1 July 2013. She is also a member of the Audit and Nomination Committees of the Company.

Datin Linda Ngiam holds a Bachelor of Arts (Honours) majoring in Social Sciences from the University of Malaya and a Diploma in Advertising and Marketing from the Institute of Communication, Advertising and Marketing, United Kingdom.

She was a board member of the Audit Bureau of Circulations (“ABC”), Malaysia and Chairperson of the ABC Content & Communications Committee. She represented The Star on the Malaysian Newspapers Publishers Association (MNPA) as its Honorary Secretary and was a board member of the Advertising Standards Authority (ASA) Malaysia.

Currently, Datin Linda Ngiam sits on the Board of MUI Properties Berhad, Hong Leong Assurance Berhad and Heineken Malaysia Berhad. She also serves as a Trustee of Yayasan Sin Chew. Presently, she contributes her time to 30% Club Malaysia through co-leading the Media and Communications Workgroup.



**DATO' DR MOHD AMINUDDIN  
BIN MOHD ROUSE**

*72 years of age, Male, Malaysian  
Non-Independent Non-Executive Director*

Dato' Dr Mohd Aminuddin was appointed as a Non-Executive Director of Star on 23 July 1997. He is currently a member of the Finance and Remuneration Committees of the Company.

Dato' Dr Mohd Aminuddin obtained his Bachelor of Science (Honours) in Biochemistry from the University of Malaya in 1969 and his PhD in Agricultural Chemistry from the University of Adelaide in 1974. He began his career as the Head and lecturer at the Department of Biochemistry and Microbiology before becoming the professor of Biochemistry and Deputy Dean at Universiti Pertanian Malaysia in 1977.

Prior to joining Berjaya Group Berhad as the Group Director in 1994, he was the Director of Manufacturing and Agribusiness for Guthrie Berhad Group. He was the Group Chief Executive Officer of Konsortium Perkapalan Berhad cum President and Chief Executive Officer of PSNL Berhad. In November 1997, he assumed the position of Executive Chairman, Indah Water Konsortium Sdn Bhd and was President & Chief Executive Officer of Malaysian Technology Development Corporation Sdn Bhd. He retired as a director from Konsortium Logistics Bhd in 2007.

Currently, Dato' Dr Mohd Aminuddin is a director of Ajiya Berhad, Tanco Holdings Berhad, Karambrunai Corp Berhad, ManagePay Systems Berhad, Trustgate Berhad and a trustee of Star Foundation.

## DIRECTORS' PROFILE (CONT'D)

**MR CHOONG TUCK OON**

*60 years of age, Male, Malaysian  
Independent Non-Executive Director*

Mr Choong was appointed as an Independent Non-Executive Director of Star on 1 June 2017. He is a member of the Audit and Finance Committees of the Company.

Mr Choong holds a Bachelor of Science (First Class) in Mathematics from University of Malaya and Masters of Science in Computer Applications from Asian Institute of Technology. He also holds an Executive Diploma in Directorship from Singapore Management University.

Mr Choong specialises in technology, strategy and transformation and is active in the digital start-up ecosystem in ASEAN. He was with Accenture for 24 years, where he retired as Senior Partner in the Asia-Pacific Financial Services practice. He has also led strategic initiatives with more than 20 large domestic and global banks and insurers in South East Asia and ASEAN countries, including national payment projects in Malaysia and Singapore.

Prior to financial services, he led strategic initiatives in oil and gas, telecommunications and utilities sectors. He has also been active in voluntary non-governmental organisation work where he advised a consortium of international aid agencies on core systems for the launch of a bank-of-banks for MFIs in Indonesia and advised a global wildlife/nature agency on a new growth strategy for 11 countries in Asia. He started his career in Petronas where he held executive positions in various upstream and downstream functions for more than seven (7) years.

He is currently an Independent Non-Executive Director on the Boards of Credit Guarantee Corporation Malaysia Berhad, FIDE Forum Malaysia and NTUC Income Insurance Co-operative Ltd Singapore.

**MADAM WONG YOU FONG**

*47 years of age, Female, Malaysian  
Independent Non-Executive Director*

Madam Wong was appointed as an Independent Non-Executive Director of Star on 1 June 2017. She is also a member of the Nomination Committee of the Company.

Madam Wong is a practicing lawyer with 21 years' experience. She is currently practicing under firm of Messrs Wong You Fong & Associates. Madam Wong holds LL.B (Hons) Law (London) and Certificate in Legal Practice (CLP).

She does not hold directorships in any other public companies or listed companies.

**ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS****Family Relationships with any Director and/or Major Shareholder**

None of the Directors have family relationship with any other Directors and/or major shareholders of the Company.

**Conflict of Interest**

All the Directors have no conflict of interest with the Company.

**Convictions for Offences (within the past five (5) years, other than traffic offences)**

None of the Directors have any convictions for offences (other than traffic offence, if any) and have not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

**Number of Board Meetings attended in the financial year ended 31 December 2017**

Please refer to page 51 in the Annual Report for details.

## CHAIRMAN'S STATEMENT

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DEAR SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS, I AM PLEASED TO PRESENT TO YOU THE ANNUAL REPORT OF STAR MEDIA GROUP BERHAD FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017.

DURING THE YEAR UNDER REVIEW, THE GROUP HAS BEEN STEADFAST IN ITS FOCUS TO DEFEND ITS MARKET-LEADING PRINT SEGMENT WHILE CONCURRENTLY DEVELOPING OTHER MEDIA PLATFORMS, SPECIFICALLY THOSE IN THE DIGITAL SPACE, IN ORDER TO DRIVE FUTURE GROWTH. THE GROUP HAS ALSO STEPPED UP ITS COST CUTTING MEASURES IN A BID TO MAINTAIN A LEAN YET PRODUCTIVE ORGANISATION.

### CHANGE IN BOARDROOM

My fellow Board Members and I are pleased to bid a warm welcome to Mr. Choong Tuck Oon and Mdm. Wong You Fong. They were both appointed as Independent Non-Executive Directors on 1 June 2017. The Board looks forward to tapping on their expertise and experience in terms strategic planning and stewardship of the Group through the current challenging landscape.

I would also like to thank Mr. Lew Weng Ho, who retired as an Independent Non-Executive Director on 22 May 2017, for his considerable contributions over the years.

### INDUSTRY TRENDS AND DEVELOPMENTS

The past financial year was a challenging year due to global market uncertainty and Star's performance was affected by the economic conditions. Malaysian Institute of Economic Research (MIER) reported that the Consumer Sentiments Index through most of 2017 was below 100 points as consumers were affected by low wage growth and higher cost of living. The weak consumer sentiments had impacted the media and advertising industry across the board.

Total rate card spending in 2017 was lower at RM6.43 billion compared to RM7.37 billion a year ago. Based on the same Nielsen Media Research, only RM2.82 billion was spent on newspapers, a 22% reduction year-on-year.

### FINANCIAL PERFORMANCE

We ended our 2017 financial year with a net profit of RM87.44 million. This is RM29.47 million lower compared to 2016 mainly due to lower print revenue as well as impairment on goodwill and property, plant and equipment which amounted to RM102.89 million.

Group operating revenue was RM517.73 million or 17.9% lower than financial year 2016 mainly due to drop in revenue from the Group's core business which slid by 18.3% year-on-year.

Basic earnings per share is lower at 12.24 sen compared to 14.89 sen a year ago while net assets per share as at 31 December 2017 was at RM1.18 (FY2016: RM1.53).

A further review of the Group's financial performance is presented in the Management Discussion and Analysis section of this Annual Report.



**DATO' FU AH KIW**  
*Chairman*

### CORPORATE DEVELOPMENTS

The disposal of Cityneon Holdings Limited was completed on 12 July 2017. This has brought to the Group, a realised a gain of about SG\$65.60 million or RM206.86 million.

In tandem with the Group's rationalisation exercise to streamline operating costs, we have decided to cease business operations of our wholly-owned subsidiary, Li TV Holdings Limited and its group of companies on 7 October 2017. This decision will also enable the Group to focus on its over-the-top or OTT platform, which is spearheaded by its all-Asian video-on-demand (VOD) service known as dimsum.my.

### CORPORATE SOCIAL RESPONSIBILITY

The core business activities of Star Media Group continue to contribute towards nation building in an important and significant manner. In addition to maintaining a credible and responsible media platform that keeps Malaysians abreast of the latest news and events, the Group also plays a vital role in our nation's economy from an economic and human capital development perspective.

In view of this, Star Media Group has and will continue to be steadfast in embracing the tenets of sustainability throughout its value chain. As part of this commitment, Star Foundation,

the charitable arm of Star Media Group during the year under review successfully carried out a series of initiatives that are aimed to make our society a better place.

These initiatives include the donation of approximately RM856,000 to various non-profit organisations nationwide throughout the year. The Star Golden Hearts Award 2017 ran another year of recognising 'everyday Malaysians' who go out of their way to help a fellow Malaysian. During the year under review, Star Media Group's inaugural Star Sterling Service Award was introduced. The Star Sterling Service Award is a Star Media Group initiative supported by Star Foundation to appreciate public service organisations which have played a major role in helping surrounding communities as well as contributed significantly to the public.

The Foundation had continued with its Wheelchair Programme in 2017 that gave-away wheel-chairs to NGOs and disadvantaged individuals in our community. In addition, our Medical Fund Programme provides an avenue for caring Malaysians to make donation to the Medical Fund in providing financial assistance to the patients of below 17 years old whom are in dire need of medical treatment.

A detailed report of our efforts to contribute positively to our society as well as our Group's strategic direction in the area of sustainability can be found in the Sustainability Statement section of this Annual Report.

## CHAIRMAN'S STATEMENT (CONT'D)

### OUTLOOK

The national economy started the year on a positive note with strengthening oil price, recovery in price of commodities and a much stronger Ringgit against the US Dollar.

Malaysia's GDP is forecast to grow at 5.4% in 2018 as projected by MIER. Despite the brighter macro-economic outlook, consumer sentiments in Malaysia, though gradually improving, is expected to remain weak in 2018. As a result, the business environment will continue to be tough in the new year.

Moving forward, we need to sustain our investments in the digital space and continue to attract digital revenue, in the face of rapid changes in media consumption trends.

The Group also aims to leverage on our leadership position in the English newspaper segment to offer 'integrated' communications exposure to our customers. This can be achieved through the provision of more bundled products and creative buys to advertisers and marketers as well as by spearheading client-driven events. Ultimately, our aim is to provide an engaging and enriching integrated media for readers and advertisers alike.

At the same time, the Group will also continue to exercise prudent cost efficiencies to further manage operational costs and strive to improve productivity. Our homegrown VOD service, dimsum is progressing well as planned and our subscriber base has shown positive growth. It has entered into strategic partnerships with the top broadcasters in Asia such as China, Thailand, Japan and Singapore. Dimsum will continue to present the best of Asia to our customers.

Star is also actively searching for new investment opportunities, especially in the digital sector to further complement and enhance its existing assets. The fast evolving media landscape into all things digital and the ever changing consumer preferences make it a priority for Star to maintain its engagement with its audiences via the latest technologies.

While pursuing a digital sector focused approach to its investments, Star is also cognisant of investment opportunities that may arise in other industries and will also consider investments in non-core businesses which have the potential to enhance the performance of the Group.

### SPECIAL WORD OF THANKS

On behalf of the Directors, I would like to thank our management, staff, unions, business associates, customers, readers, investors, subscribers and all other Star stakeholders for their support this past year.

We acknowledge that difficult decisions were required but by embracing practicality, foresight and resolve, the Board has full confidence the Star Media Group will weather the storm well. We will continue to demonstrate adaptability and resilience, and pursue opportunities that position the Group for sustainable growth and value creation.

Last but not least, I also would like to sincerely thank my fellow Board members for their guidance, advice and steadfast commitment towards exercising their oversight and fiduciary duties.

### DATO' FU AH KIW

Chairman

## MANAGEMENT DISCUSSION AND ANALYSIS



**“IN ITS GOAL TO ENHANCE ITS INTEGRATED MEDIA SOLUTIONS POSITION IN THE HIGHLY COMPETITIVE AND EVER-CHANGING MEDIA LANDSCAPE, STAR MEDIA GROUP IS COMMITTED TOWARDS EXPANDING ITS FOOTPRINT IN ASEAN.”**

### OVERVIEW OF STAR MEDIA GROUP BERHAD

**LEVERAGING ON THE SUCCESS OF ITS MARKET-LEADING ENGLISH DAILY, THE STAR, ALONG WITH ITS RICH HISTORY AND HERITAGE IN MALAYSIA'S MEDIA LANDSCAPE THAT SPANS CLOSE TO FIVE DECADES, STAR MEDIA GROUP BERHAD HAS PROGRESSIVELY GROWN FROM A SINGLE-PRODUCT COMPANY TO AN INTEGRATED MULTI-CHANNEL MEDIA GROUP.**

Today, the Group's core business activities are segmented into Print, Digital & Over-the-top (“OTT”), Events & Exhibitions, Training as well as Radio. This expansion not only reflects the Group's foresight in the ever-evolving media landscape but also showcase its deep-rooted culture of continuous innovation to drive growth.

At the centre of its strategic vision, Star Media Group aims to grow dynamically and sustainably to become a media and communications powerhouse in the region. In order to achieve this, the Group continues to invest in cutting-edge and ‘smarter’ media platforms that can complement its existing assets.

Equally important, the Group strongly believes that offering total integration of its media platforms, coupled with quality content, is an important differentiating factor that can help position the organisation as the partner of choice when it comes to media solutions and effective communications.

‘Content is King!’ and Star Media Group is determined to maintain its rule over this highly competitive domain with forward-looking investment strategies based on our strong foundation of experience.

### REVIEW OF FINANCIAL PERFORMANCE

Star Media Group recorded a profit before tax of RM39.81 million compared with RM122.97 million achieved a year ago. These results were achieved on the back of a revenue of RM517.73 million, a 17.9% decrease from the RM630.43 million recorded last year. The decrease in profit before tax was mainly due to lower print revenue as well as impairment on goodwill and property, plant and equipment which amounted to RM102.89 million.

Basic earning per share was at 12.24 sen compared to 14.89 sen a year ago, while net assets per share as at 31 December 2017 was at RM1.18 (FY2016: RM1.53).

On 7 October 2017, we had ceased the operations of our television subsidiary, Li TV Holdings Limited, as part of our rationalisation exercise. We wanted to streamline our operating cost, and by ceasing Li TV Holdings Limited and its wholly-owned subsidiaries, Li TV International Limited, Li TV Asia Pte Ltd and Li TV Asia Sdn Bhd, we were able to focus on our OTT platform, which is headed by our all-Asian video-on-demand (VOD) service called dimsum. The cessation did not have any material impact on the earnings per share and net assets per share of the Group for FY2017.

In 2017, we also disposed off our stake in Cityneon Holdings Ltd, which was involved in events, exhibitions and intellectual property rights.

As part of the Group's cost-saving measures, a Mutual Separation Scheme (“MSS”)/Early Retirement Option (“ERO”) was implemented in December 2017, with the aim of reducing headcount in view of the challenging operating environment. The one-off cost of the MSS/ERO was approximately RM56.0 million, with savings of about RM30.0 million annually.

## MANAGEMENT DISCUSSION AND ANALYSIS

### DIVIDENDS

The Board of Directors had declared an interim dividend of 6.0 sen per ordinary share in respect of the financial year ended 31 December 2017. The dividend is to be payable to the shareholders on 18 April 2018.

Coupled with the single tier first interim dividend of 6.0 sen per ordinary share and a special dividend of 30.0 sen per ordinary share that was paid on 17 October 2017, total dividends that were paid out to shareholders for the financial year ended 31 December 2017 will amount to 42.0 sen per ordinary share.

### REVIEW OF OPERATIONS

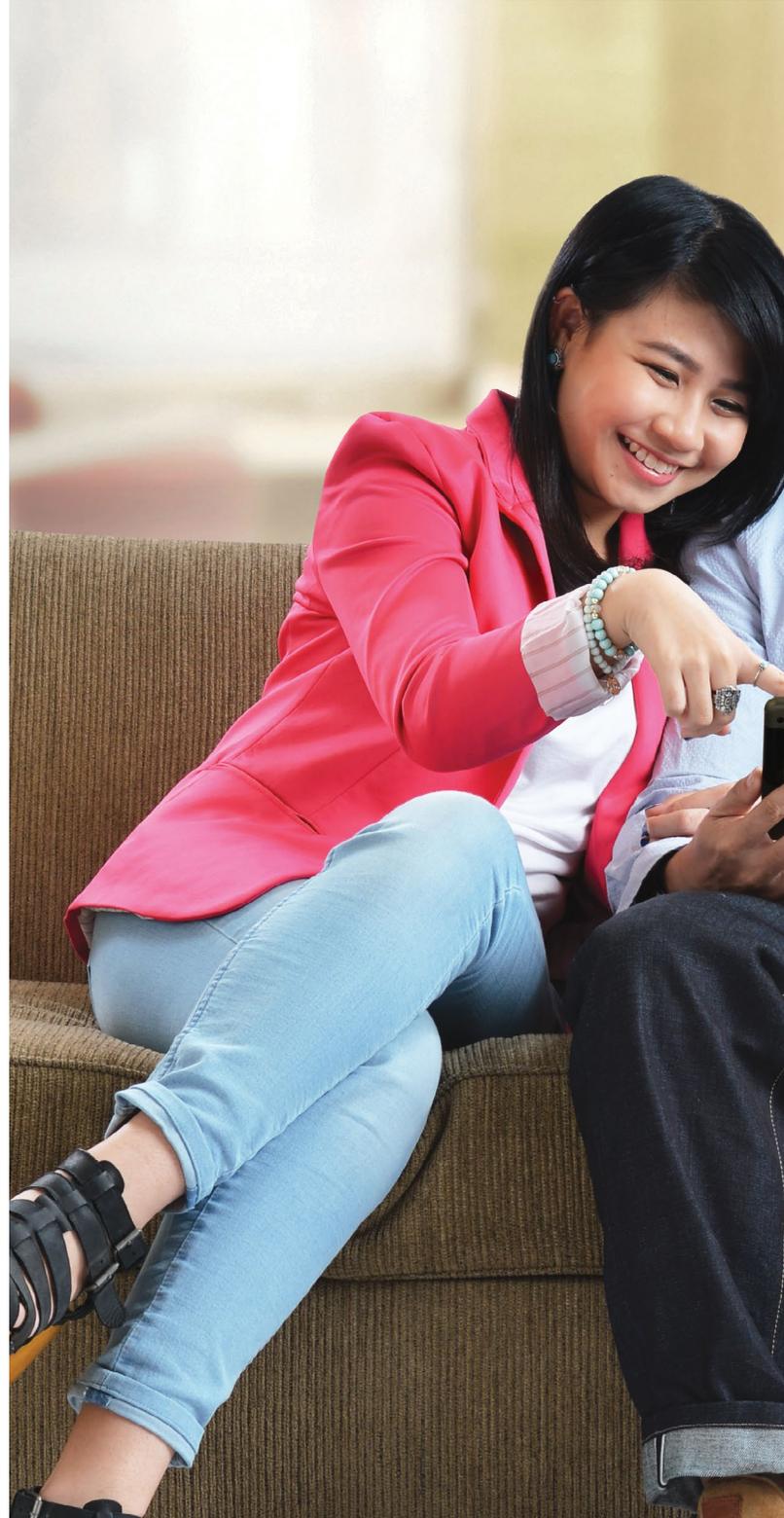
#### PRINT

The Star and Sunday Star continued to lead the market in the English newspaper category. Our combined daily print and ePaper circulation for The Star as at 30 June 2017 stood at 332,542 copies, according to the Audit Bureau of Circulations.

The Star was able to maintain its position as Malaysia's No. 1 English newspaper not only because of our ability to generate innovative, timely and accurate content but also our commitment to engage and excite our readers across a multitude of platforms.

During the year under review, a series of subscription drives were conducted to strengthen The Star's circulation and readership. These initiatives, which were targeted at both current and new readers, include Star Fiesta, a three-month campaign that gave away an Ice Watch to each new subscriber, and Let New Adventures Begin, which offered tour packages as incentives. Our subscription team also conducted subscription drives at residential buildings, commercial offices and major shopping malls.

In addition, our team carried out various workshops such as the UPSR, PT3 and SPM workshops for students as well as a special teacher's workshop in conjunction with the 20th anniversary of The Star's Newspaper-in-Education programme. These workshops enabled the brand to connect with younger readers and educators. For our senior stakeholders, The Star organised a series of talks called Top Up Your Life in partnership with the Private Pension Administrator Malaysia.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



Tapping on our growth market in Sarawak, The Star also carried out several subscription and sales initiatives in the state throughout 2017. These included the exclusive collaboration with the Kuching Marathon, where the first 1,000 participants received a six-month ePaper subscription courtesy of the organisers; a lucky draw campaign for subscribers sponsored by Merdeka Palace Hotel & Suites; an ePaper sponsorship with Cahaya Mata Sarawak Group for school students; and a joint subscription promotion with Sin Chew Daily where tour packages were given out.

In terms of joint sales collaborations with other media companies, The Star and Sinar Harian launched an ePaper bundle in the first quarter of 2017. In addition, The Star currently offers bundled subscriptions with Sin Chew Daily.

To manage costs more aggressively, the Star Media Group undertook a route review in relation to the distribution of our newspapers within the Klang Valley. The route review and subsequent route changes were completed in the third quarter of 2017 and had resulted in a cost savings of at least RM1.3 million per annum.

### DIGITAL & OVER-THE-TOP PLATFORM (OTT)

Star Media Group is steadfast in its focus on being ahead of the curve in the ever-growing digital space. This is all the more evident with the growth and progress of The Star Online, which has maintained its position as the country's top English news portal. The average visitors to The Star Online in 2017 were up by 45% compared to 2016, with average monthly digital visitors registered at 7.32 million per month. This increase can be attributed to the website revamp completed in 2017. (*Source: Google Analytics*). The new website is very much focused on the "mobile first" and "every page is a homepage" concepts, which ultimately led to a 61.6% increase in access of The Star Online through mobile devices.

Our Bahasa Malaysia news portal, mStar, also saw a substantial increase in visitors in 2017. With the implementation of a new content direction tailored towards the urban Malay community, mStar's unique visitors jumped by 134%. (*Source: Google Analytics*).

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### DIGITAL & OVER-THE-TOP PLATFORM (OTT) (CONT'D)

Star Media Group is continuing to make positive strides with its subscription-based video-on-demand service, dimsum. Differentiating its service by focusing on Asian content, dimsum has successfully obtained exclusive simulcast rights from China, Taiwan, Thailand and Japan. Its library of content includes movies, dramas, documentaries, and variety and kids' shows from China, Japan, Taiwan, Hong Kong, Thailand, South Korea, Singapore, Thailand and Malaysia. Within its first year of operations, dimsum has integrated with major telecommunications companies in Malaysia with payment options and promotions, including access via Chromecast, AirPlay and Samsung Smart TV. dimsum is currently available in Malaysia and Brunei with Singapore in the pipeline as part of its regional expansion.

Programmatic revenue also saw an increase of more than three-fold in 2017 compared to a year ago due to the extension of programmatic advertisement format and advertisement types such as video and native advertisements.

Star Media Group continued to enhance its 'big data' capabilities through its Audience Interest Marketing or AIM platform, which was launched in 2015. Our next objective is to increase our capabilities to more than 30 audience segments. In addition, the Group is also exploring the merging of data across the organisation to enhance efficiency and effectiveness.

Further embracing the digital media consumption trend, Star Media Group launched StarBiz Premium in the fourth quarter of 2017. A subscription-based news service that focuses only on the capital markets, StarBiz Premium is a collaboration between StarBiz, Wall Street Journal and the Singapore Business Times. Since its launch, the platform has been garnering interest and following amongst capital stakeholders as it is able to offer up-to-date global and regional news.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



## RADIO

In 2017, the Group continued expanding its digital offerings for both 988 and Suria. Besides revamping the websites for both stations, it also enhanced its digital content with original video series and podcasts, while reaching out to a wider audience with live streaming of selected programmes, events and concerts.

## 988

988's digital revamp not only involved its content but also a refreshed website with social media integration as its key feature. This allows those browsing [www.988.com.my](http://www.988.com.my) to connect directly to Facebook and Twitter without leaving the website.

988 remains one of Malaysia's top Chinese language radio stations with 1.37 million listeners weekly, comprising 96% from urban market centres and 55% with a monthly household income of RM4,000 and above. 988 Drama, Topline News and Morning Up clocked the longest time spent listening (TSL) within their respective time belts. (Source: GfK Radio Audience Measurement).

On the digital front, 988's monthly social media reach is approximately 3 million, with over 530,000 followers across Facebook, Instagram, YouTube, Twitter and WeChat. 988 also logs an average of 1.04 million online listener sessions every month – one of the highest among Chinese language radio stations in the country. (Source: RADIOactive).

## SURIA

Suria's focus on bringing entertainment to its listeners was realised through several initiatives, namely a series of mini-concerts as part of its 10th anniversary celebrations, under the Jelajah Suria 10 Tahun banner, as well as a music showcase tour known as Suria Jam 2, which travelled to six locations around Malaysia. The celebrations ended on a high with Konsert Suria 10 Tahun in Jitra, Kedah.

Sensasi Suria, Suria's very own entertainment news bites programme, was launched mid-year, and has quickly established itself as the content to look out for the latest and breaking news on the Malay entertainment scene.

Suria currently has close to two million listeners weekly, with 90% based in urban market centres and 55% earning a monthly household income of RM3,000 and above. Suria Cinta, a late evening show hosted by DJ Lin, retains its standing as the programme with the highest TSL among all Malay radio stations within the same time belt. Suria also has more than one million followers across all social media platforms such as Instagram, Facebook, Twitter, YouTube and WeChat. Furthermore, Suria boasts more than 1.95 million video views through its original video content featuring music and entertainment series. (Source: GfK Radio Audience Measurement; Facebook & Youtube Analytics).



## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



### EVENTS & EXHIBITIONS

In 2017, Star Media Group successfully carried out its ever-popular annual events which include the Star Education Fairs, StarProperty Fairs & Talks, FitForLife, RideforMalaysia and CHEER. Attended by thousands, these events are well participated and very much anticipated by loyal fans both young and old.

Perfect Livin' rolled across the nation with nine exhibitions during the year, providing visitors with the best home and lifestyle shopping experience. Perfect Livin' flagship exhibition is held in Putra World Trade Centre twice annually.

During the year, the Group disposed of its 52.51% stake in Cityneon Holdings Ltd. for SG\$115.61 million or RM360.18 million and realised a gain of RM206.86 million. The transaction was indeed timely and pragmatic as the transaction was valued at almost 33 times the earnings of the Singapore-based events and exhibitions company. This gain improved our cash reserves, and this gave us room to support our other businesses as well as our capital requirements.



### TRAINING

In 2017, Leaderonomics partnered with Knolskape to create gamified learning experiences on digital platforms that support organisational transformation. It also ran its first SME CEO Conference, which was designed to support SME leaders in growing and scaling their organisations to the next level. The conference attracted over 350 attendees and featured business owners from various industries.

In the youth space, Leaderonomics conducted numerous activities to develop young leaders. Leaderonomics Clubs continued to engage schools across Malaysia on a bi-monthly basis, leading up to the third LEAD (Leadership Exploration and Development) Convention.



Leaderonomics also ran its first M.A.D. (Making A Difference) Youth Leadership Summit in collaboration with HELP International School and University. The Summit empowered youth to create projects that would help save the environment, eliminate poverty and address inequality.

This year, Leaderonomics took home three awards in the HR Vendors of the Year 2017 Awards, namely Best Leadership Development Consultant (Gold), Best Employer Branding Consultant (Silver), and Best E-Learning and Mobile Learning Provider (Bronze).



### MOVING FORWARD

The Print segment continues to be Star Media Group's main income contributor. Nevertheless, with media consumption habits fast gravitating towards the digital space, we are well aware that our Print business will face strong headwinds in the foreseeable future. Moreover, advertising expenditure is also expected to be impacted moving forward as a result of the readers migrating to digital platforms and due to weak consumer sentiment.

In view of this challenging outlook, Star Media Group has adapted and innovated, and will continue to do so in order to sustain its viability and appeal as one of the most dynamic media companies listed on Bursa Malaysia. As a Group, and the No.1 English newspaper brand, we are committed in maintaining our position in the market, whilst seeking new growth opportunities.

The media related segments of the Group will continue to enhance its respective media platforms to extend their reach to wider audiences and continuing to provide more bundled products and creative buys to advertisers as well as organising more client driven events.

We have embarked on efficiency and productivity improvement plans which will involve transformation and rationalisation activities within the organisation. This transformation will encompass our drive towards digitalisation by making the organisation more lean and agile and better prepared to take advantages of the opportunities in the media space.

Traditional newspaper companies may view the easy availability of high-speed Internet, strong penetration of mobile devices and the ease of companies and brands to embrace digital, as threats to the business. For the Star Media Group, we view these factors not as 'disruptive' but as opportunities to re-invent our brand and grow.

Over the recent years, Star Media Group has stayed on course towards growing its Digital and OTT segments, while at the same time defending its flagship and heritage Print business. We are embracing the digital age by continuing to develop The Star Online and its Bahasa Malaysia counterpart, mStar, into marketable and high income generating platforms. In tandem with the digital media consumption trend, we have launched StarBiz Premium and build further on our OTT platform, dimsum, by offering more Asian content to secure a much higher subscriber base.

The Group is also actively searching for new investment opportunities, especially in the digital sector to further complement and enhance its existing assets. The fast-evolving media landscape into all things digital and the ever-changing consumer preferences make it a priority for The Group to maintain its engagement with its audiences via the latest technologies.

While pursuing a digital sector focused approach to its investments, Star is also cognisant of investment opportunities that may arise in other industries and will also consider investments in non-core businesses which have the potential to enhance the performance of the Group.

## KEY MANAGEMENT TEAM PROFILE



**DATUK SERI WONG CHUN WAI**

*57 years of age, Male, Malaysian  
Group Managing Director & Chief Executive Officer*

Please refer to page 29.



**DATUK CALVIN KAN KING SEONG**

*57 years of age, Male, Malaysian  
Group Chief Operating Officer, Print*

Datuk Calvin Kan was appointed as Group Chief Operating Officer, Print since 1 June 2017.

Prior to his current position, he served as Group Chief Operating Officer, Group Business Director and held various managerial positions within the Advertising Department of Star including General Manager. He was also the Chief Executive Officer of Star Media Radio Group Sdn. Bhd. and Li TV Group. He was appointed as an Executive Committee Member and Honorary Secretary of the Malaysian Newspaper Publishers Association since 2012.

Datuk Calvin Kan received his Bachelor of Arts Degree from University Kebangsaan Malaysia.

He also sits on the board of some of the subsidiaries of Star. Apart from this, he does not hold any directorships in any public or listed companies.

## KEY MANAGEMENT TEAM PROFILE (CONT'D)

**MR ROY TAN KONG WENG**

*44 years of age, Male, Malaysian  
Group Chief Operating Officer, Digital and Chief Executive Officer,  
Star Media Radio Group and LiTV Group*

Mr Roy Tan was appointed as the Group Chief Operating Officer, Digital and Chief Executive Officer of Star Media Radio Group and Li TV Group since 1 June 2017. Prior to that, he was the Chief Digital Officer. He joined Star as the Chief Operating Officer for the digital division in November 2013.

Prior to joining Star, Mr Roy Tan was the Chief Integration Officer at Jumptank, a unit under Aegis Media to drive convergence and digital solutions for the rest of the Aegis Group of companies in Malaysia. Mr Roy Tan joined Carat Malaysia, a media agency under Aegis Media Group in 1999. In 2004, he started Carat Interactive, a unit under Carat Malaysia focusing in digital space. Two (2) years later, he was appointed Chief Executive Officer of Carat.

Mr Roy Tan holds a Degree in Commerce, majoring in accounting and finance from the University of Western Australia.

He also sits on the board of some of the subsidiaries of Star. Apart from this, he does not hold any directorships in any public or listed companies.

**MR RAGESH A/L RAJENDRAN**

*50 years of age, Male, Malaysian  
Group Chief Financial Officer*

Mr Ragesh was appointed as Group Chief Financial Officer of Star on 1 April 2011. He joined the Company as Management Accountant in December 1997 and was promoted to Finance Manager and Head of Finance Department in December 2007. He was re-designated to Senior Manager, Finance in January 2009. On 1 July 2010, he was promoted to Chief Financial Officer.

He holds an MBA from RMIT University (Australia). He is also a member of the Malaysian Institute of Accountants and the Chartered Institute of Management Accountants.

Mr Ragesh began his career in Tradium Group of Companies as an Accounts Executive in November 1989 and was promoted to Group Accountant before leaving the Tradium Group in 1993. Prior to his appointment at Star he was employed by Esso Companies in Malaysia as a Senior Associate Accountant.

He is currently a director of Leaderonomics Sdn. Bhd. and SMG Business Services Sdn. Bhd., both are subsidiaries of Star. Apart from this, he does not hold any directorships in any public or listed companies.

## KEY MANAGEMENT TEAM PROFILE (CONT'D)

**DATUK LEANNE GOH LEE YEN**

*58 years of age, Female, Malaysian  
Editor-in-Chief*

Datuk Leanne Goh was appointed as the Editor-in-Chief on 1 June 2015. She moved up the ranks from reporter and senior writer to chief reporter, editor and now as Editor-in-Chief. She has served the Company for more than 30 years.

She is the main person behind several education pullouts and projects, including the Newspaper in Education (“NiE”) programme, which has won international recognition. She was also enlisted to kick-start the NiE programme in Thailand and Indonesia. She is also a member of Monash University Malaysia’s School of Arts and Social Sciences External Stakeholders Committee and advises the school on the industry relevance of its courses and the strategic direction of the school based on the external stakeholders’ needs.

Datuk Leanne Goh received a Lifetime Achievement Award in Journalistic Excellence and Media Editorship from the World Chinese Economic Summit (WCES) organised by the Asian Strategy and Leadership Institute (Asli) on 16 November 2016.

She holds a Bachelor of Arts (Hons) in English Literature from University of Malaya.

Datuk Leanne Goh is currently a director of Leaderonomics Sdn. Bhd., a subsidiary of Star. Apart from this, she does not hold any directorships in any public or listed companies.

**MS JUNE WONG HAR LENG**

*58 years of age, Female, Malaysian  
Chief Operating Officer, Content Development*

Ms June Wong was appointed as Chief Operating Officer, Content Development in May 2014 and is responsible for content on the digital platforms. She has more than 30 years in the media industry. She is a Bachelor of Arts (Hons) graduate from University of Malaya.

Ms June Wong previously served as executive editor, managing editor and group chief editor of The Star. She was responsible for starting or building up almost all the features sections and planned and executed the first phase of the company’s convergence of news operations strategy.

She writes commentaries and a regular column called “*So Aunty, So What?*” on current issues.

She does not hold any directorships in any public or listed companies.

## KEY MANAGEMENT TEAM PROFILE (CONT'D)

**MS LIM BEE LENG**

*55 years of age, Female, Malaysian  
Chief Revenue Officer*

Ms Lim Bee Leng was appointed as Chief Revenue Officer of Star on 1 February 2015. In her position, she oversees the revenue segments of the Print (*The Star, Sunday Star and Kuntum*), Events, Property and Auto Business units as well as Star Media Group's digital assets and the Business Development Unit.

Prior to her current position, she served as Chief Advertising Officer in Star from 1 April 2011 until her appointment as Group Chief Advertising Officer in April 2014. She has been with the Company's Advertising Department for 23 years.

Ms Lim Bee Leng is currently a director of I. Star Ideas Factory Sdn. Bhd., a subsidiary of Star which runs the Perfect Livin' and Perfect Lifestyle exhibitions all over Malaysia. Apart from this, she does not hold any directorships in any public or listed companies.

She was also appointed as the alternate director of Audit Bureau of Circulation ("ABC") in 2008 and thereafter as director of ABC since 2012.

Ms Lim Bee Leng holds a Bachelor of Arts (Honours) majoring in Mass Communication and minoring in Management from Universiti Sains Malaysia.

**MR TERENCE RAJ  
D. JOHN JAGANATHAN**

*44 years of age, Male, Malaysian  
General Manager, Group Human Resources*

Mr Terence was appointed as the General Manager, Group Human Resources of Star on 1 January 2014 and he is responsible for the overall human resources function of the Group. He has about 20 years of experience in the human resources of the media industry. Prior to assuming this role, he served as Manager, Compensation & Benefits of the Company. He also currently serves on the employers' panel of the Industrial Court of Malaysia.

Mr Terence holds a Bachelor of Arts from the University of Malaya.

He does not hold directorships in any public companies or listed companies.

## KEY MANAGEMENT TEAM PROFILE (CONT'D)

**MS CHAI MING JYE**

*40 years of age, Female, Malaysian  
Assistant General Manager, Internal Audit*

Ms Chai Ming Jye was appointed as the Assistant General Manager, Internal Audit of Star in 2015. She is a Fellow of the Association of Chartered Certified Accountants, a member of the Malaysian Institute of Accountants and a professional member of the Institute of Internal Auditors Malaysia.

She began her career with reputable audit firm, BDO Binder (currently known as BDO) where she spent several years before moving on to join the finance department of an oil and gas company and was subsequently attached with the Management Reporting Unit of a media company before joining Star. Her career with Star began in year 2008 with Finance Department. In year 2012, Ms Chai was transferred to Internal Audit Department, where she assumed the role to head the Internal Audit Department.

She does not hold directorships in any public or listed companies.

**ADDITIONAL INFORMATION ON THE KEY MANAGEMENT**

1. Family relationship with any Director/major shareholder of the Company - Nil
2. Conflict of interest with the Company - Nil
3. Conviction for offences over last five (5) years (except traffic) - Nil

# KEY MANAGEMENT TEAM

## EDITORIAL

**M. Shanmugam**  
Specialist Editor

**Errol Oh Boon Peng**  
Executive Editor

**Brian Martin**  
Executive Editor

**Rozaid Abdul Rahman**  
Executive Editor

**Dorairaj Nadason**  
Executive Editor

**Esther Ng Sek Yee**  
Executive Editor

## PRINT SUPPORT

**Jimmy Poey Yee Meng**  
Senior General Manager, Audience Management

**Henry Asokan**  
Senior General Manager, Audience Development

**Tuan Haji Mohamed Hassan bin Mohamed Ali**  
Senior General Manager, Technical Services

## BUSINESS EXTENSIONS

**Dato' Adriana Law Song Ting**  
Managing Director, I.Star Ideas Factory Sdn. Bhd.

**Roshan Thiran**  
Chief Executive Officer, Leaderonomics Sdn. Bhd.

**Roy Tan Kong Weng**  
Director, SMG Entertainment Sdn. Bhd.

## BUSINESS UNITS

**Paul Chin Wai Tak**  
Assistant General Manager, Autos

**Ernest Bernard Towle**  
Assistant General  
Manager, Property

**Lydia Wang Chen Choo**  
Deputy Senior General Manager,  
Advertising & Business  
Development

**Corinne Chieng Lin Lin**  
Assistant General  
Manager, Events

## GROUP SHARED SERVICES

**Ong Wei Lymn**  
Group Company Secretary

**Soh Sze Jean**  
Senior General Counsel

**George Chan Shiang Chiat**  
Senior General Manager, Finance (Subsidiaries)

**Iris Tan Kok Foong**  
Senior General Manager, Admin and Building Services

**Yeo Eng Siang**  
General Manager, Procurement, Security & Transport

**Yee Wing-Tak**  
General Manager, Digital Services Unit

**Simone Liong See Mun**  
General Manager, Regional Operations (North)

**Kevin Seng Sheng Yeow**  
Assistant General Manager, IT Services

**Lim Liat Hong**  
Senior Manager, Corporate Planning & Strategy

**Koe Kim Leong**  
Head, Enterprise Risk Management

**Anis Yusof**  
Senior Manager, Corporate Communication

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**THIS STATEMENT SETS OUT THE PRINCIPAL FEATURES OF STAR MEDIA GROUP BERHAD (“STAR” OR THE “COMPANY”) AND ITS SUBSIDIARIES (COLLECTIVELY REFERRED TO AS THE “GROUP”) CORPORATE GOVERNANCE FRAMEWORK, SUMMARY OF CORPORATE GOVERNANCE PRACTICES DURING THE FINANCIAL YEAR 2017 AS WELL AS KEY FOCUS AREAS AND FUTURE PRIORITIES IN RELATION TO CORPORATE GOVERNANCE. THE BOARD BELIEVES THAT MAINTAINING GOOD CORPORATE GOVERNANCE IS KEY TO DELIVERING STAKEHOLDERS’ VALUE. THE BOARD WILL CONTINUE TO STRIVE TOWARDS ACHIEVING A HIGH STANDARD OF CORPORATE GOVERNANCE.**

**IN MAKING THIS CORPORATE GOVERNANCE OVERVIEW STATEMENT, THE COMPANY IS GUIDED BY PRACTICE NOTE 9 OF MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) (“LISTING REQUIREMENTS”) AND THE CORPORATE GOVERNANCE GUIDE (3RD EDITION) ISSUED BY BURSA MALAYSIA BERHAD.**

The Corporate Governance Overview Statement is supported with a Corporate Governance Report, based on a prescribed format as outlined in paragraph 15.25(2) of the Listing Requirements so as to map the application of Star’s corporate governance practices against the Malaysian Code on Corporate Governance (“MCCG”). The Corporate Governance Report is available on the Company’s website, [www.starmediagroup.my](http://www.starmediagroup.my) as well as via an announcement on the website of Bursa Malaysia Berhad.

Summary of the corporate governance practices of Star during the financial year under review are described as follows:

### PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

#### I. BOARD RESPONSIBILITIES

##### 1. CLEAR ROLES AND RESPONSIBILITIES

The Group is headed by an experienced and effective Board. The Board has the overall responsibility in leading and determining the Group’s strategic direction. The responsibilities of the Board include exercising oversight on management, setting strategic direction, providing thought leadership and promoting ethical conduct in business dealings. The Board is guided by a Board Charter which amongst others spell out the roles and responsibilities of the Chairman, Board of Directors and Group Managing Director and Chief Executive Officer (“Group MD & CEO”) and matters reserved for the Board as well as those which the Board may delegate to the Group MD & CEO, Board Committees, and Management. The Board retains full and effective control in directing and managing the Group. The Board Charter is reviewed and updated periodically according to the needs of the Company. The Board Charter is accessible on the Company’s website.

The Board’s principal activities include reviewing and adopting the strategic plans and policies and overseeing the conduct of the Group’s businesses to evaluate whether they are properly managed, identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures, overseeing the development and implementation of shareholders and stakeholders communications policy and reviewing the adequacy and the integrity of the internal control systems of the Group. Key matters, such as approval for quarterly and annual financial results, material acquisitions and disposals, major capital expenditure and formalising the budgetary process are reserved specifically for the Board’s deliberation and decision to ensure the direction and control of the Group are in its hands. In order to assist the Board in the discharge of its oversight function, the Board has delegated specific responsibilities to the Board Committees which operate within their terms of reference as approved by the Board.

As for the day-to-day operations, the Board has delegated its authorities and responsibilities to the Management team led by Group MD & CEO. The Management team is responsible to implement the policies, strategies and decisions formulated by the Board and managing the daily conduct of the business affairs and communication matters to the Board. The Group has in place its financial authorisation limits for matters such as operating and capital expenditure. The Company has also during the year implemented shares services for finance, procurement, human resource and information technology functions across the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Board also recognises the contribution provided by employees of the Group. In this respect, continuous effort is made to enhance the development of employees, which includes trainings and steps to ensure capable leaders are nurtured for the succession of Senior Management.

### 2. SEPARATION OF POSITIONS OF THE CHAIRMAN AND GROUP MD & CEO

The Board has established clear roles and responsibilities in discharging its fiduciary and leadership functions. The roles of Chairman and Group MD & CEO of the Company are separately held and each has clearly accepted division of responsibilities and accountability to ensure a balance of power and authority. This segregation of roles also facilitates a healthy open, exchange of views between the Board and Management in their deliberation of the business, strategic aims and key activities of the Company.

The Chairman is primarily responsible for the orderly conduct and outworking of the Board. He ensures that the agenda of meetings are convened and properly attended to and that the Directors are given the opportunity to express their views and no individual Board member dominates any of the discussions to ensure balance of power and authority within the Board whilst taking cognisance of the interests of minority shareholders and other stakeholders. The Chairman always encourages active and effective engagement, participation and contribution from all Directors and facilitates constructive relations between them and Management. The Nomination Committee has assessed and agreed that the Chairman has and continues to play an effective role as Chairman and Director of Star. He has consistently demonstrated strong commitment and judgement in overseeing the management function and established good corporate governance practices and procedures throughout the Group as well as continuously upholding the interests of shareholders.

The Group MD & CEO is responsible for executing the Group's strategies and policies, managing the overall operations and resources of the Group and acting as the main point of communication between the Board and corporate operations. The Group MD & CEO is also responsible for the day-to-day management of operations and business as well as implementation of the Board's policies and decisions. The Group MD & CEO leads the monthly management meetings to ensure the Group's businesses are progressing in line with the strategy and commercial objectives agreed by the Board and encourages active engagement and participation by Management. The Group MD & CEO initiates town hall sessions as an official channel for employees to be notified and updated on the

Company's progress, plans and development. The town hall sessions are also an effective platform to encourage employees' interaction with Management to strengthen employee engagement and thus, further enhance efficiency at workplace. He also continues to lead the investor relations programmes with analysts.

During the year, Group MD & CEO also commenced induction programme for new directors and he was joined by key management personnel. Group MD & CEO provides relevant information and recommendations on succession planning for Senior Management as and when appropriate, to the Chairman and Nomination Committee as well as members of the Board.

### 3. SUPPLY OF AND ACCESS TO INFORMATION

All Directors have full and unrestricted access to all information pertaining to the Group's businesses and affairs in a timely manner to enable them to discharge their duties effectively.

Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors in advance of the scheduled meetings. Notices of meetings are sent to Directors at least fourteen (14) days before the meetings. Management provides the Board with detailed meeting materials at least five (5) business days in advance of the Board or Board Committees' meetings. Senior Management may be invited to join the meetings to brief the Board and Board Committees on the requisite information on matters being discussed, where necessary.

Technology is effectively used in the meetings of Board and Board Committees and in communication with the Board, where the Directors may receive agenda and meeting materials online and participate in meetings via audio or video conferencing.

### 4. SUPPORTED BY COMPETENT COMPANY SECRETARIES

The Board is supported by qualified and competent Company Secretaries. The Board has direct access to the advice and services of the Company Secretaries who are responsible to the Board to provide sound governance and advice, ensure adherence and ensure governance matters and Board procedures are followed and that applicable laws and regulations are complied with.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Company Secretaries attend all Board and Board Committee meetings and are responsible for ensuring the meeting procedures are followed including disseminating complete and accurate meeting materials in a timely manner to allow Board members to have sufficient time to review the relevant documents prior to meetings. The Company Secretaries also ensure that accurate and proper record of the proceedings and resolutions passed are taken and maintained in the statutory registers at the registered office of the Company.

The Company Secretaries also facilitate the communication of key decisions and policies between the Board, Board Committees and Senior Management. The Board is also regularly updated and kept informed of the latest developments in the legislation and regulatory framework affecting the Group and are advised on the proposed contents and timing of material announcements to be made to regulatory authorities.

The Directors, either as a group or individually, may upon obtaining prior Board's approval seek independent professional advice, where necessary, at the Company's expense on any matters in relation to the discharge of their duties.

### 5. WHISTLEBLOWING POLICY AND PROCEDURES

The Company has adopted a Whistleblowing Policy as the Board believes that a sound whistleblowing system will strengthen, support good management and at the same time, demonstrate accountability, good risk management and sound corporate governance practices. The policy is to encourage reporting of any major concerns over any wrongdoings within the Group. The whistleblowing policy and procedures are available on the Company's website.

The policy outlines the relevant procedures such as when, how and to whom a concern may be properly raised about the genuinely suspected or instances of wrongdoing at the Company and its subsidiaries. The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retaliation. All such concerns shall be set forth in writing and forwarded in a sealed envelope to either the Head of Internal Audit or Chairman of the Audit Committee.

### 6. CODE OF CONDUCT AND ETHICS

The Board is focused on creating corporate culture which engenders ethical conduct that permeates throughout the Company. The Company had adopted and implemented a Code of Conduct and Ethics for Directors and employees ("Code") that reflects the Company's core values and culture. The said Code set forth the relevant guidelines in dealings with employees, customers and business associates, work environment, company assets, conflict of interest and etc.

The Directors are required to notify the Company of any potential conflicts of interest that may affect them in their roles as Directors of the Company under the said Code. All potential conflicts of interest are recorded and reviewed by the Board. Ongoing training is provided to employees on the principles and values and general workplace behaviour to ensure they continuously uphold high standard of conduct when performing their duties. The Directors, officers and employees of the Group are required to observe, uphold and maintain high standards of integrity in carrying out their roles and responsibilities at all times and to comply with the relevant laws and regulations as well as the Group's policies. The Code for Directors is accessible on the Company's website and the Employee Handbook which is updated regularly, is also made available on the Company's portal.

## II. BOARD COMPOSITION

### 1. BOARD COMPOSITION AND BALANCE

The Directors are of the opinion that the current Board size and composition is adequate for facilitating effective and objective decision making given the scope and nature of the Group's businesses and operations. The Board maintains an appropriate balance of expertise, skills and attributes among the Directors which is reflected in the diversity of backgrounds and competencies of the Directors. Such competencies include finance, accounting, legal, digital and other relevant industry knowledge, entrepreneurial and management experience and familiarity with regulatory requirements and risk management.

The Board has eight (8) members. Five (5) of the eight (8) members are Independent Non-Executive Directors who are independent of management and free from any relationship which could interfere with their independent judgment. As more than half of the Board comprises Independent Non-Executive Directors, this fairly represents the interest

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

of non-large shareholders. Mr Lee Siang Chin is the Senior Independent Non-Executive Director to whom concerns may be conveyed by other Independent Directors, shareholders and other stakeholders.

Please refer to pages 28 to 31 for details of the Directors, their profiles and respective memberships.

## 2. BOARD MEETINGS

The Board meets regularly to review the key activities, financial performance, business plans, potential investments and/or management matters of the Group. To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated in advance of each new year. The calendar provides Directors with the scheduled dates for meetings of the Board and Board Committees and the Annual General Meeting ("AGM").

The Board meets at least five (5) times a year and has a formal schedule of matters reserved to it. Additional meetings are held as and when required. The Company's Articles of Association provide for Board members who are unable to attend physical meetings to participate through telephone, video conference or any other form of electronic communications.

The Board met eight (8) times during the year under review. The Board is satisfied with the level of time commitment given by the Directors in the discharge of their duties, as evidenced by the attendance record set out below:

Name	Attendance
Dato' Fu Ah Kiow (Chairman)	8/8
Tan Sri Dato' Sri IR Kuan Peng Soon	7/8
Datuk Seri Wong Chun Wai	8/8
Mr Lee Siang Chin	7/8
Datin Linda Ngiam Pick Ngoh	8/8
Dato' Dr Mohd Aminuddin bin Mohd Rouse	8/8
Mr Choong Tuck Oon <sup>^</sup>	4/4
Madam Wong You Fong <sup>^</sup>	3/4
Mr Lew Weng Ho*	2/2

Note:

<sup>^</sup> Mr Choong Tuck Oon and Madam Wong You Fong were appointed as Directors on 1 June 2017

\* Mr Lew Weng Ho retired upon the conclusion of the 45<sup>th</sup> AGM held on 22 May 2017

## 3. BOARD COMMITTEES

In order for the Board to efficiently provide oversight, it delegates specific areas of responsibilities to four (4) Board Committees, namely, the Audit Committee, Nomination Committee, Remuneration Committee and Finance Committee. Each Board Committee is governed by clear terms of reference which have been approved by the Board.

Terms of reference of the respective Board Committees are reviewed by the Committees periodically to ensure they remain relevant and effective and comply with the relevant rules and regulations as well as corporate governance best practices. The terms of reference for each Committee is accessible on Star's website.

Although specific powers are delegated to the Board Committees, the Board keeps itself apprised of the key issues and decisions made by each Board Committee through the reports by the Chairman of the respective Board Committee and tabling of the minutes of the Board Committee meetings at Board meetings. The ultimate responsibility for decision making lies with the Board.

### a) Audit Committee

The Audit Committee comprises wholly Independent Non-Executive Directors as follows:

1. **Mr Lee Siang Chin** (Senior Independent Non-Executive Director) – Chairman
2. **Datin Linda Ngiam Pick Ngoh** (Independent Non-Executive Director) – Member
3. **Mr Choong Tuck Oon** (Independent Non-Executive Director) – Member (*appointed on 1 June 2017*)

Note:

Mr Lew Weng Ho ceased to be a member of the AC following his retirement from the Board on 22 May 2017.

The Committee's primary responsibilities include the review of the Group's financial reporting, related party transactions and audit findings of the external auditors arising from their audit of the Group's financial statements and the audit findings and issues raised by Internal Audit together with the Management's responses thereon. The

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Committee also reviews the adequacy and effectiveness of interest controls and risk management framework .

The Audit Committee Report provides details of the composition of the Audit Committee and a summary of its activities as set out on pages 65 and 66 of the Annual Report.

### b) Nomination Committee

The Nomination Committee (“NC”) consists exclusively of Non-Executive Directors as follows:

1. **Tan Sri Dato’ Sri IR Kuan Peng Soon** (Non-Independent Non-Executive Director) – Chairman
2. **Datin Linda Ngiam Pick Ngoh** (Independent Non-Executive Director) – Member (*appointed on 23 May 2017*)
3. **Madam Wong You Fong** (Independent Non-Executive Director) – Member (*appointed on 1 June 2017*)

*Note:*

*Mr Lew Weng Ho ceased to be a member of the NC following his retirement from the Board on 22 May 2017.*

*Mr Lee Siang Chin ceased to be a member of the NC on 1 June 2017*

The Board notes that whilst the Listing Requirements does not contain prescription on the chairmanship for the NC, MCGG calls for the NC to be chaired by an Independent Director or a Senior Independent Director. Although NC of the Company is not chaired by an Independent Director or a Senior Independent Director, the Board is satisfied that the NC is able to discharge its duties effectively through a formal and transparent process, in compliance with applicable law and regulations and high standards of corporate governance.

The role of the NC is to assist the Board in ensuring that the Board comprises individuals with the requisite skills, knowledge, experience, commitment and characteristics. NC will recommend to the Board, candidates for directorship as well as membership to Board Committees to be filled. The role of the NC is also extended to consider the skill, experience and succession planning with respect to the Senior Management team.

The NC meets at least once a year or as and when required. During the year 2017, the NC met twice which were attended by all members.

Summaries of activities of the NC during the year were:

#### i) Appointments to the Board

Selection of candidates to be considered for appointment as Directors is facilitated through recommendations from the Directors, management and/or major shareholder as well as via independent sources. The NC will assess the suitability of the candidates before formally considering and recommending them for appointment to the Board and where applicable, Board Committees.

In proposing its recommendation, the NC will consider and evaluate the candidates’ required skills, knowledge, expertise, competence, experience, characteristics, and professionalism. For appointment of Independent Directors, considerations will also be given on whether the candidates meet the requirements for independence as defined in Listing Requirements and time commitment expected from them to attend to matters of the Company in general, including attending meetings of the Board, Board Committees and AGM.

The appointments of the two (2) Independent Non-Executive Directors of the Company, Mr Choong Tuck Oon and Madam Wong You Fong during the year were made based on the said process.

#### ii) Appointment of key personnel

The NC also reviews and considers the proposals by management on the appointment/promotion/re-designation of key personnel of the Group. The NC works closely with Board in ensuring that a clear succession plan is established.

#### iii) Diversity

The Board recognises the merits of gender diversity at board level on strengthening the performance of the Board and/or Board Committees. Currently, there are two (2) women serving as members of the Board, reflecting a 25% female

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

representation on the Board which is above the average of 19.2% female representation recorded by the top 100 listed issuers on the Main Market of Bursa Securities (Positive Progress Made on Gender Diversity (21 January 2018), Securities Commission Malaysia).

The Board also values the diversity of perspectives and experience at Senior Management level for better decision making and competitive advantage. Currently, 50% of the C-suite positions of the Company are held by women.

#### iv) Annual Performance Evaluation

In order to ensure the Board has an appropriate balance of expertise and ability, the NC carries out an annual evaluation on the Board's performance and governance process with the aim of improving individual contribution, effectiveness of the Board and Board Committees. The NC reviews the terms of office and performance of all the Board Committees annually.

The annual assessments for the Board, Board Committees and individual Directors (including Independent Directors) were conducted online and carried out on self-assessment basis. The results were summarised and discussed at the NC meeting and also shared with the entire Board. The evaluation process is led by the NC Chairman and supported by the Company Secretaries. All assessments and evaluations carried out by the NC were properly documented.

The assessment of the Board is based on a few main areas relating to Board structure, Board activities, Board and Chairman's roles and responsibilities and Board Committees' role and responsibilities.

For the financial year 2017, the NC assessed the effectiveness in terms of composition, conduct, accountability and responsibility of the Board and Board Committees in accordance with the terms of reference. The Directors self-assessment was conducted to evaluate the mix of skills, experience and the individual Directors' ability to contribute to the development of strategy and exercise independent judgement towards the effective functioning of the Board.

The NC together with Group MD & CEO also carried out the annual evaluation of the Group Chief Financial Officer and other key executives which includes a review of their integrity and professionalism, their overall contribution and performance and also personality.

In carrying out its recent annual review, the NC was satisfied that the Board size and its composition are optimum which comprises individuals with the requisite skills, knowledge, experience, characteristics and competencies to effectively discharge their roles. The Directors, Board Committees and key officers had discharged their responsibilities in a commendable manner and contributed to the overall effectiveness of the Board and Company. The Directors had also committed the time necessary to responsibly fulfill their commitment to the Company and Group during the year. The NC also agreed on the re-appointment of the existing Board Committee members for the ensuing year.

#### v) Annual Assessment of Independent Directors

The NC determines the independence of each Director annually based on the definitions and enumerations of Listing Requirements and also considers whether the Independent Director can continue to bring independent and objective judgement to Board deliberations. The Directors' Independence Checklist is completed and confirmed by individual Independent Directors on their status of compliance.

Under the MCCG, it is stated that the tenure of independent director generally should not exceed a cumulative term of nine (9) years and upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as non-independent director or be retained as independent director subject to annual shareholders' approval. The retention of an independent beyond the twelfth (12th) year calls for an annual two-tier shareholder approval. The Board did not adopt any policy which limits the tenure of its Independent Directors to nine (9) years.

Should the Board intend to retain any of its Independent Directors beyond nine (9) years, it would provide justification and seek annual shareholders' approval at the Company's general meeting. Currently, none of the Independent Non-Executive Directors of the Company have exceeded the cumulative term of nine (9) years.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The NC is satisfied that the Independent Non-Executive Directors of the Company continue to demonstrate their independence through their engagement in meetings by bringing objective and independent judgment to decisions taken by the Board. The Independent Non-Executive Directors of the Company had also devoted sufficient time and attention to the Group's affairs. None of the Directors on the Board hold more than five (5) directorships in other listed issuers on Bursa Securities.

### vi) Re-election to the Board

The NC has also reviewed the Directors' re-election to the Board on an annual basis. Other than those Directors appointed during the year, one-third (1/3) of the remaining Directors are required to retire by rotation and all Directors must submit themselves for re-election at each AGM at least once every three (3) years. Directors who are appointed by the Board to fill a casual vacancy are subject to election by shareholders at the next AGM following their appointment.

### c) Remuneration Committee

The Remuneration Committee ("RC") comprises wholly Non-Executive Directors. The current RC members are:

1. **Dato' Fu Ah Kiow** (Independent Non-Executive Director) – Chairman (*appointed on 23 May 2017*)
2. **Tan Sri Dato' Sri IR Kuan Peng Soon** (Non-Independent Non-Executive Director) – Member (*redesignated to member of RC on 23 May 2017*)
3. **Dato' Dr Mohd Aminuddin bin Mohd Rouse** (Non-Independent Non-Executive Director) – Member

*Note:*

*Datin Linda Ngiam Pick Ngoh ceased to be a member of the RC on 23 May 2017*

The RC's primary responsibility is to recommend to the Board annually, the remuneration packages for Executive Director and key management personnel of the Group, in all its forms, drawing external advice, if necessary. The determination of remuneration of Non-Executive Directors is a matter for the Board as a whole. The Committee also reviews the level and mix of remuneration and benefits policies and practices of the Group.

The RC had held two (2) meetings during the financial year ended 31 December 2017 which were attended by all RC members.

### d) Finance Committee

The current Finance Committee ("FC") members are as follows:

1. **Dato' Fu Ah Kiow** (Independent Non-Executive Director) – Chairman
2. **Tan Sri Dato' Sri IR Kuan Peng Soon** (Non-Independent Non-Executive Director) – Member
3. **Mr Lee Siang Chin** (Senior Independent Non-Executive Director) – Member
4. **Dato' Dr Mohd Aminuddin bin Mohd Rouse** (Non-Independent Non-Executive Director) – Member
5. **Mr Choong Tuck Oon** (Independent Non-Executive Director) – Member (*appointed on 1 June 2017*)

*Note:*

*Datin Linda Ngiam Pick Ngoh ceased to be a member of the FC on 23 May 2017*

The primary function of the FC includes to review and evaluate investment and strategic proposals and to consider the annual budget and strategic plans of the Company and Group before recommending to the Board for approval. The FC had three (3) meetings during the financial year ended 31 December 2017 which were attended by all FC members.

## 4. DIRECTORS' TRAINING

All Directors had attended and successfully completed the Mandatory Accreditation Programme conducted by Bursatra Sdn Bhd within four (4) months from the dates of their appointment.

The Board acknowledges the importance of continuous training and fully supports the need for its members to further enhance their skills and knowledge on relevant new laws and regulations and changing commercial risk to keep abreast with the developments in the economy, industry, technology and the changing business environment within which the Group operates. In this respect, the Board continuously evaluates and determines the training needs of its directors to ensure the directors discharge their duties effectively. The Company Secretaries arrange for the Directors' attendance at the training programmes which are conducted either in-house or by external service providers.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

During the financial year, the Board members attended conferences, seminars, forums and training programmes as follows:

Name of Directors	Training programme/Conference/Seminar/Workshop
<b>Dato' Fu Ah Kiow</b>	<ul style="list-style-type: none"> <li>i) Introduction of New Companies Act 2016</li> <li>ii) The future of the media industry</li> <li>iii) CG Breakfast with Directors – Integrating an innovation mindset with effective governance</li> </ul>
<b>Tan Sri Dato' Sri IR Kuan Peng Soon</b>	<ul style="list-style-type: none"> <li>i) Companies Act 2016 and Malaysian Code on Take Overs and Mergers 2016</li> </ul>
<b>Datuk Seri Wong Chun Wai</b>	<ul style="list-style-type: none"> <li>i) Companies Act 2016 and Malaysian Code on Take Overs and Mergers 2016</li> <li>ii) The future of the media industry</li> <li>iii) Wan-Infra Publish Asia 2017</li> </ul>
<b>Mr Lee Siang Chin</b>	<ul style="list-style-type: none"> <li>i) Companies Act 2016 and Malaysian Code on Take Overs and Mergers 2016</li> <li>ii) The future of the media industry</li> <li>iii) Bank Negara Malaysia's Compliance Conference 2017</li> <li>iv) Fraud Risk Management Workshop</li> <li>v) FIDE Forum: Cryptocurrency and Blockchain Technology</li> </ul>
<b>Datin Linda Ngiam Pick Ngoh</b>	<ul style="list-style-type: none"> <li>i) Sustainability Engagement Series for Directors/CEOs of listed issuers</li> <li>ii) Companies Act 2016 and Malaysian Code on Take Overs and Mergers 2016</li> <li>iii) SME CEOs' Conference 2017</li> <li>iv) WILD DIGITAL Conference SEA 2017</li> <li>v) The future of the media industry</li> <li>vi) Leading in a Volatile, Uncertain, Complex, Ambiguous World</li> <li>vii) 2018 Budget : Implications to the Malaysian Economy and Capital Markets</li> <li>viii) CG Breakfast Series with Directors Integrating an Innovative Mindset with Effective Governance</li> </ul>

Name of Directors	Training programme/Conference/Seminar/Workshop
<b>Dato' Dr Mohd Aminuddin bin Mohd Rouse</b>	<ul style="list-style-type: none"> <li>i) Companies Act 2016 and Malaysian Code on Take Overs and Mergers 2016</li> <li>ii) The future of the media industry</li> <li>iii) Fraud Risk Management Workshop</li> <li>iv) CG Breakfast with Directors – Integrating an innovation mindset with effective governance</li> </ul>
<b>Mr Choong Tuck Oon</b>	<ul style="list-style-type: none"> <li>i) The New and Revised Auditor Reporting Standards: Implications to Financial Institutions</li> <li>ii) Fraud Awareness Training</li> <li>iii) Mandatory Accreditation Program</li> <li>iv) Opportunities for the Financial Services Industry in Malaysia</li> <li>v) The future of media industry</li> <li>vi) Case study workshop for Independent Directors</li> </ul>
<b>Madam Wong You Fong</b>	<ul style="list-style-type: none"> <li>i) Mandatory Accreditation Program</li> <li>ii) The future of media industry</li> <li>iii) Advocacy session on corporate disclosure for directors and principal officers of listed issuers</li> </ul>
<b>Mr Lew Weng Ho</b> (retired on 22 May 2017)	<ul style="list-style-type: none"> <li>i) Companies Act 2016 and Malaysian Code on Take Overs and Mergers 2016</li> </ul>

In addition, the Directors receive regular briefings and updates on the Group's businesses, operations, risk management activities, Listing Requirements and relevant law updates.

### III. REMUNERATION

#### 1. REMUNERATION POLICIES

The Board has adopted a formal policy to determine the remuneration of Directors and Senior Management so as to ensure that the Company attracts and retains the Directors and Senior Management needed to run the Group successfully. The procedures for determination of remuneration are reviewed periodically to ensure that packages are benchmarked against market standards. The remuneration policy is encapsulated in the Board Charter which is made available on the Company's website.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

In the case of Group MD & CEO, the component parts of his remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, their remuneration is structured to link with their contribution to the overall performance of the Company and commensurate with their experience, expertise and level of responsibilities. The Board also ensures that the remuneration for Independent Non-Executive Directors does not conflict with their obligations to bring objectivity and independent judgment on the matters discussed at board meetings.

The Board collectively determines the remuneration for the Non-Executive Directors subject to shareholders' approval, where required based on recommendation of the RC. Each of the Non-Executive Director abstains from deliberating and voting on his/her own remuneration.

The current remuneration procedures for the Directors are as follows:

### i) Remuneration package for Group MD & CEO and Senior Management

The remuneration package of the Executive Director consists of both fixed and performance-linked elements. The performance of the Executive Director is reviewed annually taking into consideration the corporate and individual performance. The Executive Director of the Company does not receive directors' fees.

RC also reviews the remuneration packages of the Group's key management personnel annually taking into consideration, the Company/Group's performance, the

individual performance against the key performance indicators determined as well as the required qualification, skills and experience and comparable market statistics. The remuneration package for the key management personnel is subject to Board's approval.

### ii) Fees, allowances and benefits-in-kind for Non-Executive Directors

All Non-Executive Directors are paid annual fixed Director fees for serving as members of the Board and Board Committees. The Chairman of the Board and each Board Committees also receive an annual fixed allowance for the additional responsibility and commitment required. All Non-Executive Directors are paid a meeting attendance allowance for each meeting attended. An additional benefit offered to Non-Executive Directors is the use of a Club membership on Company's expense, if so required, in accordance with the Company's policies.

All fees, allowances and other benefits payable/paid to Non-Executive Directors are subject to the approval of shareholders at the AGM in accordance with the Companies Act 2016.

The level and structure of the Group's remuneration policy are aligned with the business strategy and long-term objectives of the Group, as are appropriate to attract, retain and motivate Directors to provide good stewardship, as well as motivate key management personnel to successfully manage the Group. The Board is of the view that the current remuneration level suffices to attract, retain and motivate qualified Directors to serve on the Board.

## 2. DISCLOSURE OF DIRECTORS REMUNERATION

The detailed disclosure of the remuneration of individual Executive Director and Non-Executive Directors of the Company (both Company and the Group) for the financial year ended 31 December 2017 is as follows:

	COMPANY			SUBSIDIARIES		
	Fees & Allowances RM'000	Salaries & Bonus RM'000	Benefits-in-kind RM'000	Company Total RM'000	Fees RM'000	Group Total RM'000
<b>EXECUTIVE DIRECTOR</b>						
Datuk Seri Wong Chun Wai	-	1,516	56	1,572	-	1,572
<b>TOTAL</b>	-	1,516	56	1,572	-	1,572

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

	COMPANY			SUBSIDIARIES		
	Fees & Allowances RM'000	Salaries & Bonus RM'000	Benefits-in-kind RM'000	Company Total RM'000	Fees RM'000	Group Total RM'000
<b>NON-EXECUTIVE DIRECTORS</b>						
Dato' Fu Ah Kiow	311	-	64	375	91	466
Tan Sri Dato' Sri IR Kuan Peng Soon	157	-	-	157	-	157
Mr. Lee Siang Chin	161	-	6	167	-	167
Datin Linda Ngiam Pick Ngoh	154	-	8	162	-	162
Dato' Dr Mohd Aminuddin bin Mohd Rouse	138	-	85	223	72	295
Mr. Choong Tuck Oon	78	-	-	78	-	78
Madam Wong You Fong	59	-	-	59	-	59
Mr. Lew Weng Ho*	51	-	27	78	-	78
<b>GRAND TOTAL</b>	<b>1,109</b>	<b>1,516</b>	<b>246</b>	<b>2,871</b>	<b>163</b>	<b>3,034</b>

\*Mr. Lew Weng Ho retired at the Company's AGM held on 22 May 2017.

Although the MCG has stipulated that the Company should disclose on a named basis of the top five (5) Senior Management's detailed remuneration including salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000, the Board would like to provide for an advocacy period in the interim. At this particular juncture, the Board is of the opinion that the disclosure would not be in the best interest of the Group due to confidentiality and security concerns.

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. AUDIT COMMITTEE

#### 1. Composition of Audit Committee

The Audit Committee of the Company comprises solely Independent Non-Executive Directors as stipulated in page 51 of the Annual Report. The Chairman of the Audit Committee is not the Chairman of the Board.

The Audit Committee of the Company possesses a wide range of necessary skills to discharge their duties effectively. All members are financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting standards. The members had attended relevant professional trainings during the year and will continue to keep themselves abreast of the relevant developments in accounting and auditing standards, practices and rules.

#### 2. Independence of External Auditors

The Group's independent External Auditors play an essential role to the shareholders by enhancing the reliability of the Group's financial statements and giving assurance of that reliability to users of these financial statements. The AC

manages the relationship with the External Auditors on behalf of the Board. The AC reviews and considers the re-appointment, remuneration and terms of engagement of the External Auditors annually.

The AC meets with the External Auditors at least twice a year to discuss their audit plans and audit findings in relation to the Group's financial statements. Prior to some AC meetings, private sessions between the AC and the External Auditors were held without the presence of the Group MD & CEO and the Management to discuss the audit findings and any other observations they may have had during the audit process. In addition, the External Auditors are invited to attend the AGM of the Company and be available to answer shareholders' queries on the conduct of the statutory audit and the preparation and content of their audit report.

The External Auditors have confirmed that there were no circumstances and relationship that create threats to their independence and that the ethical requirements have been complied with. In compliance with the requirements of the Malaysian Institute of Accountants, the External Auditors rotate their audit partners assigned to the Group every five (5) years. The AC has also reviewed the nature and extent of non-audit services rendered by the External Auditors and ascertained that there is no conflicts of interest.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The amount of non-audit fees paid to the External Auditors and their associates during the financial year 2017 was RM180,515.

### PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

#### 3. Risk Management and Internal Control Framework

The Board, through the AC, reviews the adequacy of the Group's risk management framework to ensure viable and robust risk management and internal controls are in place. The Board did not establish a Risk Management Committee as the Board believes the current AC members are able to contribute to the Company's risk management framework and policies without significantly impairing their other responsibilities.

The AC receives a quarterly report on the risk profiles of the Group and the status of progress towards mitigating the key risk areas. The Board and Management drive a proactive risk management culture and ensure that the Group's employees have a good understanding and application of risk management principles towards cultivating a sustainable risk management culture.

Regular risk awareness and coaching sessions are conducted at the operational level to promote the understanding of risk management principles and practices across different functions within the Group.

In addition, a risk-based approach is embedded into existing key processes as well as new key projects, and is compatible with the Group's internal control systems.

The Enterprise Risk Management department, alongside the Group's operational managers, continuously identify, monitor and mitigate the risks and report the results to Management.

#### 4. Internal Audit Function

The Group has an Internal Audit function that is supported by an Internal Audit department. The Group's internal audit provides independent and objective assurance of the adequacy and integrity of the systems of internal controls. The Internal Audit Department reports to the AC. Details of the Internal Audit Function, together with the state of the Group's internal controls, are given in the Audit Committee Report as set out in page 65 and Statement on Risk Management and Internal Control as set out in pages 61 to 64 of the Annual Report 2017.

#### I. RELATIONSHIP WITH OTHER STAKEHOLDERS AND SHAREHOLDERS

##### 1. Communication with Stakeholders

The Group welcomes dialogues with stakeholders to discuss issues and obtain feedbacks. The Company has a dedicated investor relations function under the Corporate Department which work closely with Group Chief Financial Officer and reports directly to Group MD & CEO.

The Group MD & CEO and Senior Management personnel participate regularly in discussions with analysts, fund managers and shareholders, both local and from overseas, upon request. Such dialogues have given shareholders and investors a better appreciation and understanding of the Group's performance and its strategic direction. Media releases are also disseminated on significant corporate developments and business initiatives to keep shareholders and investing community updated on the Group's development.

Dialogues and discussions with investors and analysts are conducted within the framework of the relevant Corporate Disclosure Guide under the Listing Requirements and comply with the Best Practices in Corporate Disclosure published by the Malaysian Institute of Chartered Secretaries and Administrators. Announcements are made on a timely basis to Bursa Securities and this is made electronically to the public via Bursa Securities's website as well as the Company's Investor Relations section on the Company's website.

The Company's website is continually updated with the latest information concerning the Group, such as the latest updates on business and operations, quarterly financial reports, annual reports, notices of general meetings and announcements to Bursa Securities.

Whilst the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Board is mindful of ensuring all shareholders are treated fairly and equitably. In order to ensure a level playing field and provide confidence to shareholders, unpublished price sensitive information about the Company will not be disclosed on an individual or selective basis to any person unless otherwise required by law.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**2. Greater Shareholder Participation**

The Company's AGM and/or Extraordinary General Meeting ("EGM") (collectively known as the "General Meetings") are the principal for a for dialogue with individual shareholders. The Board supports and encourages active shareholder participation at general meetings. It is a crucial mechanism in shareholder communication for the Company.

The Company's AGM is held within five (5) months after the close of the Company's financial year end. The entitled shareholders of the Company would receive the notices of AGMs which are sent at least 21 days ahead of the meeting dates together with relevant reports and circulars and on request, the full annual reports. Meanwhile, for EGM, the notice is circulated within the prescribed period in compliance with the relevant rules and regulations. All notices of General Meetings are announced to Bursa Securities accordingly and advertised in The Star newspaper. The full annual reports and circulars for shareholders are also available on the website of the Company and Bursa Securities.

At the AGM, a comprehensive review of the progress and performance of the Group's business together with an overview of the financial performance will be presented to shareholders. Shareholders are given opportunities to participate in the question and answer session on the proposed resolutions and the Group's operations. Likewise, during EGM, all shareholders are encouraged to raise questions pertaining to the subject matter of the resolutions tabled. The Directors, Group MD & CEO and the Group Chief Financial Officer are available to respond to shareholders' queries during the meetings. Usually, a press conference is held immediately after the general meeting which is normally attended by the Board Chairman and Group MD & CEO.

Effective 1 July 2016, the Listing Requirements provide that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, shall be voted by poll and votes are to be validated by at least one (1) independent scrutineer. This has been adopted effective from our AGM held in 2017.

Votes cast for and against and the respective percentages, on each resolution are displayed to shareholders and proxies immediately after the poll is completed. The voting results of the general meetings are also announced in a timely manner after the meeting via Bursa Securities.

The Company Secretaries prepare the minutes of general meetings, which incorporate substantial comments and/or queries from shareholders and responses from Board and Management. These minutes are published on the Company's website as soon as practicable upon being reviewed by the Board members and approved by the Chairman.

**FOCUS AREAS ON CORPORATE GOVERNANCE**

During the year, the Board has devoted its effort to the following key areas, particularly against the backdrop of changes in regulatory landscape which includes the operationalisation of Companies Act 2016, release of the new MCCG and amendments to Listing Requirements.

**BOARDROOM INDEPENDENCE**

During the year 2017, the Board welcomed two (2) new Independent Directors into its fold, namely, Mr Choong Tuck Oon and Madam Wong You Fong. Meanwhile, Mr Lew Weng Ho, the Company's former Independent Director and Audit Committee member retired during the year.

The appointment of Mr Choong Tuck Oon and Madam Wong You Fong allowed the Board to have a higher proportion of Independent Directors, thus, facilitating greater checks and balances during deliberations and decision-making in the boardroom. Whilst Star is not a Large Company as defined by MCCG, it has on its own volition adhered to the enumeration in MCCG which calls for Large Companies to have a majority of independent Directors.

**BOARD AND BOARD COMMITTEE POLICIES AND PROCEDURES**

The Board undertook a review and updated its Board Charter alongside the Terms of Reference for each of the Board Committees to reflect the revised regulatory expectations.

These authoritative documents serve to guide the governance and conduct of the Board and Board Committees.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PROFESSIONAL DEVELOPMENT OF DIRECTORS

During the year under review, Directors were provided with a host of opportunities to develop and maintain their skills and knowledge. In-house talks were organised on topical areas to keep Directors updated on developments that are shaping the media industry.

As for Directors who are members of professional bodies, their adherence to the requirement on Continuous Professional Development (CPD) hours was monitored by the Company Secretaries.

### ENGAGEMENT WITH STAKEHOLDERS

In 2017, the Board continued to emphasise on proactive stakeholders' communication as a key agenda with technology being an enabler. Changes have been made to the corporate website for ease of navigation and the content has been enriched to make it more informative.

The Company also heightened its engagement efforts with stakeholders. During the year under review, the Company engaged in discussions with analysts, fund managers and shareholders, both local and from overseas, upon request.

### CORPORATE GOVERNANCE FUTURE PRIORITIES

Moving forward, the Company will continue working towards achieving high quality outcomes in the realm of corporate governance. The Board has identified the following forward-looking action items that will help it to achieve its corporate governance objectives.

### BOARD DIVERSITY

The Board will escalate its efforts to establish a diverse Board which bears a variety in the dimensions of skills, experience, age, cultural background and gender. The Board will endeavour to formalise policies on gender diversity, along with specific targets and measures to meet those targets. The targets would incorporate specific quantitative benchmarks (e.g. percentage of women at the Board and Senior Management level) that can be monitored for effectiveness.

In line with the national target of having 30% women on the boards of listed issuers, the Board will seek to maintain a register of potential directors which include high-calibre female candidates.

### RISK MANAGEMENT

The media industry is particularly susceptible to manifold and nuanced risks due to the proliferation of dynamic technological developments and changes in the regulatory environment. In light of this, the Board will continue to drive a proactive risk management culture and ensure that the Group's employees have a good understanding and application of risk management principles towards cultivating a sustainable risk management culture. The Board also intends to recalibrate the Group's risk reporting mechanism to be more data-driven to capture and quantify exposures where applicable and necessary.

### SUSTAINABILITY REPORTING

The financial year ended 31 December 2017 represents the inaugural period for which the Company is producing a narrative statement on its management of material economic, environmental and social risks and opportunities (Sustainability Statement) in the manner as prescribed by Bursa Securities.

Moving forward, the Board intends to adopt a more mature form of sustainability reporting to allow stakeholders to have better understanding on the material economic, environmental and social risks and opportunities. The Board will set the direction for Management to establish the necessary systems and controls with the presence of quality data so as to support the desired progression in terms of reporting. The Company will also actively engage stakeholders to gather a better understanding of what is expected from its sustainability reporting.

This statement was approved by the Board on 27 February 2018.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

**DURING THE FINANCIAL YEAR UNDER REVIEW, STAR MEDIA GROUP BERHAD (“STAR” OR “COMPANY”) AND ITS SUBSIDIARIES (“GROUP”) CONTINUED TO ENHANCE ITS SYSTEM OF INTERNAL CONTROL AND RISK MANAGEMENT, TO COMPLY WITH THE APPLICABLE PROVISION OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE AND THE MAIN MARKET LISTING REQUIREMENTS (“LISTING REQUIREMENTS”) OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”).**

**PARAGRAPH 15.26(B) OF THE LISTING REQUIREMENTS OF BURSA SECURITIES REQUIRES THE BOARD OF DIRECTORS OF A PUBLIC LISTED COMPANY TO INCLUDE IN ITS ANNUAL REPORT A STATEMENT ON THE STATE OF INTERNAL CONTROL OF THE LISTED ISSUER AS A GROUP. THE BURSA SECURITIES’ STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (GUIDELINES FOR DIRECTORS OF LISTED ISSUERS) PROVIDES GUIDANCE FOR COMPLIANCE WITH THESE REQUIREMENTS.**

Internal control is broadly defined as a process, effected by an entity’s Board of Directors, Management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations.
- Safeguarding of assets.
- Reliability and integrity of financial and operational information.
- Compliance with applicable laws, regulations and contracts.

Set out below is the Board’s Statement on Internal Control and Risk Management Practices.

## BOARD RESPONSIBILITY

The Board acknowledges the importance of sound internal controls and risk management practices to safeguard various stakeholders’ interest and to address all key risks which the Board considers relevant and material to its operations. The Board affirms its overall responsibility for the Group’s systems of internal controls which includes the establishment of an appropriate control environment and framework. The Board is also responsible for reviewing the effectiveness, adequacy and integrity of those systems. These systems are designed to manage rather than to eliminate, the risk that may impact the Group arising from non-achievement of the Group’s policies, goals and objectives. Such system provides reasonable but not absolute, assurance against material misstatement or loss.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing the operating and financial controls affecting the achievement of its business objectives throughout the period. These established processes throughout the Group will be updated and reviewed periodically in line with changes in the economic and business environment. The Internal Audit Department plays a significant role in this respect. This process is regularly reviewed by the Audit Committee of the Board.

The Board maintains ultimate responsibility over the Group’s systems of internal controls it has delegated to the executive management for efficacious implementation. The role of Internal Audit is to provide reasonable assurance that the designed controls are in place and are operating as intended.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### RISK MANAGEMENT FRAMEWORK

The Board undertook to review the risk management processes in place within the Group with the assistance of the Risk Management Committee (“RMC”), the Head of Enterprise Risk Management and the Internal Audit Department.

The Board has delegated the responsibility of reviewing the risk management processes and ensuring the effectiveness of the Risk Management Framework to the RMC.

The RMC meets on a quarterly basis to deliberate on risks identified, controls and risk mitigation strategies arising from the risk assessment process conducted. From there, the Board will be provided with the updates.

### RISK MANAGEMENT UNIT

The Enterprise Risk Management (“ERM”) Unit assists the Board and the RMC in carrying out their risk management responsibilities. The ERM is designed to provide sufficient support at both the Group level and subsidiaries level.

ERM is mainly responsible for the following:

- Maintaining a register of risk for the Group;
- Assessing, improving and monitoring the Risk Management framework including risk policy and standards;
- Providing guidance to the divisions in the development of appropriate and effective response strategies and contingency plans to manage and mitigate material risks;
- Issuance of risk reports to the Board and Management; and
- Reviewing key corporate activities that are considered significant from a Group risk perspective.

### RISK MANAGEMENT PROCESS

The key elements of the Group’s risk management process are as follows:

- The RMC includes key management personnels from the relevant business and support functions and Internal Audit. The Committee is entrusted with the responsibility to identify and communicate to the Board the key risks the Group faces, their changes, and the management actions and plans to manage the risks.
- A Risk Management Manual, which outlines the corporate policy and framework on risk management for the Group and offers practical guidance on risk management issues.
- A database of identified risks and controls in the form of a Risk Register, which is periodically reviewed and reported to the Board. The Risk Register is reviewed from time to time or as and when necessary. The identified risks are appropriately communicated to Management and Heads of Departments.
- Ownership of the Risk Register also lies with the Heads of Departments to constantly manage the risks and to highlight any concerns or new risks to the Head of ERM.

To embed the risk management process within the culture of the Group, the following steps are incorporated in the risk management process:

- Embedding internal control further into the operations of the business through the installation of a process of risk and control self-assessment.
- Regular updates on risk management from the heads of the business and supporting functions to the RMC.
- Drive a proactive risk management culture and ensure that the Group’s employees have a good understanding and application of risk management principles towards cultivating a sustainable risk management culture.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### RISK MANAGEMENT PROCESS (CONT'D)

- Regular risk awareness and coaching sessions are conducted at the operational level to promote the understanding of risk management principles and practices across different functions within the Group.
- Quarterly review by the Audit Committee on the adequacy and integrity of the system of internal control and risk management process.

### INTERNAL AUDIT FUNCTION

The Internal Audit Department operates within the framework stated in its Internal Audit Charter which is approved by the Audit Committee. The Internal Audit Department provides the Board with independent opinions of processes, risk exposures and systems of internal controls of the Group.

Internal audit independently reviews the risk identification procedures and control processes, and reports to the Audit Committee on a quarterly basis. The Audit Committee reviews and evaluates the key concerns raised by Internal Audit Department and ensures that appropriate and prompt remedial action is taken by management.

Internal audit also reviews the internal controls in the key activities of the Group's business and a detailed annual internal audit plan is presented to the Audit Committee for approval. Internal audit adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the major business functions of the Group.

The Audit Committee reviews the risk monitoring and compliance procedures to obtain the level of assurance required by the Board. The Audit Committee presents its findings to the Board on a quarterly basis or earlier as appropriate.

### OTHER KEY ELEMENTS OF INTERNAL CONTROLS

Apart from the above, the other key elements of the Group's internal control systems include:

#### (a) Policies, Procedures and Limits of Authority

- Clearly documented internal policies, standards and procedures are in place and regularly updated to reflect and enhance operational efficiency. Cases of non-compliance to policies and procedures are reported to the Board and Audit Committee.
- Clearly defined delegation of responsibilities to committees of the Board and to management including organisation structures and appropriate authority levels.

#### (b) Strategic Business Planning, Budgeting and Reporting

- Regular and comprehensive information provided to management for monitoring of performance against strategic plans covering all key financial and operational indicators.
- Detailed budgeting process requiring all business units to review their budgets periodically. The budgets are discussed and approved by the top Management headed by the Group MD & CEO.
- The Group Chief Financial Officer provides the Board with quarterly financial information. Effective reporting system exposes significant variances against budget. Key variances are followed up by management and reported to the Board.

#### (c) Risk Assessment

- The Group MD & CEO, with the input from the RMC, reviews with the Board significant changes in internal and external environment, which affects the Group's risk profile.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### OTHER KEY ELEMENTS OF INTERNAL CONTROLS (CONT'D)

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. Management continues to take measures to strengthen the control environment.

Based on the internal controls established and maintained by the Group, work performed by the Internal and External Auditors and reviews performed by Management and various Board Committees as well as assurance from the Group MD & CEO and Group Chief Financial Officer, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's risk management and internal control systems were adequate and effective for the financial year ended 31 December 2017 to address financial, operational and compliance risks, which the Group considers relevant and material to its operations. The Group will carry out continuous reviews on the control procedures to ensure consistent effectiveness and adequacy of the system of internal control, so as to safeguard shareholders' investment and Group's assets.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement for inclusion in the annual report of the Group for the financial year ended 31 December 2017. Their review is performed in accordance with Audit Assurance and Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants. The External Auditors' procedures have been conducted to assess whether the Statement on Risk Management and Internal Control is supported by the documentation prepared by or for the Directors and that it is an appropriate reflection of the process adopted by the Directors in reviewing the adequacy and integrity of the system of internal control for the Group.

AAPG 3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures. Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

This statement was approved by the Board on 27 February 2018.

# AUDIT COMMITTEE REPORT

## MEMBERSHIP

Please refer to pages 24 and 51 of the Annual Report.

## TERMS OF REFERENCE

The terms of reference of the Audit Committee are available on the Company's website.

## MEETINGS

The Committee held five (5) meetings during the financial year ended 31 December 2017. The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification. The Group MD & CEO, Group Chief Operating Officers, Group Chief Financial Officer, Head of Internal Audit and Head, Enterprise Risk Management were also invited to attend and brief the members on specific issues. The External Auditors, Messrs BDO attended some of these meetings upon the invitation of the Committee.

Attendance of members of the Audit Committee at meetings held during the year is as follows:

Name	Attendance
Mr Lee Siang Chin (Chairman)	4/5
Datin Linda Ngiam Pick Ngoh (Member)	5/5
Mr Choong Tuck Oon <sup>^</sup> (Member)	2/2
Mr Lew Weng Ho* (Member)	2/2

### Notes:

<sup>^</sup> Mr Choong Tuck Oon was appointed as the AC member on 1 June 2017

\* Mr Lew Weng Ho ceased as a member on 22 May 2017 following his retirement as Director of the Company

## SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year 2017, the Audit Committee carried out its duties in accordance with its terms of reference. The main activities carried out by the Audit Committee during the financial year included the following:

### i) Financial Reporting

- a) Reviewed the quarterly financial results of the Group and the relevant announcements to Bursa Securities before recommending them for the Board's approval.
- b) Reviewed the annual Audited Financial Statements of the Group prior to submission to the Board for approval. The review was to ensure that the financial reporting and disclosures are in compliance with the Bursa Securities Main Market Listing Requirements, provisions of the Companies Act 2016, applicable International Financial Reporting Standards, approved accounting standards issued by the Malaysian Accounting Standards Board and any other relevant legal and regulatory requirements.

### ii) Internal Audit and Risk Management

- a) Reviewed the Internal Audit Plan for financial year 2017 including the audit methodology in assessing and rating risks of auditable areas. The Internal Audit Plan for the Group was prepared by making reference to the Risk Register provided by the Head, Enterprise Risk Management.
- b) Reviewed and deliberated the internal audit reports that highlighted audit issues, recommendations and Management's response. Discussed with Management actions taken to improve the systems of internal controls based on suggestions identified in the internal audit reports.
- c) Reviewed the implementation of these recommendations through follow-up audit reports to ensure all key risks and control issues were addressed.

## AUDIT COMMITTEE REPORT (CONT'D)

- d) Reviewed the effectiveness of the Group's Risk Management system and the risk management reports including the process for identifying, evaluating and managing business risks, and reviewed the key strategic risks for the Group. Significant risk issues were summarised and communicated to the Board for consolidation and resolution.
- e) The Audit Committee also met with the Head of Internal Audit without presence of the Group MD & CEO and Management twice during the year under review.
- f) Evaluated the performance of the Internal Audit function and Risk Management of the Company.

### iii) External Audit

- a) Reviewed with the External Auditors their scope of work and audit plans for the year to ensure sufficient coverage in terms of scope. Prior to the audit, representatives from the External Auditors presented their audit strategy and plan. The Audit Committee also met with the External Auditors without Group MD & CEO and Management being present twice during the year under review.
- b) Reviewed with the External Auditors the results of the audit and the audit report including Management's responses to the review of the External Auditors.
- c) Reviewed the independence, objectivity and effectiveness of the External Auditors and the services provided, including non-audit services and corresponding fees.
- d) Reviewed and recommended the re-appointment of External Auditors and the Audit Fees to the Board for its approval.

### iv) Other activities

- a) Reviewed the related party transactions and recurrent related party transactions of a revenue or trading nature entered into by the Group.
- b) Reviewed the Corporate Governance Overview Statement, Corporate Governance Report, Audit Committee Report and the Statement on Risk Management and Internal Control as well as the Management Discussion and Analysis and Sustainability Statement before recommending the same to the Board for approval and for inclusion in the Annual Report.

### INTERNAL AUDIT FUNCTION

The Group has a well-established Internal Audit Department, which reports directly to the Audit Committee and assists the Board of Directors in monitoring and managing risks and internal controls. The Head of Internal Audit has consistent engagement with the Audit Committee by way of verbal and written communications via the Audit Committee Chairman. The Internal Audit Department is independent of the activities or operations of other operating units.

The principal role of the Department is to undertake independent regular and systematic reviews of the systems of internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. It is the responsibility of the Internal Audit Department to provide the Audit Committee with independent and objective reports on the state of internal controls of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements. Key audit findings and recommendations are discussed at Audit Committee Meetings. Timely and proper follow-up and implementation of audit recommendations is closely tracked by the Management.

During the financial year 2017, the Internal Audit Department conducted audit reviews on significant aspects and operations of the Company and Group. The audit review covered several core processes identified by the risk assessment made on the Group. Areas covered include safety and health issues at the printing plant, chemical discharge, inventories management, purchases, credit controls, and sales cycle. Review of the related party transactions and recurring related party transactions were also carried out half yearly to ensure the relevant procedures are in place. Audit review was carried out on the significant processes of the subsidiaries.

Actions were taken by the Management to rectify weaknesses identified in the audit reports. Internal Audit department carries out follow-up review to obtain updates on the progress of the remedial actions and provide status updates to the Audit Committee and Management on a quarterly basis.

The total costs incurred by the Internal Audit department for the internal audit function of the Group in 2017 amounted to RM994,313.

## ADDITIONAL COMPLIANCE INFORMATION

### 1. AUDIT AND NON-AUDIT FEES

The fees paid or payable to Messrs BDO and its affiliated companies in relation to the audit and non-audit services rendered to Star Media Group Berhad and its subsidiaries for the financial year ended 31 December 2017 are as follows:

	Company (RM)	Group (RM)
Audit fees	236,000	879,000
Non-audit fees	54,000	181,000
Total	290,000	1,060,000

### 2. MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by Star Media Group Berhad and/or its subsidiaries involving Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2017 or entered into since the end of previous financial year.

### 3. UTILISATION OF PROCEEDS

The proceeds raised from the disposal by Laviani Pte Ltd, a wholly-owned subsidiary company of Star Media Group Berhad of 128,458,890 ordinary shares in Cityneon Holdings Limited ("Cityneon"), representing approximately 52.51% equity interest in Cityneon to Lucrum 1 Investment Limited for a total disposal consideration of SGD115,612,731 (equivalent to approximately RM360,179,902) which was completed on 12 July 2017 have been utilised in the following manner:

The details of the utilisation of the proceeds derived from the disposal are as follows:

Purposes	Proposed utilisation RM'000	Actual utilisation RM'000	Remaining balance RM'000	Expected timeframe for utilisation
Future investments	200,000	(10,000)	190,000	Within 24 months
General working capital	154,095	(50,592)	103,503	Within 24 months
Estimated expenses in relation to the disposal	6,085	(6,085)	-	Fully utilised
Total	360,180	(66,677)	293,503	

### 4. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF A REVENUE OR TRADING NATURE

At the Annual General Meeting held on 22 May 2017, Star Media Group Berhad obtained a shareholders' mandate to allow the Group to enter into RRPT of a revenue or trading nature.

The disclosure of the RRPT conducted during the financial year ended 31 December 2017 are disclosed in Note 31 of the Audited Financial Statements.

# AWARDS

## PRINT



**16TH ASIAN MEDIA AWARDS**

Best Feature Story | Best in Community Service  
*R.AGE (Gold)* | *R.AGE (Gold)*



**SOPA AWARDS**

Excellence in Reporting On The Environment  
*R.AGE*



**SPARK AWARDS  
2017**

Best Media Category - Print  
*The Star*



**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (SPCA) SELANGOR APPRECIATION AWARDS 2017**

Most Supportive Media  
*The Star*

# AWARDS



## Johor Media Awards

Best Cultural Tourism Award  
(English Print Media Category)  
*Nelson Benjamin*

Best Feature Article Award  
*Zazali Musa*

Best Economic News Award  
*Yee Xiang Yun*

Best Sports News  
*Kathleen Ann Kili*



## 11<sup>TH</sup> Health Media Awards 2017

English Newspaper Category  
*Mohammad Azman  
Abdul Ghani*

Consolation Prize  
*Tan Shioh Chin*

## MDEC IMPACT AWARDS

Journalism Award  
*R.AGE*

## RURAL AND REGIONAL DEVELOPMENT MINISTRY (KKLW) MEDIA AWARDS 2017

Print Media and Online News Portal (News and Features)  
*Jessie Lim Yu Min (Third place)*

# AWARDS

## PRINT



### ANUGERAH KEWARTAWANAN INDUSTRI FILEM MALAYSIA 2017 (AKIFMA)

Young Entertainment  
Journalist  
*Angelin Yeoh*

Best Film Journalism Award  
(Print Media)  
*Mumtaj Begum*

Best Film Critique  
*Shazryn Mohd Faizal*

### MPI KAJAI AWARD MALAYSIAN PRESS INSTITUTE (MPI) - PETRONAS MALAYSIAN JOURNALISM AWARDS

Best Investigative Reporting  
*R.AGE (First Prize)*

Best Front Page Design  
*Tung Eng Hwa*

Best Photojournalism  
*Art Chen Soon Ling*



# AWARDS

## PRINT & PHOTOGRAPHY

**CONSTRUCTION INDUSTRY  
DEVELOPMENT BOARD (CIDB)  
CONSTRUCTION MEDIA AWARDS  
2017**

Print Media  
*Shalini Ravindran*  
(Third place)

Photography  
*Puspanathan Periannan*  
(Third place)



## DIGITAL



**ASIAN DIGITAL MEDIA AWARDS**

Best Use of Online Video  
*R.AGE (Gold)*

Best Innovation to Engage Youth  
Audience  
*R.AGE (Gold)*



**WORLD DIGITAL MEDIA  
AWARDS**

Best Innovation  
*R.AGE*

**MALAYSIA SOCIAL MEDIA  
WEEK AWARDS**

Online Media  
*R.AGE*

# AWARDS

## BRAND & MARKETING



**PUTRA BRAND AWARDS**

Media Network  
Star Media Group (Silver)



**MARKETING EXCELLENCE AWARDS**

Excellence in  
Digital Marketing  
R.AGE (Gold)

Excellence in  
Viral Marketing  
R.AGE (Gold)

Excellence in  
Social Media Marketing  
R.AGE (Gold)

## INVESTOR RELATIONS



**INVESTOR RELATIONS AWARDS  
2017**

Quality of Annual Reports/  
Formal Disclosure  
Star Media Group

# AWARDS

## CSR



### CSR AWARDS 2017

Print Media Category  
(Company of the Year)  
*Star Media Group*

## TRAINING



### HR VENDORS OF THE YEAR 2017

Best Leadership  
Development Consultant  
*Leaderonomics (Gold)*

Best Employer  
Branding Consultant  
*Leaderonomics (Silver)*

Best E-Learning and  
Mobile Learning Provider  
*Leaderonomics (Bronze)*

# HIGHLIGHTS



PRINT



## THE STAR - SINAR HARIEN EPAPER PACKAGE

The Star and Sinar Harien entered into a historic partnership, with the launch of The Star-Sinar Harien ePaper Package. It marked the first time that a Bahasa Malaysia daily and English daily came together.

The package includes a one-year digital access to The Star ePaper, Sinar Harien (central edition), and four regional ePapers – The Jakarta Post, The Nation, The Philippine Daily Inquirer and China Daily Asia Weekly. The launch, officiated by representatives from both Star Media Group and Karangkraf, was held at the Karangkraf Mall in Shah Alam, Selangor.

## WOW

Women do Wonders

The WOW Talks and Bazaar, held at SEGi University Kota Damansara, provided a fun-filled day full of impact, entertainment, fun and food.

The event featured talks by eight women trailblazers and ran concurrently with a women's speciality bazaar featuring some 100 handpicked vendors selling artisanal products, handcrafted keepsakes and homemade delicacies. There were stage performances – hip-hop, belly dancing and Latin dances, as well as a female Michael Jackson impersonator which kept the crowd entertained throughout the day.



# HIGHLIGHTS



PRINT



## Newspaper-in-Education (NiE)

The Star's Newspaper-in-Education (NiE) turned 20 in 2017, and carried out a number of contests and workshops in commemoration of the milestone. One of the contests carried out was dubbed Making A Difference (MAD) which called for photojournalism entries from secondary school students nationwide. Participants captured photographs of teenagers or young adults who inspire social change through their actions. Each photograph was complemented by a 150-word write-up on the featured youth and how his/her effort is creating an impact in society. The grand finale of The Star's Newspaper-in-Education (NiE) annual contest saw eight student finalists in a photojournalism task of taking pictures of a percussion group on stage and presenting an impromptu speech in English.

## Step Up

The Story Time contest was open to primary school pupils in Years Five and Six nationwide. The contest templates were published in Step Up and in the Newspaper-in-Education (NiE) pullout. Pupils were required to pick one to four pictures from The Star and, based on the chosen pictures, weave an interesting tale in 80 to 100 words.

## Workshops

A total of 12 Newspaper-in-Education (NiE) workshops were held at Menara Star for Primary and Secondary school teachers in the Klang Valley. During this period, a grand total of 470 teachers were trained by The Star freelance NiE trainer, Lucille Dass. The workshops equipped teachers with techniques of using the newspaper as a language resource in the classroom. The sessions were also complemented with a talk by Institute of Teacher Education, international languages campus, Kuala Lumpur, lecturer Manoharan Nalliah.



# HIGHLIGHTS



PRINT

Star  
MEDIA GROUP  
RAISE THE FLAG



# HIGHLIGHTS



PRINT



## JOURNALIST TALKS

Star Media Group's Journalist Talks campaign made its university debut at Xiamen University Malaysia. The Star journalists Aron Raj, Dina Murad and Tee Lin Dee were on hand to share their experiences in journalism with first-year students at the university.

Prior to this, the campaign paid visits to primary and secondary schools in the Klang Valley, as part of a nationwide campaign by Star Media Group to inculcate the love of reading, as well as getting the public to get to know the journalists. Tee Lin Dee, Natasha Pack, and Victoria Brown spoke to more than 100 school students.

## ASLI-STAR MERDEKA ESSAY WRITING COMPETITION

The prize-giving ceremony for the winners of the Asli-Star Merdeka Essay Writing Competition 2017 was held at Khazanah Asli in Kuala Lumpur. Open to all Malaysians between the ages of 16 to 22, the competition was jointly organised by Asli (Asian Strategy and Leadership Institute) and Star Media Group, with support from Sunway University. The entries were evaluated by a panel from Sunway University and Asli.



# HIGHLIGHTS



DIGITAL & OTT

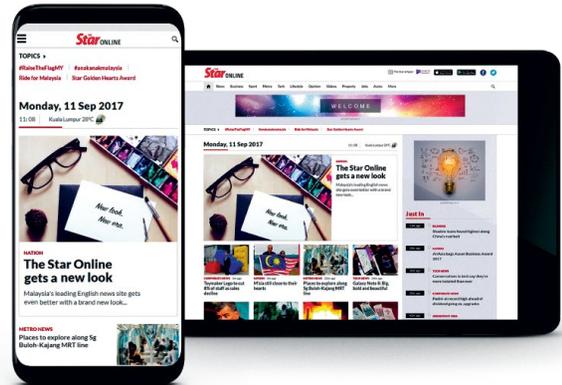
## NEWS PORTAL SETS A NEW BENCHMARK

The Star Online sets a fresh record for the highest number of unique visitors and page views.

Between February 6 and March 7 2017, the portal registered more than 7.5 million unique visitors (7,530,008) and over 62 million page views (62,128,766). This was a significant increase from the 30-day period between January 28 and February 26, when The Star Online achieved 7,104,915 users and over 57 million page views.

2017 also saw the revamp of The Star Online in conjunction with Star Media Group's 46<sup>th</sup> anniversary. The new and improved website adopted technological advancements to be more responsive and intuitive to the needs of our readers. The sleek look, complemented with better efficiency, will provide our readers with a fresh new reading experience with optimised content curation and placements.

THE  
**Star** ONLINE



\*Source: Google Analytics (January 2017 - March 2017)

## R. AGE

R.AGE carried out the Student/Trafficked undercover investigation of human traffickers in Malaysian colleges which caught the attention of Deputy Prime Minister Datuk Seri Dr Ahmad Zahid Hamidi, who pledged the Home Ministry's support to help weed out student traffickers. R.AGE has been working with the police, Immigration Department, Malaysian anti-trafficking council, and various NGOs to end the heinous practice.

The Eye On The Ball feature length documentary on Malaysia's blind football team, directed by R.AGE senior producer and award-winning filmmaker Chen Yih Wen, was selected for the prestigious International Documentary Filmfestival Amsterdam (IDFA) Academy in Holland, as well as pitching forums and film markets in New Zealand, Thailand, Indonesia, and Cambodia. The film is slated for an early 2019 release.



# HIGHLIGHTS



## DIGITAL & OTT



## dimsum

Star Media Group-owned video-on-demand service **dimsum** signed landmark deals with five top Asian broadcasters.

**dimsum** chief marketing officer, Lam Swee Kim sealed the deals with China International Television Corp (CITVC), Shanghai Wings Media, Japanese broadcaster TV Asahi, Hong Kong-based MediaQuiz Entertainment International, and Singapore's largest media conglomerate MediaCorp, at the Hong Kong International Film and TV Market (FILMART).

This allows for the addition of branded video-on-demand offerings on **dimsum**, such as the latest variety shows, documentaries, lifestyle programmes and film and drama series.

# HIGHLIGHTS



## RADIO

In 2017, the Group continued expanding its online offerings for both 988 and Suria. Besides revamping the websites for both stations, the Group also enhanced its content offerings with original video series and podcasts, while reaching out to a wider audience via live streaming of selected programmes, events and concerts.

The radio segment's digital transformation is well underway and both stations are already monetising and leveraging on their various platforms, opening up new business opportunities and revenue streams.

# Star RADIO



988 retained its popular Chinese New Year “House of Happiness” theme in 2017, releasing a limited edition Chinese New Year album with six original songs and four family-oriented short films, all featuring the multi-talented 988 announcers. The station's listener engagement activities included a nationwide tour to promote its Chinese New Year album and short films. 988 also mobilised a team to lend a hand to those affected by November's floods in Penang.

988 remains as one of Malaysia's top Chinese language radio stations with 1.37 million listeners weekly. The station's monthly social media reach is approximately 3 million, with over 530,000 followers across Facebook, Instagram, YouTube, Twitter and WeChat. The station also clocks in an average of 1.04 million online listener sessions every month – one of the highest among Chinese language radio stations in the country.

*\*Source: GfK Radio Audience Measurement (RAM) Wave 2 2017, Radioactive (January-August 2017), Google Analytics (Monthly Average for January – August 2017), Facebook Insights (January – August 2017)*



# HIGHLIGHTS



## SURIA

Suria's focus on bringing entertainment to its listeners were realised through several initiatives, namely a series of mini-concerts as part of its 10th anniversary celebrations, under the Jelajah Suria 10 Tahun banner and a music showcase tour known as Suria Jam 2. The celebrations ended on a high with Konsert Suria 10 Tahun. Sensasi Suria, Suria's very own entertainment news bites was launched mid-year. 2017 also saw Suria producing several original shows for its online platform *suria.my* as well as drama series *Kuih War* for Hari Raya.

Extension of entertainment toward CSR campaigns were carried through Ramadhan Raya, with the release of a specially-written festive song titled *Suria Segalanya Lebih Bermakna* in conjunction with Children's Day and the breaking of fast with the staff and children of the paediatric units of University Malaya Medical Centre and Hospital Kuala Lumpur.

Suria reaches close to 2 million listeners weekly, with a total social media reach of approximately 160 million and over 1 million followers across all social media platforms including Instagram, Facebook, Twitter, YouTube and WeChat.

*\*Source: GfK Radio Audience Measurement (RAM) Wave 2 2017, Radioactive (January-August 2017), Google Analytics (Monthly Average for January – August 2017), Facebook Insights (January – August 2017)*



# HIGHLIGHTS



## EVENTS & EXHIBITIONS

### SMG CNY ROADSHOWS

Chinese New Year arrived early as the senior management members of Star Media Group (SMG) made corporate visits to the clients' offices in Kuala Lumpur and Klang Valley.

The team from SMG was led by Group Managing Director and Chief Executive Officer, Datuk Seri Wong Chun Wai.

988 radio announcers also amped up the event as emcees. Some of the companies that SMG visited included IJM Corporation Bhd, Mah Sing Group, Eco World Development Group Bhd, Panasonic Malaysia, SP Setia Bhd, and Carlsberg Malaysia.

The corporate visits continued until Chap Goh Meh. This was the first year that SMG made CNY visits to clients and supporters.



### perfect livin<sup>®</sup>

Perfect Livin '17 Home and Lifestyle Exhibition at the Putra World Trade Centre (PWTC) in Kuala Lumpur. The fair featured some 400 brands offering discounts up to 80%. Highlights of the exhibition included talks on interior design and Feng Shui. The "Purchase and Win" contest gave away three BWT Woda Pure Water Filters. Meanwhile, cash vouchers and prizes amounting to RM100,000 in total were up for grabs in the "Buy, Spin, and Win" contest. A minimum spend of RM1,000 entitled visitors to redeem a free gift, as well as take part in a lucky draw to win an Isuzu mu-X worth RM173,460, cash vouchers, plus other prizes.



Visitors to the fairs held at Persada Johor also stood a chance to win over RM50,000 in cash vouchers with every RM1,000 spent at the exhibition, courtesy of Isuzu. Three lucky visitors who renewed their subscription to The Star at the Star Media Group booth, also walked away with Pullman Putrajaya Lakeside Hotel vouchers worth more than RM1,000 each.

The four-day exhibition held at The Borneo Convention Centre Kuching (BCKK) targeted to attract some 50,000 visitors, while the fair held at the Sultan Ahmad Shah International Convention Centre (SASICC) in Kuantan, Pahang featured more than 300 booths, with 150 exhibitors.

# HIGHLIGHTS



## EVENTS & EXHIBITIONS

### STAR STERLING AWARDS

The National Heart Institute (IJN) emerged as the winner of the Star Media Group’s inaugural Star Sterling Service Award. Group Managing Director and Chief Executive Officer Datuk Seri Wong Chun Wai presented the award to IJN CEO Datuk Seri Dr Mohd Azhari Yakub at the institute in Kuala Lumpur.

The award aims to recognise public service organisations that have helped surrounding communities, and contributed significantly to the public. The award also came with a cheque of RM10,000 for IJN’s staff welfare and recreation club. The Star Sterling Service Award is a Star Media Group initiative supported by its charitable arm Star Foundation.



StarMetro launched its Do Good. Grant A Wish campaign, in conjunction with all major festivals throughout the year. Donations of items were delivered to the welfare homes of Anbe Sivam Charity Home, Ann’s Cottage, Ray of Hope Children’s Home, Rumah SVP Klang, Pertubuhan Kebajikan Yesuvin Mahligai Selangor, Destiny Starting Point, Rumah Caring and Rumah Sejahtera Seri Kembangan.

# HIGHLIGHTS



## EVENTS & EXHIBITIONS



More than 700 business players gathered to celebrate the accomplishments of small and medium enterprises (SMEs) at The Star Outstanding Business Awards 2016 (SOBA 2016).

SOBA 2016 awards were presented by guest-of-honour Transport Minister and MCA president Datuk Seri Liow Tiong Lai, Star Media Group Bhd Chairman, Datuk Fu Ah Kiow and Group Managing Director and Chief Executive Officer, Datuk Seri Wong Chun Wai.

Held for the seventh time, the ceremony recognises Malaysian companies that made a significant impact on the growth of the nation and economy.



It was an evening of glamour and glitz, as the CarSifu Editors' Choice Awards 2017 honoured the best passenger vehicles in the market.

For the second year running, Honda Malaysia won top honours with the Honda CR-V 1.5 TC-P (two-wheel drive) taking the "Car of the Year" title. The award show, organised by Star Media Group, honours the best passenger vehicles in the market and recognises the automotive industry as one of the key pillars of the economy for the award show.

Heads and representatives of car companies received the awards at a gala dinner at The Royale Chulan Damansara Hotel in Petaling Jaya. Boustead Petroleum Marketing and Silverstone Marketing were Star Media Group's partners for the awards show.



# HIGHLIGHTS



## EVENTS & EXHIBITIONS



Malaysians had a chance to win a unit of a trendy PJ Midtown service, one-bedroom 57 sq. metres serviced suite worth over half a million Ringgit in the Win A Home (WAH) campaign. House buyers who placed their bookings and purchased homes at the fair will get more entries and stand a higher chance to win the coveted prize.



Visitors also stood a chance to win prizes worth over RM50,000 at the Spin & Win Contest. The campaign saw many Malaysians submitting their most creative photo with the caption: "Why I should win this house..." together with the hashtag #WAHStarProperty on their personal Facebook page.



## starproperty.my AWARDS 2017

StarProperty.my Awards 2017 was held at Grand Hyatt Kuala Lumpur. Featuring 18 categories, the awards saw the addition of eight new categories compared with the inaugural event in 2016. Each category had three levels of winners – Excellence, Honours and Merits. Organised by Star Media Group, the event was graced by the Sultan of Selangor Sultan Sharafuddin Idris Shah.



This year's awards attracted 31 participants. The entries were judged by a panel of experts that comprised of national leaders of various disciplines and industries. An exclusive property showcase featuring award-winning developers and projects was held at The Curve Shopping Mall from March 30 to April 2.

The developments were also compiled into the "Malaysia's Most Exceptional Developments 2017/2018" book that is available on The Star Online Bookstore.

# HIGHLIGHTS



## EVENTS & EXHIBITIONS

### starproperty.my AWARDS2017 JEWELS OF JOHOR

The inaugural StarProperty.my Awards 2017: Jewels of Johor kicked off with the largest turnout of property developers for a night of glitz and glamour. The awards held at Thistle Hotel saw 11 developers being acknowledged for their outstanding projects in Johor. This is the first time the event, which received a total of 27 entries, was held in the state for its property development.

It was graced by Sultan of Johor, Sultan Ibrahim Ibni Almarhum Sultan Iskandar who was accompanied by Johor Menteri Besar, Datuk Seri Khaled Nordin and state executive committee chairmen, Datuk Tee Siew Kiong and Datuk Md Jais Sarday.

Besides the 11 award categories, two Special Mention Awards were also presented for the Johor Bahru City Transformation and Johor Iskandar Waterfront master developers.



Star Media Group presented its first StarProperty.my Real Estate Awards 2017 in a glittery event, marking another significant moment in the company's history and its belief that the property and construction sector is a dominant player in the overall economy of the country. The event acknowledged the role played by the real estate agencies, its negotiators and the services provided. Aside from boosting awareness on the important services rendered by agencies and their negotiators as well as the significant role of real estate and property markets on national and global economies, the StarProperty.my Real Estate Awards would also help to further the professionalism, performance and development within the real estate industry.



The StarProperty.my Real Estate Awards 2017 were divided into three sections, namely, the agency level, negotiator level and the outstanding personality within the sector, and received 46 entries for 11 categories.

# HIGHLIGHTS



## EVENTS & EXHIBITIONS



### STARPROPERTY.MY FAIR & MYSTARJOB.COM FAIR

StarProperty.my carried out 16 fairs across Selangor, Kuala Lumpur, Johor Bahru and Penang. The two-day StarProperty.my Fair at Kuala Lumpur Convention Centre, a collaboration between StarProperty.my and myStarJob, showcased not only the latest property offerings but also career opportunities for jobseekers.



The Star Education Fair 2017 was carried out in Kuala Lumpur and Penang. The fairs attracted an astounding total of 130,000 attendees. Aside from an array of study options and programmes from both foreign and local institutions, the fairs also featured a number of career talks.

The Star Education Fund also saw 29 partners-in-education pledging a total of 272 scholarships valued at RM13mil. Quest International University Perak, Oriental Nilam College of Nursing and Health Sciences, and Malaysian Institute were the three new partners-in-education in 2017.

# HIGHLIGHTS



## EVENTS & EXHIBITIONS



The Fit For Life 2017 fairs in Kuala Lumpur and Penang had a line-up of interesting activities for the whole family in addition to a myriad of health and lifestyle products and services.

A total of 80,000 people turned up at the fairs showcasing the latest offerings as well as bestselling health and wellness products and services.

The Star also organised a “Walk the Distance” virtual walkathon for those attending the Fit For Life KL 2017 fair. Those who completed at least 210,000 steps in the stipulated period were given a token of participation, and qualified for the grand final during the fair.



CHEER returned for the 18th year running to ever increasing popularity. Once deemed merely as a rally to support other sports, cheerleading has grown to become a competitive sport in its own right. Evolving from school-based competition, competitive cheerleading now encompasses a variety of categories, across even collegiate levels.

The crowd at the day-long event at Tropicana City Mall was treated to some jaw-dropping stunts by 30 teams comprising the country's top cheerleading athletes. For the 8th consecutive year, the Cyrens team of Sri Kuala Lumpur reigned supreme.

# HIGHLIGHTS



## EVENTS & EXHIBITIONS



Ke Arah Gaya Hidup Yang Lebih Sihat

Over 15,000 participants showed up for the 7km Ipoh Starwalk 2017. The walk was flagged off at 7am at Perak Turf Club in Jalan Raja DiHilir. The Ipoh Starwalk was organised by Star Media Group, in collaboration with the Perak Education Department and Perak Athletics Association.

The Platinum sponsor was YES, while the Silver sponsors were Chek Hup, F&N, Federal Oats, Julie's, Counterpain, Spritzer, Sports Toto, and Sanctband. Perak Turf Club also sponsored T-shirts for the walk, in addition to being the official venue.



Power Talks and StarLIVE returned for yet another inspiring year with a number of high profile and motivational leaders of industry delivering their personal philosophies and compelling insights.

Some of the speakers were Chairman of Royal Selangor International Tan Sri Yong Poh Kon, Managing Director of Hartalega Holdings, Kuan Mun Leong and Executive Chairman, Group Managing Director of Eversendai Corporation Bhd, Tan Sri A.K. Nathan and Group Managing Director of Rakuten, Datuk Abdul Rahim Mohd Zin.



# HIGHLIGHTS



## EVENTS & EXHIBITIONS



# HIGHLIGHTS



## EVENTS & EXHIBITIONS

**Star**  
MEDIA GROUP

#ANAK ANAK  
**MALAYSIA**  
WALK

FOR UNITY, HARMONY & TOLERANCE



# HIGHLIGHTS



## EVENTS & EXHIBITIONS



It was a lovely morning of camaraderie as more than 2,000 people took part in a 5km “Walk with Love” event organised by dimsum, a subscription video-on-demand service operated by a subsidiary of Star Media Group.

Each participant was given a wristband with an inspirational quote printed on, a balloon and a pack of three wishing bands. The participants passed through stations, which each carried five themes – inspire, sign, smile, wish and cheer – making the walk that much more fun.



## SOO EWE JIN (SEJ) SCHOLARSHIP

The Soo Ewe Jin (SEJ) Scholarship was set up under the umbrella of the Star Education Fund and the Yayasan Universiti Sains Malaysia (USM). The late Star columnist Soo Ewe Jin's widow, Ms Angeline Lim, serves as the benefactor of the scholarship. A Trust Deed for setting up the scholarship was signed by SMG's Group Managing Director and Chief Executive Officer Datuk Seri Wong Chun Wai, USM Vice Chancellor Prof Datuk Dr Asma Ismail, and Lim at Menara Star. The scholarship was established using RM50,000 collected from friends and supporters during Soo's wake, as well as another RM50,000 contribution from USM.



# HIGHLIGHTS



## TRAINING



**Leaderonomics**  
The Science of Building Leaders

Leaderonomics debuted its new Bahasa Malaysia site, in an effort to reach out and equip non-English speaking communities in the country. The focus, prior to this debut, had been on the English-speaking community.

Leaderonomics.com plays a key role in reaching out to individuals and organisations that are keen on leadership development. The portal features leadership insights and trends, best practice sharing by CEOs, thought leaders and HR leaders, as well as inspiring real-life stories of individuals exercising transformative leadership in their everyday lives.

Leaderonomics' campus efforts continued to see engagement with multiple public and local universities in Klang Valley and beyond, directly impacting over 8,500 students and fresh graduates through their programmes. They partnered with the Economic Planning Unit through the Skim Latihan 1 Malaysia (SL1M) programme for the first time which enabled them to run Resume Clinics throughout the country in support of preparing unemployed graduates for the workplace.

**LEADERONOMICS.COM**  
Baca | Tonton | Belajar | Jadi

Membentuk Individu menjadi Pemimpin  
**Membina Masyarakat Penyayang**  
& Mencapai Transformasi Bangsa

Artikel Video Podcast Mengenal

**ARTIKEL**  
**Perbaiki Tingkap Anda Yang Rosak!**  
Februari 28, 2017

**VIDEO**  
Jadilah Pemimpin: Membuat Sesuatu Kelainan Yang Ketara

**PODCAST** **SOUNDBYTES**  
Podcast Kepimpinan: 5 Bentuk Pernyataan Sokongan

**ARTIKEL**  
Anda Seorang Pemberi Atau Penerima?

**ARTIKEL**  
Strategi Kasih Dalam Kepimpinan Yang Unggul

CAMPUS  
Seorang pemimpin mampu mengubah nasib orang lain sebelum mereka membuat keputusan sendiri.

@leaa

Leaderonomics  
The Science of Building Leaders

SL1M

## SUSTAINABILITY STATEMENT



STAR MEDIA GROUP (“GROUP OR SMG”) HAS PROGRESSIVELY TRANSFORMED OVER THE LAST 46 YEARS FROM A SINGLE-PRODUCT COMPANY INTO A MULTI-CHANNEL MEDIA GROUP. TODAY, WITH A PRESENCE IN CORE BUSINESS ENTITIES SUCH AS – PRINT, DIGITAL & OTT, RADIO, EVENTS & EXHIBITIONS AND TRAINING – WE REMAIN COMMITTED TO DELIVERING THE BEST INTEGRATED MEDIA SOLUTIONS TO OUR AUDIENCES AND CLIENTS. AS WE SET ABOUT OUR DAILY BUSINESS OF HELPING SHAPE SOCIETY THROUGH OUR OFFERINGS, THE GROUP ACKNOWLEDGES THE NEED TO CREATE LONG-TERM SHARED VALUE FOR OUR STAKEHOLDERS AND TO SECURE THE FUTURE OF THE GROUP. IN LINE WITH THIS, WE ARE COMMITTED TO UPHOLDING RESPONSIBLE MANAGEMENT AND SUSTAINABLE DEVELOPMENT ON THE ECONOMIC, ENVIRONMENTAL AND SOCIAL (“EES”) FRONTS.



## SUSTAINABILITY STATEMENT (CONT'D)

### OUR COMMITMENT TO CREATING SUSTAINABLE VALUES

Today, the respective business segments within the Group continue to work together, leveraging on common synergies and resources to embed business sustainability into their organisations. By ensuring sustainable progress throughout the Group, we are providing the momentum for our businesses to strengthen their operational efficiencies and deliver long-term growth.

### SCOPE AND METHODOLOGY

This inaugural Sustainability Statement underpins the Star Media Group's commitment to undertaking business in a responsible and sustainable manner through our EES performance. It covers the period 1 January to 31 December 2017 and the Group's key sustainability activities in Peninsular Malaysia only. We focus on the business sustainability activities of specific components of Star Media Group, *namely Star Media Group Berhad and the operating companies within the Group's Print, Digital & OTT, Radio, Events & Exhibitions and Training segments.*

This Sustainability Statement, guided by the Sustainability Reporting Guide and Toolkits issued by Bursa Malaysia, is to be read in conjunction with the rest of Star Media Group's 2017 Annual Report, which highlights other financial and non-financial aspects of our business. To avoid content overlap, certain parts of this Statement may make reference to existing content within other sections of this Annual Report.

### OUR APPROACH TO SUSTAINABILITY

The Group's commitment towards sustainable growth is reflected at all levels of our organisation. At the leadership level, our Board of Directors and senior management recognises the importance of pursuing an agenda, which upholds good EES practices. Our leadership has committed to investing in measures, which support the sustainable growth of the Group's businesses and which create value for our shareholders.

The Enterprise Risk Management unit, in particular, is tasked with overseeing sustainability matters within the Group. In terms of risk management, there is a Risk Management Committee ("RMC") comprising the respective heads of departments, which meets quarterly. The RMC deliberates on risks identified, controls and risk mitigation strategies arising from the risk assessment process conducted. From there, a presentation of the updates and findings is presented to the Audit Committee every quarter.

On the ground, the various teams within the Group carry out their everyday functions in a manner that makes a positive and sustainable impact on the EES front. With all employees within the Group doing their bit to ensure responsible and sustainable behaviour, we are safeguarding Star Media Group's reputation and strengthening shareholder value.

### DISCLOSURE AND EXTERNAL ASSURANCE

While sustainable practices form part and parcel of the daily operations within our respective businesses, we are still at the early stages of developing a formal sustainability policy that encompasses all areas of the Group. As this is our first consolidated Sustainability Statement, it has not been subjected to external assurance. We are in the process of streamlining our sustainability data collection and monitoring activities across the Group and plan to seek external assurance in due course.



## SUSTAINABILITY STATEMENT (CONT'D)

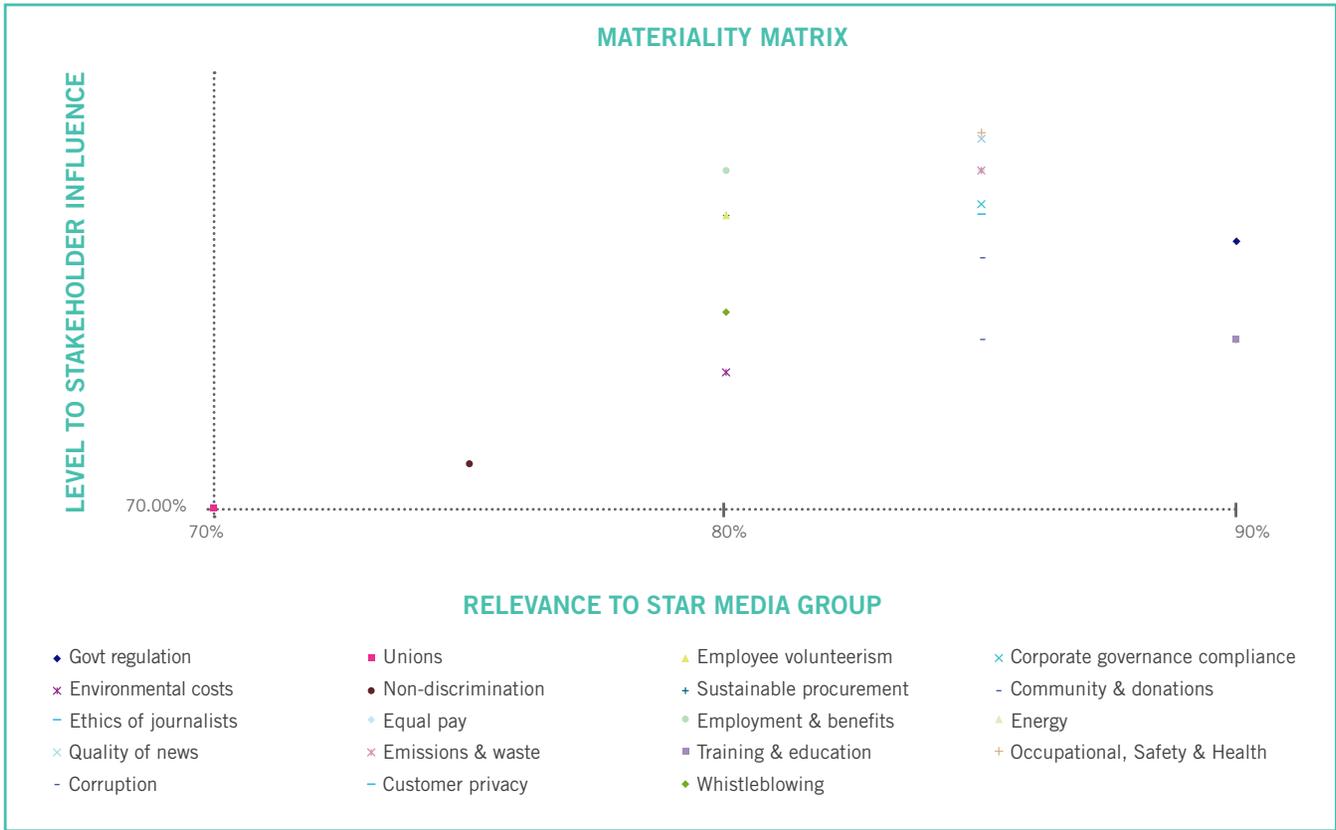
### STAKEHOLDER ENGAGEMENT ACTIVITIES

As the Group's businesses and markets evolve, we find ourselves engaging with a growing number of diverse stakeholder groups. Proactive stakeholder engagement is a fundamental component of the Star Media Group's sustainability strategy and we are committed to undertaking continuous activities in this area. Through proactive engagement with our many stakeholders, we are able to respond to their different expectations, meet their changing needs and strengthen our ties with them.

The Stakeholder Engagement Matrix below highlights the stakeholder engagement activities that we implemented in 2017:

Stakeholder	Key Area of Focus	Platforms and Tools Utilised
Shareholders / Analysts	Business direction of the Group and key corporate developments	<ul style="list-style-type: none"> <li>- Regular shareholder communications/announcements on Bursa Malaysia and Star Media Group's corporate website</li> <li>- Annual General Meetings/ Extraordinary General Meetings</li> <li>- Quarterly and annual statements briefing</li> <li>- Periodic engagements with equity analysts and fund managers</li> </ul>
Government / Regulators and Policy Makers	Regulation, compliance and strong relationships	<ul style="list-style-type: none"> <li>- Meetings, participation in exhibitions, site visits, case studies and sports activities</li> </ul>
Customers, Suppliers and Industry Peers / Partners	Business direction, procurement, knowledge sharing and safety procedures	<ul style="list-style-type: none"> <li>- Meetings, townhall sessions, roadshows, participation in exhibitions and networking lunches/dinners</li> </ul>
Employees	Human capital development, safety, governance, corporate developments	<ul style="list-style-type: none"> <li>- Regular communications via email blasts and quarterly publications</li> <li>- Townhall and dialogue sessions</li> <li>- Training and development initiatives</li> <li>- Social activities via the recreational club</li> <li>- Voluntary participation in CSR programmes</li> </ul>
Social Communities	Education and social assistance	<ul style="list-style-type: none"> <li>- Sponsorships/donations</li> <li>- Engagement during festive occasions, townhall sessions, motivational camps and sports activities</li> </ul>

SUSTAINABILITY STATEMENT (CONT'D)



**MATERIALITY MATRIX**

The Group has endeavoured to create a systematic process in order to map the materiality matrix. From the stakeholder engagement activities in 2017, we can identify topics that impact our stakeholders and of which are particularly relevant to the Group's future success.

Materiality assessment, for the Group, is a strategic tool used to identify and prioritise potential EES risks and opportunities. Further, any emerging risks that may affect our business and our stakeholder groups will also be identified.

Apart from the stakeholder engagement activities conducted in 2017, we had also sought feedback to identify sustainability matters that are important to the Group. This feedback was mainly sought from the respective Heads of Departments of the Group. From there, it was followed by a sustainability risk assessment exercise to gauge the impact of the sustainability matters to the Group.

Environmental costs, ethics of journalists, quality of news, corruption and corporate governance compliance ranked high as sustainability matters, which are deemed significant to our stakeholders.

The results of the analysis were then used to plot the materiality matrix.

## SUSTAINABILITY STATEMENT (CONT'D)



## UPHOLDING GOOD ECONOMIC PRACTICES

**THIS SECTION AIMS TO PROVIDE INSIGHTS INTO OUR INTERACTIONS WITHIN THE MARKETPLACE ECOSYSTEM AND DESCRIBES HOW OUR BUSINESS ACTIVITIES INFLUENCE THE ECONOMIC CONDITIONS OF OUR VARIOUS STAKEHOLDERS.**

### OUR BUSINESS STRATEGY

Star Media Group is continuously reviewing and improving its strategic direction and initiatives in order to ensure sustainable growth for our core business segments, namely our Print and Digital segments. This has enabled us to cater to the ever changing and challenging economic and business environments as well as adopt strategies that ensure we meet the ever-changing demands of our customers.

### STRENGTHENING OUR MARKET ECOSYSTEM

Star Media Group acknowledges that the total marketplace ecosystem is important to the Group's sustainable growth. By virtue of our being a key player in the many different businesses that we are involved in, the Group's activities continue to have a tangible impact and create value for the many sectors, markets and communities in which we operate. We are committed to engaging in initiatives that will help us to establish and nurture enduring ties with our customers, suppliers, industry peers and other stakeholders in the marketplace.

## SUSTAINABILITY STATEMENT (CONT'D)

The following highlights how the various businesses of the Star Media Group are making a positive impact on various stakeholders:

- **Sustainable Procurement Practices**

The Group strictly prohibits any if its employees from bribery, corruption and any form of unethical behaviour. Whilst we believe that a stringent tendering system for procurement and contract helps, we are confident that the ethical values inculcated in our employees reinforce our efforts to be transparent. The Group has a Procurement Policy in place to guide us in our procurement practices.

The supplier-buyer relationship is regularly reviewed and improved upon to comply with international standards. Our newsprint supplies are sourced from sustainably-managed forests and from environmentally responsible mills. The mills are Forest Stewardship Council (“FTC”) certified/ accredited or equivalent, and produce their newsprint from well-managed forests or sustainable sources. The FTC is an international body, which accredits certification to organisations to guarantee the authenticity of their claims. The goal of FTC is to promote environmentally responsible, socially beneficial and economically viable management of the world’s forests.

- **Content Sourcing and Management**

Contents are sourced by identifying global and regional trends, which are then adopted locally to meet the suitability and preference of the local market. Fair and transparent processes are part of the content sourcing practice.

For dimsum (our OTT digital offering), there is a Content Management Committee (“CMC”) to oversee the purchase of content. The CMC consists of the dimsum’s content team, Chief Marketing Officer, Group Chief Operating Officer and Group Managing Director.

The content team will prepare the Programme synopsis, casts, accolades and production companies on broadcasters. The content selection is also based on subscriber’s preference in genre, language and cast, which is derived from the subscription traffic data.

### SMG’S ROLE IN THE INDUSTRY

- Member of Malaysian Newspaper Publishers Association (“MNPA”)
- Member of Audit Bureau of Circulation (“ABC”) - participant in the ABC Media Camaraderie 2017
- Member of Asia News Network (“ANN”) - One of the key initiative were the collaboration between 4 ANN members to enhance their epaper subscription. The members were Jakarta Post - Indonesia, The Nation - Thailand, The Philippines Daily Enquirer - Philippines, China Daily Asia Weekly - China.
- Member of the Malaysian Retail Chain Association & council member of Communications and Multimedia Content Forum of Malaysia (“CMCF”) - Initiatives include co-organising a legal infringement workshop with Google (July 2017) and organizing an industry dialogue session with YB Dato Seri Hamzah bin Zainudin (Minister of Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan (“KPDNKK”) on 14 December 2017. The dialogue is to address the industry’s concern in battling piracy. This dialogue was attended by Astro, Media Prima, Iflix, TM and dimsum (Star Media Group).

### UPHOLDING GOOD MARKETPLACE PRACTICES

Star Media Group has in place a set of values and several policies to guide us in our day-to-day operations and ensure we uphold good marketplace behaviour. These include but not limited to:-

- Procurement Policy;
- Whistleblowing Policy;
- Code of Ethics;
- Related Party Transaction Policies and Procedures;
- IT Usage and Security Policy;
- Anti-money Laundering & Counter Terrorism Financing;
- Guidelines to a Donation; and
- Human Resource policy.

SUSTAINABILITY STATEMENT (CONT'D)

**UPHOLDING GOOD ENVIRONMENTAL PRACTICES**

**THIS SECTION DESCRIBES OUR INTERACTION WITH LIVING AND NON-LIVING NATURAL SYSTEMS AND HOW OUR BUSINESS ACTIVITIES INFLUENCE THESE.**

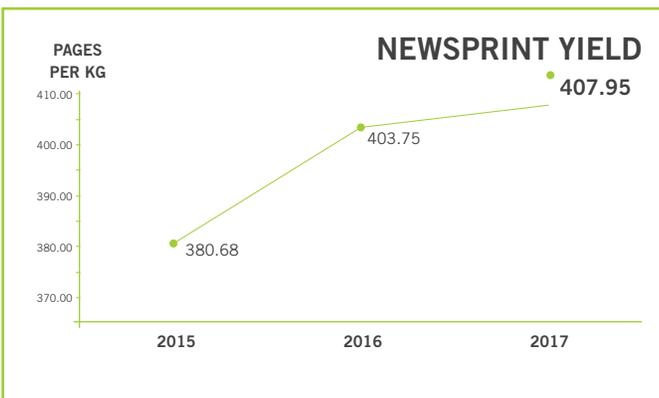
**GOOD ENVIRONMENTAL PRACTICES**

We are mindful about sustainability from an environmental perspective. In operating our businesses, we are at all times committed to protecting the environment and complying with all applicable environmental laws and regulations. As part of our efforts to protect the environment and minimise our carbon footprint, we promote energy efficiency, green energy and sustainable waste management. We have put the following measures in place to highlight our approach to environmental protection.

**PAPER**

Previously, Star Media Group used a mixture of both virgin and recycled paper. However, we are now using 100% recycled newsprint as to play our role to support green preservation. Our newsprint meets the ISO 12647-3 requirement to give the best print results.

We started moving gradually from 45gsm to 42gsm in 2014 and now we are fully on 42gsm. Significant increased in yield per kg was noted with 42gsm. We are working closely with manufacturers to ensure we receive least problematic newsprints to avoid wastage during press runs.



\*\* 2017 – Jan - Dec



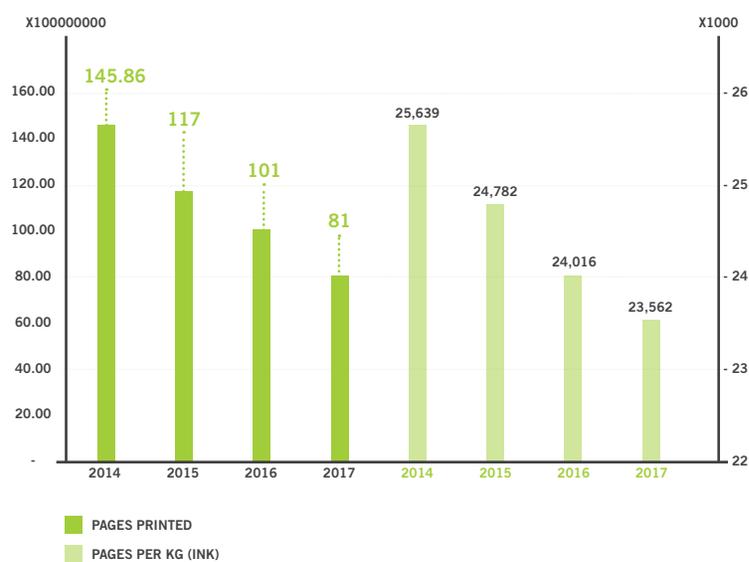
## SUSTAINABILITY STATEMENT (CONT'D)

## INK

Star Media Group adopt/follow the ISO 12647-3 standard that defines the process control procedures for production of halftone colour separation, proofing and printing of newspaper.

In line with this, we continuously work with our ink suppliers to ensure the inks that we used conform to the ISO 2846-2 standard.

## PAGES PER KILOGRAM OF INK AND PAGE PRINTED



## ENERGY MANAGEMENT

In December 2015, Star Media Hub embarked on a Chiller retrofit project based on a performance contract, where savings were guaranteed by the contractor. A detailed scientific energy audit was conducted and a revised design was proposed where, a single 389.5 RT, 0.517 kW/RT Trane Chiller was installed to replace the inefficient water-cooled and air-cooled chillers at the Star Media Hub. This new energy efficient chiller system led to an overall improvement in chiller plant efficiency with energy consumption dropping from 1.41 kW/RT to 0.61 kW/RT. With the retrofit and the ongoing optimal operation improvements that followed, the Group saved a total of RM957,050 (63.2%) from the benchmark.

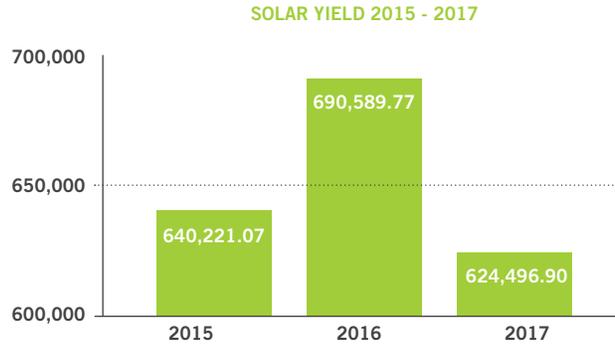
With these savings, a total of 1,649 tonnes of CO<sub>2</sub> emissions was eliminated from the Tenaga Nasional Berhad grid system.

SUSTAINABILITY STATEMENT (CONT'D)

**GENERATING RENEWABLE ENERGY**  
**– ROOFTOP SOLAR GENERATION PROJECT**

Between 2014 and 2017, the Group sold a total of 2,162,158 kWh of solar energy to TNB from its 500 kWp rooftop solar plant, generating total gross revenue of RM2,553,941. On the green front, the Star Media Group has contributed to the reduction of approximately 1,602 tonnes of CO<sub>2</sub> emissions from the TNB grid system.

Total gross revenue generated for 2017 is RM624,496. The drop in yield is due to lower sunlight hours in 2017 compared to 2016.



\*\* 2017 JAN - DEC

Note: CO<sub>2</sub> emissions are calculated using the Greentech Malaysia online carbon calculator (i.e. 1 MWh = 741 kgCO<sub>2</sub>)

**SUSTAINABLE WASTE MANAGEMENT**

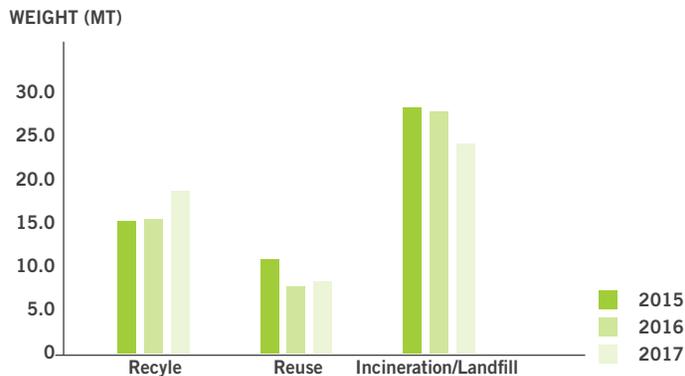
**- EFFECTIVE PRINTING PLANT PRACTICES**

As part of sustainable waste management practises, our printing plants place an emphasis on recycling and reusing waste in order to minimise landfill or incineration. Licensed contractors have been appointed to dispose our general domestic waste, while other domestic waste such as used printing plates, press spoilage, newsprint brown wrapper/side covers, end cores, paper stripping and test run spoilage are sent to appointed contractors for recycling.

Scheduled waste is collected, stored and disposed by contractors licensed by the Department of Environment (“DOE”). These include Kualiti Alam Sdn Bhd, Kualiti Kitar Alam Sdn Bhd, 3RQ Sdn Bhd, Sage Promaster Sdn Bhd and A&C Technology Waste Oil Sdn Bhd.

Waste Category	Waste Code	2015	2016	2017
E-Waste	SW 110	0.260	0.190	0.140
Sludge from WWTP	SW 204	4.520	3.880	5.390
Spent Lubricating Oil	SW 305	0.645	0.830	3.400
Spent Non-Halogenated Organic Solvents	SW 322	26.760	25.530	22.590
Container contaminated with schedule waste	SW 409	0.605	0.560	0.536
Used rags and filters	SW 410	14.354	14.560	15.270
Spent activated carbon	SW 411	1.140	1.900	1.250
Ink Waste	SW 417	5.625	3.450	2.210
<b>Total (MT)</b>		<b>53.908</b>	<b>50.900</b>	<b>50.786</b>

**SCHEDULE WASTE DISPOSAL COMPOSITION**



\*\* This table shows the composition of the Schedule Waste generated



## UPHOLDING GOOD SOCIAL PRACTICES

THIS SECTION HIGHLIGHTS OUR INTERACTIONS WITHIN THE SOCIAL ECOSYSTEM IN WHICH WE OPERATE.

### LABOUR PRACTICES AND DECENT WORK

Star Media Group has several diversified businesses through which we provide employment opportunities and establish meaningful collaboration with our customers, partners and the communities we operate in.

### HUMAN RESOURCES STRATEGY

Human capital development continues to be a priority within the Group and is driven by the Group's Human Resources Strategy ("HR"). Apart from prioritising talent sustainability across the Group's various platforms; our HR Strategy also mandates the provision of a conducive and supportive workplace environment to help the 1,800 employees across the Group be more productive and innovative. Our employment practices are underpinned by the principles of fair treatment for our employees and a balance between performance, pay and participation.



### OUR WORKFORCE

As at 31 December 2017, group-wide we have a staff strength of 1,784 employees spread over 7 operating companies.

ENTITY	HEADCOUNT
Star Media Group Berhad	1,314
Star Media Radio Group Sdn. Bhd.	109
SMG Business Services Sdn. Bhd.	166
Leaderonomics Sdn. Bhd.	65
SMG Entertainment Sdn. Bhd.	62
I. Star Ideas Factory Sdn. Bhd.	17
Star Property Sdn. Bhd.	40
MyStarJobs Networks Sdn. Bhd.	11

SUSTAINABILITY STATEMENT (CONT'D)

OUR APPROACH TO DIVERSITY

The Group's policies and initiatives such as recruitment, retention, training and development, as well as Group-sponsored corporate and social activities are all implemented in a manner that does not discriminate against ethnicity, gender, age, disability, or status. The Group employs, appoints, promotes, develops and rewards its employees through the principles of meritocracy and fairness, achieved through the implementation of an annual appraisal system. We are committed to hiring and promoting people based on company-defined criteria. All these measures ensure that the Star Media Group family remains a well-balanced, safe and harmonious one.

EMPLOYEE ENGAGEMENT

We continue to prioritise employee engagement activities to communicate with and unify our employees. Engaged employees are more satisfied with their work, tend to stay longer, and are more productive and committed. Employees are encouraged to pursue their ideas with a passion and collaborate with others to make their ideas a reality through transfers and intra-company secondments. The Group also has in place mechanisms to manage and resolve employee grievances to ensure these are addressed at the lowest levels possible and escalated accordingly if necessary.

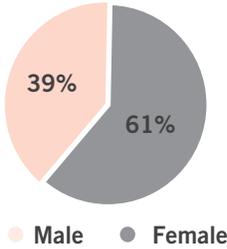
EMPLOYEE PRACTICES AND BENEFITS

Our success is due to the dedication, skill and efforts of our employees. On the Group's part, we continue to implement several initiatives to ensure our people achieve their full potential and are able to give of their best. This includes competitive pay and benefits, retirement benefit schemes and long service awards. Having a good staff retention scheme, coupled with the right hiring is essential to build a workforce that is balanced in terms of experience and energy.

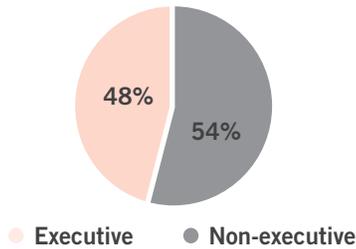
In 2017, we continued to uphold our tradition of recognising employees who have served the Company diligently. In conjunction with the Company's 46<sup>th</sup> anniversary, a total of 83 employees were recognised for their worthy contributions and given long-service awards.

SERVICE TIERS	RECIPIENTS
15 year's continuous service	37 employees
25 year's continuous service	46 employees

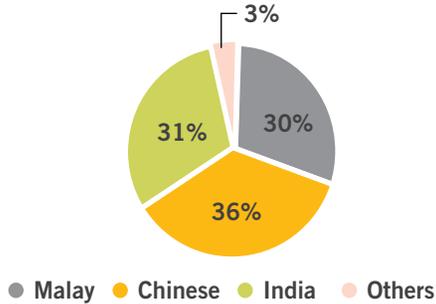
Employee Gender Composition



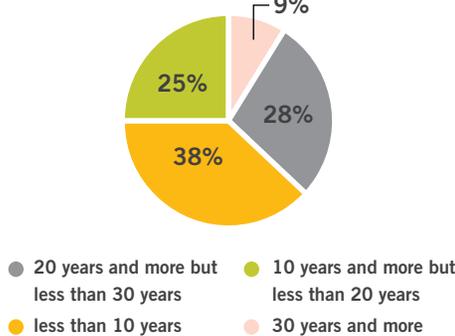
Employee Category Composition



Employee Ethnicity Composition



Years of Service Profile



## SUSTAINABILITY STATEMENT (CONT'D)

## TALENT DEVELOPMENT AND SUCCESSION PLANNING

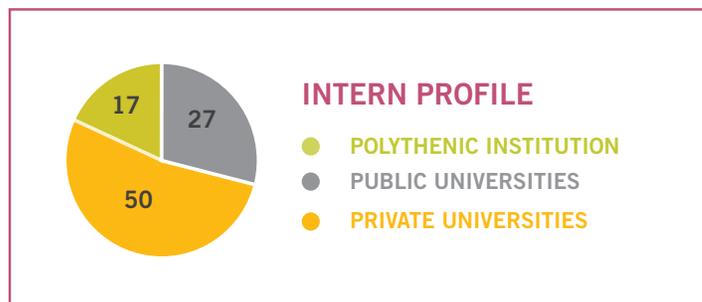
One of the Group's primary human capital initiatives is our focus on attracting and retaining talent and then helping them to develop their skills to drive the Group's success. To this end, we are committed to bringing on board talent with the appropriate competencies as well as the relevant experience and qualifications. We provide continuous support by way of employee training and development and encourage them to take ownership of their personal growth. Other than serving the immediate needs of the Group, these efforts are helping us to establish a strong pool of talent and a pipeline of successors for the Group.

Star Media Group has developed and implemented a competency framework across the Group to identify and outline specifically the required standards of knowledge, skills, and behaviours required for successful job performance. The competency assessment serves to evaluate the competency levels of all employees as well as identify their competencies and skills gaps.

Our efforts begin right at the onset of the career path process when students come on board for their internships. Our well-defined internship programme is very popular among interns and has been certified as a Structured Internship Programme ("SIP") by Talent Corp.

One of our initiatives, the StarTRACK 3.0 graduate trainee programme, which aims to create well-rounded media practitioners, continues to win multiple awards. The year in review saw us recruiting six fresh young graduates straight out of the tertiary institutions and putting them on a year-long rotation exercise with the various entities within the Group.

PROGRAMS	NO. OF STAFFS TRAINED
Internal Programs	844
External Programs	271
InBase Programs (under HRDF)	86



## EFFECTIVE OCCUPATIONAL HEALTH AND SAFETY MEASURES

We remain committed to providing the best working environment for all employees of the Group and the communities that we operate in. SMG has been practicing strict compliance to all safety, health and environmental requirements, namely to the Occupational Safety and Health Act 1994 and Environmental Quality Act 1974 and its regulations.

Each work location has its own Occupational Safety and Health ("OSH") Committees. The locations carrying out printing operations has an additional committee called Environmental Performance Monitoring and Compliance Committee ("EPMC").

## Location and Composition of OSH Committees

LOCATION	CHAIRPERSON	SECRETARY	MGT. REP.	EMP. REP.
Star Northern Hub (Bayan Lepas, Penang)	1	1	6	6
Menara Star (PJ, Selangor)	1	1	5	5
Star Media Hub (Shah Alam, Selangor)	1	1	5	5

## Location and Composition of EPMC

LOCATION	CHAIRPERSON	SECRETARY	MEMBERS
Star Northern Hub (Bayan Lepas, Penang)	1	1	7
Star Media Hub (Shah Alam, Selangor)	1	1	5

SUSTAINABILITY STATEMENT (CONT'D)



**Safety and Health Activities**

The OSH Committees are tasked to organize and carry out various safety awareness, improvements and legally required training and activities;

- a. Basic Fire Fighting
- b. First Aid Competency course
- c. Safe Chemical Handling
- d. Chemical Spill
- e. Emergency Response
- f. Safety Campaigns
- g. Quarterly safety inspections and committee meetings
- h. Annual location Fire Drills.

**Environmental Activities**

All scheduled waste are recorded and stored before being disposed/recycled by a Department of Environment (“DOE”) registered contractor. Quarterly EPMC meetings are conducted in compliance to the latest Guidelines for Self Regulation required by DOE.



SUSTAINABILITY STATEMENT (CONT'D)

**Safety Practices**

All high risk activities are governed by safe operational procedures derived from Hazardous Identification, Risk Assessment and Risk Control (“HIRARC”) exercises. Contractors are to submit their safe work method and attend safety briefing conducted by the Safety representative before the commencement of any work. In addition to that, all workplace accidents, incidents and near-misses are reported and investigated to prevent recurrence.

**SOCIETY/COMMUNITY**

Since our inception in 1971, we have been deeply entrenched in society and are an active member of the many communities where we live and work. We remain committed to strengthening our relationships with multiple stakeholders so that we can prosper together. The manner in which we give back to society goes beyond pure philanthropy as we endeavour to deliver meaningful initiatives with lasting outcomes to a diverse group of beneficiaries.

**Star Foundation**

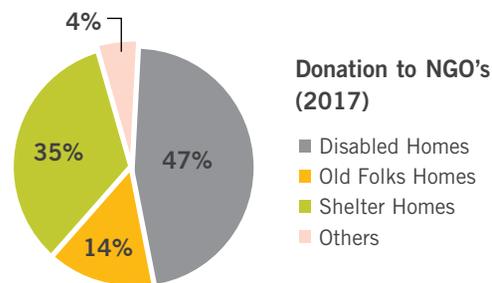
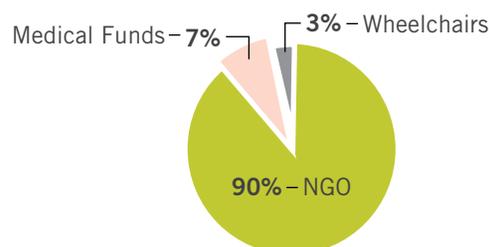
Star Foundation is the charitable arm of Star Media Group, which is tasked with raising, receiving and administering funds for various causes as per its charter. Star Foundation donated approximately RM856,000 in 2017 to various non-profit organisations nationwide including co-sponsoring three vans for three non-profit organisations which are from Pahang, Melaka and Selangor. Financial contributions were also provided to assist organisations in their operating expenses, upgrading of facilities and running of existing programmes. Since it was established in 2004, the foundation has donated more than RM16 million to various NGOs.

**Star Golden Hearts Award 2017**

Our everyday interactions with the community as a media company have brought us closer to the people at the grassroots level. In reinforcing our stance on promoting a moderate, harmonious and united nation, the Star Golden Hearts Award was launched in 2015 to recognise everyday Malaysians who go out of their way to help a fellow Malaysian – strangers from different ethnic backgrounds – without expecting any reward or recognition.

This award programme under the Star Foundation rewards and acknowledges unsung heroes; people from all walks of life, who have demonstrated great commitment to charity work, built bridges between communities and promoted racial harmony and unity. Their

**Star Foundation Donation 2017**



remarkable deeds were featured in The Star to inspire more Malaysians to emulate their feats and how they have exemplified the true spirit of Malaysians.

In 2017, Star Golden Hearts Award received over 100 nominations. A judging committee headed by Tan Sri Lee Lam Thye, was formed to assist in selecting 10 most deserving award recipients. Tan Sri Datuk Seri Joseph Kurup, Minister in the Prime Minister's department was the guest of honor during the ceremony.

**Wheelchair Programme**

As part of the Group's commitment in being a responsible corporate citizen and playing an active role in community development and nation building, Star Foundation launched the Wheelchair Programme to donate wheelchairs to those in need. Since the start of the programme, more than 90 wheelchairs were distributed to individuals and NGOs in need of wheelchairs.



## SUSTAINABILITY STATEMENT (CONT'D)



### Medical Fund Programme

Introduced in 2015, the Medical Fund Programme is an initiative under Star Foundation established to assist underprivileged individuals and families with the cost of their medical treatments. Their plights are highlighted in *The Star*, which enables the public to be actively involved and respond through donations.

We are entrusted to manage public donations on top of contributions from Star Media Group Berhad. The first public funding exercise received an overwhelming response from the public, where approximately RM100,000 was collected to aid Erinna Natashya, 9, who suffered from Refractory Focal Epilepsy to proceed with her surgery at Ara Damansara Medical Centre (ADMC).

Star Foundation also donated close to RM30,000 to Naviresh a/l Siva, 9, suffering from severe Crohn's disease; and around RM20,000 to Nisanthiny a/p Batumalay, 22, who suffered from Complex Cyanotic Heart Disease. She underwent a procedure at Universiti Malaya Medical Centre (UMMC) where an Atrial Flow Regulator was used to treat her heart disease.

### SOCIAL-RELATED AWARDS AND ACCOLADES

For our good work on the human resource and community fronts, we received the following recognition. The details of these can be found on our Awards and Accolades page on pages 68 to 73 of this Annual Report.

## TOWARDS A SUSTAINABLE FUTURE

As a conscientious corporate citizen, the Star Media Group remains deeply committed to balancing out its good Economic performance with responsible Environmental and Social considerations. Even as we set our sights on delivering a sustainable performance on the EES fronts, we will endeavour to ensure that the notion of sustainability becomes embedded within our working culture in a more prominent manner. To this end, the Group is committed to integrating the sustainability agenda into our overall strategy and operations in a more distinct manner for the long-term as we acknowledge this is key to the success of our business. Going forward, we will focus our efforts on delivering a more comprehensive Sustainability Statement come the next reporting cycle.

In all that we undertake, we will work hard to deliver true and sustainable value as well as establish enduring ties with our diverse stakeholders so that Star Media Group strengthens its reputation as a model for responsible corporate behaviour.

# FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are publication, printing, distribution of newspapers and magazines and digital content services. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

	Group RM'000	Company RM'000
Profit for the financial year from continuing operations	62,917	95,656
Profit for the financial year from discontinued operations	24,526	-
<b>Profit for the financial year</b>	<b>87,443</b>	<b>95,656</b>
Attributable to:		
Owners of the parent	90,293	95,656
Non-controlling interests	(2,850)	-
	<b>87,443</b>	<b>95,656</b>

### DIVIDENDS

Dividends paid, declared and proposed since the end of the previous financial year were as follows:

	Company RM'000
In respect of the financial year ended 31 December 2016:	
Second interim single tier dividend of 9.0 sen per ordinary share, paid on 18 April 2017	66,416
In respect of the financial year ended 31 December 2017:	
First interim single tier dividend of 6.0 sen per ordinary share, paid on 17 October 2017	44,277
Special single tier dividend of 30.0 sen per ordinary share, paid on 17 October 2017	221,387
	<b>332,080</b>

Subsequent to the financial year, on 27 February 2018, the Directors declared a second interim single tier dividend of 6.0 sen per ordinary share, which amounted to approximately RM44,273,000 in respect of the financial year ended 31 December 2017. The dividend is payable on 18 April 2018 to the shareholders whose names appear in the Record of Depositors at the close of business on 30 March 2018.

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

## ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

## SHARE BUY-BACK

The shareholders of the Company, at an Extraordinary General Meeting held on 18 May 2005, approved the proposal to repurchase up to 10% of its own shares ("Share Buy-Back") of the Company. The authority granted by the shareholders has been renewed at each subsequent Annual General Meeting. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the Share Buy-Back is in the best interest of the Company and its shareholders.

As disclosed in Note 16(c) to the financial statements, during the financial year, the Company repurchased a total of 80,000 of its own shares from the open market. The average price paid for the shares repurchased was RM1.69 per ordinary share. The total consideration paid was RM135,523, including transaction costs of RM322. The repurchase transactions were financed by internally generated funds and the shares repurchased were retained as treasury shares.

Details of the repurchase of shares were as follows:

	Average purchase price RM	Number of shares purchased '000	Total consideration RM'000
2017	1.69	80	136

## DIRECTORS

The Directors who have held for office since the date of the last report are:

### Star Media Group Berhad

Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan  
 Tan Sri Dato' Sri IR Kuan Peng Ching @ Kuan Peng Soon  
 Datuk Seri Wong Chun Wai  
 Mr. Lee Siang Korn @ Lee Siang Chin  
 Datin Linda Ngiam Pick Ngoh  
 Dato' Dr. Mohd Aminuddin bin Mohd Rouse  
 Mr. Choong Tuck Oon (appointed on 1 June 2017)  
 Madam Wong You Fong (appointed on 1 June 2017)  
 Mr. Lew Weng Ho (retired on 22 May 2017)

**DIRECTORS' REPORT (CONT'D)****DIRECTORS (CONT'D)**

The Directors who have held for office since the date of the last report are (cont'd):

**Subsidiaries of Star Media Group Berhad**

Pursuant to Section 253 of Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries during the financial year and up to the date of this report is as follows:

Dato' Dr. Mohd Aminuddin bin Mohd Rouse  
 Datuk Seri Wong Chun Wai  
 Datuk Kan King Seong  
 Datuk Goh Lee Yen  
 Dato' Law Song Ting  
 Dato' Boey Chin Gan  
 Mr. Ragesh Rajendran  
 Mr. Roy Tan Kong Weng  
 Ms. Lim Bee Leng  
 Mr. Chan Shiang Chiat  
 Mr. Roshan Thiran A/L Nyanen Thiran  
 Mr. Tan Boo Hean  
 Ms. Ang Hui Ming  
 Ms. Laura Yee Huimei  
 Mr. Li Say Kian (demised on 5 January 2018)  
 Ms. June Wong Har Leng (resigned on 31 May 2017)

**DIRECTORS' INTERESTS**

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2017 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

Shares in the Company	Number of ordinary shares			Balance as at 31.12.2017
	Balance as at 1.1.2017	Bought	Sold	
<b>Direct interests</b>				
Datuk Seri Wong Chun Wai	20,000	-	-	20,000
Datin Linda Ngiam Pick Ngoh	183,000	-	(161,000)	22,000
<b>Indirect interests</b>				
Datin Linda Ngiam Pick Ngoh	287,000	-	(150,000)	137,000

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the following:

- (a) remuneration received by certain Directors as Directors of the subsidiaries; and
- (b) certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which these Directors have substantial financial interests as disclosed in Note 31 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 31 to the financial statements.

## INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

## OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

### (I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

**DIRECTORS' REPORT (CONT'D)****OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)****(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT**

- (c) The Directors are not aware of any circumstances:
  - (i) which would render the amounts written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
  - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

**(III) AS AT THE DATE OF THIS REPORT**

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

**SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

Significant event during the financial year is disclosed in Note 35 to the financial statements.

**SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

Significant event subsequent to the end of the reporting period is disclosed in Note 36 to the financial statements.

**AUDITORS**

The auditors, BDO, have expressed their willingness to continue in office.

The details of the auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2017 are disclosed in Note 25 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors.

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**Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan**  
Director

Petaling Jaya  
26 March 2018

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**Datuk Seri Wong Chun Wai**  
Director

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 122 to 211 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

.....  
**Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan**  
Director

.....  
**Datuk Seri Wong Chun Wai**  
Director

Petaling Jaya  
26 March 2018

## STATUTORY DECLARATION

I, Ragesh Rajendran, being the officer primarily responsible for the financial management of Star Media Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 122 to 211 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly )  
declared by the abovenamed at )  
Petaling Jaya this )  
26 March 2018 )

.....  
**Ragesh Rajendran**

Before me:

Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF STAR MEDIA GROUP BERHAD (INCORPORATED IN MALAYSIA)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Star Media Group Berhad, which comprise the statements of financial position as at 31 December 2017 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 122 to 211.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### a) *Impairment assessment of the carrying amounts of goodwill*

Goodwill of the Group is mainly allocated to four (4) cash generating units ("CGUs"), which are exhibition services (Malaysian subsidiary), online portal, radio broadcasting and human capital resources with a net carrying amount of RM21,932,000 as disclosed in Note 7 to the financial statements.

The Group impaired goodwill of RM24,410,000, RM8,467,000 and RM722,000 in respect of exhibition services (Malaysian subsidiary), online portal and human capital resources respectively during the financial year. As for the remaining CGU of radio broadcasting, there was no impairment loss on goodwill.

We have focused on this impairment assessment as the process is complex and it requires significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining the recoverable amounts. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates.

**INDEPENDENT AUDITORS' REPORT**

TO THE MEMBERS OF STAR MEDIA GROUP BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

**Key Audit Matters (cont'd)****a) Impairment assessment of the carrying amounts of goodwill (cont'd)****Audit response**

Our audit procedures included the following:

- (i) challenged the identification and determination of CGUs based on our understanding of the nature of business segments of the Group;
- (ii) compared prior period projections to actual outcomes to assess reliability of management forecasting process;
- (iii) compared cash flow projections against recent performance, and assessed and challenged the key assumptions in projections to available external industry sources of data;
- (iv) verified gross profit margins and growth rates to support the key assumptions in projections;
- (v) verified pre-tax discount rate for each CGU by comparing to the weighted average cost of capital of the Group and relevant risk factors; and
- (vi) performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

**b) Impairment assessment of the carrying amounts of property, plant and equipment**

As at 31 December 2017, the carrying amount of property, plant and equipment of the Group and the Company amounted to RM330.1 million and RM323.2 million respectively, as disclosed in Note 5 to the financial statements.

Certain CGUs of the Group and the Company reported net losses during the financial year, leading to an indication of impairment on property, plant and equipment. As such, the Group and the Company have performed impairment assessments on these loss making CGUs and impaired an amount of RM69.3 million.

We have focused on the impairment assessments as the process require significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining their recoverable amounts. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates.

**Audit response**

We have challenged the assumptions used by management in its impairment assessment of property, plant and equipment. Our audit procedures included the following:

- (i) compared cash flow projections against recent performance and historical accuracy of forecasts/projections and challenged key assumptions in projections to available external industry sources of data, where applicable;
- (ii) compared prior period projections to actual outcomes to assess reliability of management forecasting process;

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF STAR MEDIA GROUP BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

**Key Audit Matters (cont'd)****b) Impairment assessment of the carrying amounts of property, plant and equipment (cont'd)****Audit response (cont'd)**

- (iii) verified gross profit margins and growth rates by assessing evidence available to support these key assumptions;
- (iv) verified pre-tax discount rate used for each CGU by comparing to the weighted average cost of capital of the Group and relevant risk factors; and
- (v) performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

**c) Impairment assessment of the carrying amounts of investments in subsidiaries and amounts owing by subsidiaries**

As at 31 December 2017, investments in subsidiaries and amounts owing by subsidiaries of the Company were RM101.8 million and RM17.1 million respectively as disclosed in Notes 8 and 11 to the financial statements. The Company had made further impairment of RM64.9 million and RM5.5 million respectively in respect of the carrying amounts of investments in subsidiaries and amounts owing by subsidiaries during the financial year.

The determination of recoverable amounts requires significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the subsidiaries in determining the recoverable amounts. In this instance, the recoverable amount is based on value-in-use or fair value less cost to sell, whichever is higher. These key assumptions include different budgeted operating profit margins, growth rates, terminal values as well as determining an appropriate pre-tax discount rate used for each subsidiary.

**Audit response**

Our audit procedures included the following:

- (i) challenged assessment of management that no further impairment losses on investments was required based on recoverable amounts of the subsidiaries;
- (ii) compared cash flow projections against recent performance and historical accuracy of forecasts/projections and challenged key assumptions in projections to available external industry sources of data, where applicable;
- (iii) compared prior period projections to actual outcomes to assess reliability of management forecasting process;
- (iv) verified gross profit margins, growth rates and terminal values by assessing evidence available to support these key assumptions;
- (v) assessed the reasonableness of pre-tax discount rate for each subsidiary by comparing to the weighted average cost of capital of the Company and relevant risk factors;
- (vi) performed sensitivity analysis of our own to stress test the key assumptions in the impairment model; and
- (vii) challenged assessment of management that no further impairment loss was required on amounts owing by subsidiaries based on past historical payment trends and expectation of repayment patterns.

**INDEPENDENT AUDITORS' REPORT**

TO THE MEMBERS OF STAR MEDIA GROUP BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs, and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF STAR MEDIA GROUP BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

**Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)**

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**BDO**  
AF: 0206  
Chartered Accountants

26 March 2018  
Kuala Lumpur

**Tang Seng Choon**  
02011/12/2019 J  
Chartered Accountant

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	<b>330,061</b>	571,180	<b>323,216</b>	425,002
Investment properties	6	<b>137,846</b>	134,945	<b>137,846</b>	134,945
Intangible assets	7	<b>43,024</b>	126,270	<b>31</b>	486
Investments in subsidiaries	8	-	-	<b>101,814</b>	153,725
Investments in associates	9	-	819	-	-
Other investments	10	<b>10,660</b>	38,464	<b>10,660</b>	36,025
Other receivables	11	-	1,563	-	-
Deferred tax assets	12	<b>3,333</b>	128	-	-
<b>Total non-current assets</b>		<b>524,924</b>	873,369	<b>573,567</b>	750,183
<b>Current assets</b>					
Inventories	13	<b>25,607</b>	41,072	<b>25,582</b>	38,712
Derivative assets	14	<b>30</b>	416	<b>30</b>	416
Trade and other receivables	11	<b>101,488</b>	230,450	<b>92,699</b>	143,198
Current tax assets		<b>20,328</b>	4,504	<b>14,727</b>	-
Cash and bank balances	15	<b>480,807</b>	499,590	<b>408,177</b>	354,499
<b>Total current assets</b>		<b>628,260</b>	776,032	<b>541,215</b>	536,825
<b>TOTAL ASSETS</b>		<b>1,153,184</b>	1,649,401	<b>1,114,782</b>	1,287,008

*The accompanying notes form an integral part of the financial statements.*

**STATEMENTS OF FINANCIAL POSITION**  
AS AT 31 DECEMBER 2017 (CONT'D)

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	16	738,564	738,564	738,564	738,564
Treasury shares	16	(1,769)	(1,633)	(1,769)	(1,633)
Reserves	17	136,818	391,724	84,897	321,321
		873,613	1,128,655	821,692	1,058,252
Non-controlling interests	8	1,660	109,627	-	-
<b>TOTAL EQUITY</b>		<b>875,273</b>	<b>1,238,282</b>	<b>821,692</b>	<b>1,058,252</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Medium term notes	18	-	100,000	-	100,000
Borrowings	19	1,455	905	1,244	-
Deferred tax liabilities	12	26,034	55,000	25,742	51,980
<b>Total non-current liabilities</b>		<b>27,489</b>	<b>155,905</b>	<b>26,986</b>	<b>151,980</b>
<b>Current liabilities</b>					
Trade and other payables	21	145,739	151,271	165,639	75,226
Medium term notes	18	100,000	-	100,000	-
Borrowings	19	1,042	100,831	465	-
Current tax liabilities		3,641	3,112	-	1,550
<b>Total current liabilities</b>		<b>250,422</b>	<b>255,214</b>	<b>266,104</b>	<b>76,776</b>
<b>TOTAL LIABILITIES</b>		<b>277,911</b>	<b>411,119</b>	<b>293,090</b>	<b>228,756</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,153,184</b>	<b>1,649,401</b>	<b>1,114,782</b>	<b>1,287,008</b>

The accompanying notes form an integral part of the financial statements.

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Continuing operations</b>					
Revenue	22	<b>517,734</b>	630,432	<b>431,941</b>	539,572
Cost of sales and services	23	<b>(259,195)</b>	(257,627)	<b>(212,276)</b>	(219,635)
Gross profit		<b>258,539</b>	372,805	<b>219,665</b>	319,937
Other income		<b>244,641</b>	96,152	<b>274,773</b>	78,391
Distribution costs		<b>(107,006)</b>	(129,557)	<b>(96,395)</b>	(124,986)
Administrative and other expenses		<b>(351,231)</b>	(208,774)	<b>(323,370)</b>	(150,973)
Finance costs	24	<b>(5,131)</b>	(7,654)	<b>(4,871)</b>	(6,403)
Profit before tax	25	<b>39,812</b>	122,972	<b>69,802</b>	115,966
Taxation	26	<b>23,105</b>	(27,053)	<b>25,854</b>	(23,326)
Profit for the financial year from continuing operations		<b>62,917</b>	95,919	<b>95,656</b>	92,640
<b>Discontinued operations</b>	30				
Profit for the financial year from discontinued operations, net of tax		<b>24,526</b>	20,990	-	-
Profit for the financial year		<b>87,443</b>	116,909	<b>95,656</b>	92,640
<b>Other comprehensive income</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Foreign currency translations		<b>(7,374)</b>	7,395	-	-
Reclassification of foreign exchange translation reserve to profit and loss on deregistration of foreign subsidiaries	8(g)	-	(21,073)	-	-
Total comprehensive income, net of tax		<b>80,069</b>	103,231	<b>95,656</b>	92,640

*The accompanying notes form an integral part of the financial statements.*

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit attributable to:					
Owners of the parent		<b>90,293</b>	109,911	<b>95,656</b>	92,640
Non-controlling interests	8	<b>(2,850)</b>	6,998	-	-
		<b>87,443</b>	116,909	<b>95,656</b>	92,640
Total comprehensive income attributable to:					
Owners of the parent		<b>76,465</b>	91,582	<b>95,656</b>	92,640
Non-controlling interests		<b>3,604</b>	11,649	-	-
		<b>80,069</b>	103,231	<b>95,656</b>	92,640
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic and diluted					
- from continuing operations		<b>10.52</b>	13.20		
- from discontinued operations		<b>1.72</b>	1.69		
	27	<b>12.24</b>	14.89		

*The accompanying notes form an integral part of the financial statements.*

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Group	Attributable to equity holders of the Company							Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Foreign exchange translation reserve RM'000	Share option reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000			
Balance as at 1 January 2016	738,564	(1,633)	31,612	526	376,206	1,145,275	61,191	1,206,466	
Profit for the financial year	-	-	-	-	109,911	109,911	6,998	116,909	
Reclassification of foreign exchange translation reserve to profit and loss on deregistration of foreign subsidiaries	-	-	(21,073)	-	-	(21,073)	-	(21,073)	
Foreign currency translations, net of tax	-	-	2,508	236	-	2,744	4,651	7,395	
Total comprehensive income, net of tax	-	-	(18,565)	236	109,911	91,582	11,649	103,231	
<b>Transactions with owners</b>									
Additional non-controlling interests arising from disposal of shares in a quoted indirect subsidiary	-	-	-	-	13,234	13,234	11,784	25,018	
Additional non-controlling interests arising from shares placement by a quoted indirect subsidiary	-	-	-	-	10,526	10,526	21,650	32,176	
Share options exercised under Employees Share Option Scheme ("ESOS") of a quoted indirect subsidiary	-	-	-	(756)	1,626	870	3,571	4,441	
Dividends paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	(218)	(218)	
Dividends paid (Note 28)	-	-	-	-	(132,832)	(132,832)	-	(132,832)	
Total transactions with owners	-	-	-	(756)	(107,446)	(108,202)	36,787	(71,415)	
Balance as at 31 December 2016	738,564	(1,633)	13,047	6	378,671	1,128,655	109,627	1,238,282	

The accompanying notes form an integral part of the financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

Group	Attributable to equity holders of the Company							
	Share capital RM'000	Treasury shares RM'000	Foreign exchange translation reserve RM'000	Share option reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1 January 2017	738,564	(1,633)	13,047	6	378,671	1,128,655	109,627	1,238,282
Profit for the financial year	-	-	-	-	90,293	90,293	(2,850)	87,443
Foreign currency translations, net of tax	-	-	(13,828)	-	-	(13,828)	6,454	(7,374)
Total comprehensive income, net of tax	-	-	(13,828)	-	90,293	76,465	3,604	80,069
<b>Transactions with owners</b>								
Disposal of subsidiary (Note 8 (e))	-	-	715	(6)	-	709	(111,081)	(110,372)
Dividends paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	(490)	(490)
Dividends paid (Note 28)	-	-	-	-	(332,080)	(332,080)	-	(332,080)
Purchase of treasury shares (Note 16)	-	(136)	-	-	-	(136)	-	(136)
Total transactions with owners	-	(136)	715	(6)	(332,080)	(331,507)	(111,571)	(443,078)
<b>Balance as at 31 December 2017</b>	<b>738,564</b>	<b>(1,769)</b>	<b>(66)</b>	<b>-</b>	<b>136,884</b>	<b>873,613</b>	<b>1,660</b>	<b>875,273</b>

*The accompanying notes form an integral part of the financial statements.*

## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Company	Note	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000
Balance as at 1 January 2016		738,564	(1,633)	361,513	1,098,444
Profit for the financial year		-	-	92,640	92,640
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income, net of tax		-	-	92,640	92,640
<b>Transactions with owners</b>					
Dividends paid	28	-	-	(132,832)	(132,832)
Total transactions with owners		-	-	(132,832)	(132,832)
Balance as at 31 December 2016		738,564	(1,633)	321,321	1,058,252
Profit for the financial year		-	-	95,656	95,656
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income, net of tax		-	-	95,656	95,656
<b>Transactions with owners</b>					
Dividends paid	28	-	-	(332,080)	(332,080)
Purchase of treasury shares	16	-	(136)	-	(136)
Total transactions with owners		-	(136)	(332,080)	(332,216)
Balance as at 31 December 2017		738,564	(1,769)	84,897	821,692

*The accompanying notes form an integral part of the financial statements.*

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax:					
- from continuing operations		<b>39,812</b>	122,972	<b>69,802</b>	115,966
- from discontinued operations		<b>27,192</b>	23,234	-	-
Adjustments for:					
Amortisation of intangible assets	7	<b>15,476</b>	10,932	<b>477</b>	1,100
Bad debts written off		<b>54</b>	5	-	-
Dividend income	25	-	-	<b>(211,866)</b>	-
Depreciation of:					
- investment properties	6	<b>246</b>	246	<b>246</b>	246
- property, plant and equipment	5	<b>52,837</b>	53,198	<b>42,036</b>	38,549
Fair value loss/(gain) on:					
- derivative assets	14	<b>386</b>	(252)	<b>386</b>	(252)
- other investments	25	<b>(1,532)</b>	1,718	<b>(1,463)</b>	1,778
(Gain)/Loss on disposal of:					
- intangible assets		-	(75)	-	-
- investment in a subsidiary	8	<b>(206,859)</b>	(40,257)	-	(38,880)
- investment in an associate	9(c)	-	(150)	-	-
- other investments	25	<b>(373)</b>	12	<b>(373)</b>	12
- property, plant and equipment		<b>(9)</b>	28	<b>(2)</b>	52
Impairment losses on:					
- amounts owing by subsidiaries		-	-	<b>5,487</b>	2,071
- equity loan	8	-	-	<b>29,082</b>	19,456
- goodwill	7(a)	<b>33,599</b>	19,827	-	-
- investments in subsidiaries	8	-	-	<b>35,807</b>	4,878
- property, plant and equipment	5	<b>69,290</b>	-	<b>69,290</b>	-
- trade receivables	11(g)	<b>1,180</b>	1,533	<b>1,119</b>	651
Intangible assets written off	7	<b>5,562</b>	40	-	-
Interest expense		<b>6,516</b>	9,239	<b>4,871</b>	6,403
Interest income		<b>(3,612)</b>	(4,565)	<b>(2,359)</b>	(3,210)
Investment income	25	<b>(13,274)</b>	(13,588)	<b>(13,178)</b>	(13,501)
Property, plant and equipment written off	5	<b>18,168</b>	164	<b>17,957</b>	15
Reclassification of foreign exchange translation reserve to profit and loss on deregistration of foreign subsidiaries	8(g)	-	(21,073)	-	-
Reversal of impairment losses on:					
- amounts owing by subsidiaries		-	-	<b>(27,394)</b>	(4,753)
- trade receivables	11(g)	<b>(132)</b>	(1,086)	<b>(60)</b>	(683)
Share of loss of associate, net of tax	9	<b>289</b>	361	-	-
Unrealised gain on foreign exchange		<b>(1,161)</b>	(3,936)	<b>(1,076)</b>	(2,213)
Waiver of debts	25	<b>(69)</b>	-	-	6
Operating profit before working capital changes		<b>43,586</b>	158,527	<b>18,789</b>	127,691

The accompanying notes form an integral part of the financial statements.

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)</b>					
Operating profit before working capital changes (cont'd)		43,586	158,527	18,789	127,691
Changes in working capital:					
Inventories		13,019	8,839	13,130	10,549
Trade and other receivables		(61,460)	(12,934)	(4,423)	8,811
Trade and other payables		75,265	(25,326)	91,504	(20,769)
Cash generated from operations		70,410	129,106	119,000	126,282
Tax paid		(20,689)	(35,827)	(16,661)	(28,980)
Tax refunded		430	1,474	-	237
<b>Net cash from operating activities</b>		<b>50,151</b>	<b>94,753</b>	<b>102,339</b>	<b>97,539</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisitions of additional interests in:					
- subsidiaries	8(f)	-	-	(20,000)	(20,000)
(Deposits placed with)/Withdrawals from licensed banks with original maturity of more than three (3) months		(5,918)	36,466	(10,319)	29,732
Dividend received		-	-	211,866	-
Interest received		2,640	4,130	1,415	3,642
Investment income received		13,274	13,588	13,178	13,501
Net advances from/(to) subsidiaries		-	-	80,791	(18,016)
Other investment redeemed upon maturity		29,709	400	27,201	-
Proceeds from deregistration of subsidiaries		-	-	-	302
Proceeds from disposals of:					
- a subsidiary		304,924	40,380	-	40,380
- investment in an associate	9(c)	-	150	-	-
- intangible assets		-	171	-	-
- other investments		-	5,000	-	5,000
- property, plant and equipment		1,931	1,656	489	824
Proceeds from disposal of shares in a quoted indirect subsidiary		-	25,018	-	-
Purchases of:					
- intangible assets		(25,806)	(19,422)	(22)	(475)
- other investments		-	(908)	-	(821)
- property, plant and equipment	5(d)	(45,247)	(120,753)	(26,124)	(23,826)
<b>Net cash from/(used in) investing activities</b>		<b>275,507</b>	<b>(14,124)</b>	<b>278,475</b>	<b>30,243</b>

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid	28	(332,080)	(132,832)	(332,080)	(132,832)
Dividends paid to non-controlling interests of a subsidiary		(490)	(218)	-	-
Drawdowns of bank loans		25,735	104,481	-	-
Interest paid		(6,516)	(9,239)	(4,871)	(6,403)
Proceeds from ordinary shares issued pursuant to:					
- ESOS of a quoted indirect subsidiary		-	4,441	-	-
- shares placement of a quoted indirect subsidiary		-	32,176	-	-
Purchase of treasury shares	16	(136)	-	(136)	-
Repayments of:					
- bank loans		(38,462)	(76,611)	-	-
- hire purchase and finance lease liabilities		(573)	(1,793)	(362)	-
- Medium Term Note		-	(100,000)	-	(100,000)
<b>Net cash used in financing activities</b>		<b>(352,522)</b>	<b>(179,595)</b>	<b>(337,449)</b>	<b>(239,235)</b>
Net (decrease)/increase in cash and cash equivalents		(26,864)	(98,966)	43,365	(111,453)
Effects of exchange rate changes on cash and cash equivalents		2,163	2,150	(6)	167
Cash and cash equivalents at beginning of financial year		488,311	585,127	348,327	459,613
<b>Cash and cash equivalents at end of financial year</b>	15(f)	<b>463,610</b>	<b>488,311</b>	<b>391,686</b>	<b>348,327</b>

**RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

	Bank loans (Note 19)		Hire purchase and finance lease liabilities (Note 20)	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
At 1 January 2017	99,925	-	1,811	-
Cash flows	(12,727)	-	(573)	(362)
Non-cash flows:				
- Disposal of subsidiary	(85,491)	-	(812)	-
- Effect of foreign exchange	(1,707)	-	-	-
- Purchase of property, plant and equipment	-	-	1,860	1,860
- Others	-	-	211	211
At 31 December 2017	-	-	2,497	1,709

The accompanying notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 1. CORPORATE INFORMATION

Star Media Group Berhad (the “Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at Level 15, Menara Star, 15, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 December 2017 comprise the Company and its subsidiaries and the interests of the Group in associates. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issuance in accordance with a resolution by the Board of Directors on 26 March 2018.

## 2. PRINCIPAL ACTIVITIES

The principal activities of the Company are the publication, printing, distribution of newspapers and magazines and digital content services. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## 3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 37.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

## 4. OPERATING SEGMENTS

Star Media Group Berhad and its subsidiaries in Malaysia are principally engaged in publication of print, digital and broadcasting. During the financial year and as disclosed in Note 8(e) to the financial statements, the disposal of the Singapore subsidiaries in the event, exhibition, interior and thematic segment has been completed. It has been reclassified as discontinued operations as disclosed in Note 30 to the financial statements and, accordingly the comparative figures have been restated. Two (2) of its subsidiaries in Malaysia and Singapore were principally engaged in the provision of event organising management and provision of design, build and construction of exhibition related services. Its subsidiaries in Singapore were also deriving licensing fee from intellectual property rights to hold exhibitions in various countries and delivering engaged and interactive experience for world-renowned entertainment icons. Whilst its subsidiaries in Hong Kong are principally engaged in the provision of technical operations and broadcasting support for the high definition television channel, operation of pay or cable television channel, distribution of films and sales of television channel airtime.

#### 4. OPERATING SEGMENTS (CONT'D)

The Group has arrived at four (4) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(i) Print and digital

Publication, printing and distribution of newspapers and magazines and advertising in print and electronic media.

(ii) Broadcasting

Operations of wireless broadcasting stations.

(iii) Event, exhibition, interior and thematic

Provision of event organising management, provision of design, build and construction of exhibitions, landscapes, water features, pavilions, thematic leisure, interactive exhibitions and entertainment outlets, including rental of reusable modules, furnishings and furnitures etc. and licensing fee from intellectual property rights to hold exhibitions in various countries and delivering engaged and interactive experience for world-renowned entertainment icons.

(iv) Television channel

Provision of technical operations and broadcasting support for the high definition television channel, operation of pay or cable television channel, distribution of films and sales of television channel airtime.

Other operating segments comprise operations related to the provision of human capital development including training and consultancy, investment holding, investment of assets held and online portal.

The Group evaluates performance of the operating segments on the basis of profit or loss from operations before tax not including non-recurring transactions, such as restructuring costs, gain on disposal of subsidiary, reclassification of foreign exchange translation reserve to profit and loss on deregistration of foreign subsidiaries, goodwill impairment, and also excluding the effects of share-based payments and retirement benefit obligations.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total costs incurred during the period to acquire segment assets that are expected to be used for more than one year.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 4. OPERATING SEGMENTS (CONT'D)

The following table provides an analysis of the revenue, results, assets, liabilities and other information by business segments of the Group:

2017	Print and digital RM'000	Broadcasting RM'000	Event and exhibition RM'000	Television channel RM'000	Others RM'000	Elimination RM'000	Total continuing operations RM'000	Event, exhibition, interior and thematic (Discontinued operations) RM'000	Consolidated RM'000
<b>REVENUE</b>									
Sales to external customers	449,124	40,685	9,572	7,883	10,470	-	517,734	156,798	674,532
Inter-segment sales	2,255	696	-	-	11,951	(14,904)	(2)	2	-
Total revenue	451,379	41,381	9,572	7,883	22,421	(14,904)	517,732	156,800	674,532
<b>RESULTS</b>									
Segment results	(116,540)	4,010	341	(18,007)	158,329	-	28,133	28,790	56,923
Finance costs	(4,871)	-	-	-	(260)	-	(5,131)	(1,385)	(6,516)
Interest income	2,311	1,082	5	-	138	-	3,536	76	3,612
Investment income	13,246	-	-	-	28	-	13,274	-	13,274
Share of loss of associate	-	-	-	-	-	-	-	(289)	(289)
(Loss)/Profit before tax	(105,854)	5,092	346	(18,007)	158,235	-	39,812	27,192	67,004
Tax expense							23,105	(2,666)	20,439
Profit for the financial year							62,917	24,526	87,443
<b>ASSETS</b>									
Segment assets	1,054,116	75,368	6,088	1,857	15,755	-	1,153,184	-	1,153,184
<b>LIABILITIES</b>									
Segment liabilities	246,037	5,876	2,976	2,359	20,663	-	277,911	-	277,911

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 4. OPERATING SEGMENTS (CONT'D)

The following table provides an analysis of the revenue, results, assets, liabilities and other information by business segments of the Group (cont'd):

2017	Print and digital RM'000	Broadcasting RM'000	Event and exhibition RM'000	Television channel RM'000	Others RM'000	Elimination RM'000	Total continuing operations RM'000	Event, exhibition, interior and thematic (Discontinued operations) RM'000	Consolidated RM'000
<b>OTHER SEGMENT INFORMATION</b>									
Capital expenditure	50,244	376	162	4,442	124	-	55,348	17,565	72,913
Depreciation	42,761	1,650	135	71	312	-	44,929	8,154	53,083
Amortisation	8,707	70	-	5,326	27	-	14,130	1,346	15,476
Gain on disposal of a subsidiary	-	-	-	-	206,859	-	206,859	-	206,859
Impairment losses on goodwill	-	-	-	-	33,599	-	33,599	-	33,599
Impairment losses on property, plant and equipment	69,290	-	-	-	-	-	69,290	-	69,290
Non-cash expenses other than depreciation	17,957	-	-	9	-	-	17,966	-	17,966

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 4. OPERATING SEGMENTS (CONT'D)

The following table provides an analysis of the revenue, results, assets, liabilities and other information by business segments of the Group (cont'd):

2016	Print and digital RM'000	Broadcasting RM'000	Event and exhibition RM'000	Television channel RM'000	Others RM'000	Elimination RM'000	Total continuing operations RM'000	Event, exhibition, interior and thematic (Discontinued operations) RM'000	Consolidated RM'000
<b>REVENUE</b>									
Sales to external customers	549,604	42,201	13,671	13,461	11,495	-	630,432	301,683	932,115
Inter-segment sales	1,184	1,397	-	-	360	(2,978)	(37)	37	-
Total revenue	550,788	43,598	13,671	13,461	11,855	(2,978)	630,395	301,720	932,115
<b>RESULTS</b>									
Segment results	80,541	(3,232)	1,288	(7,076)	41,147	-	112,668	24,985	137,653
Finance costs	(6,403)	(164)	-	(1)	(1,086)	-	(7,654)	(1,585)	(9,239)
Interest income	3,079	1,089	107	-	95	-	4,370	195	4,565
Investment income	13,501	-	-	-	87	-	13,588	-	13,588
Share of loss of associate	-	-	-	-	-	-	-	(361)	(361)
Profit/(Loss) before tax	90,718	(2,307)	1,395	(7,077)	40,243	-	122,972	23,234	146,206
Tax expense							(27,053)	(2,244)	(29,297)
Profit for the financial year							95,919	20,990	116,909
<b>ASSETS</b>									
Segment assets	1,114,069	71,511	29,609	18,460	37,618	-	1,271,267	377,315	1,648,582
Investments in associates	-	-	-	-	-	-	-	819	819
Total assets							1,271,267	378,134	1,649,401
<b>LIABILITIES</b>									
Segment liabilities	227,563	6,173	2,037	3,845	23,716	-	263,334	147,785	411,119

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 4. OPERATING SEGMENTS (CONT'D)

The following table provides an analysis of the revenue, results, assets, liabilities and other information by business segments of the Group (cont'd):

2016	Print and digital RM'000	Broadcasting RM'000	Event and exhibition RM'000	Television channel RM'000	Others RM'000	Elimination RM'000	Total continuing operations RM'000	Event, exhibition, interior and thematic (Discontinued operations) RM'000	Consolidated RM'000
<b>OTHER SEGMENT INFORMATION</b>									
Capital expenditure	35,329	253	-	7,893	351	-	43,826	96,349	140,175
Depreciation	38,979	2,783	154	142	299	-	42,357	11,087	53,444
Amortisation	2,259	68	3	5,783	53	-	8,166	2,766	10,932
Gain on disposal of a subsidiary	-	-	-	-	40,257	-	40,257	-	40,257
Gain on disposal of an associate	-	-	-	-	150	-	150	-	150
Impairment losses on goodwill	-	-	-	-	19,827	-	19,827	-	19,827
Reclassification of foreign exchange translation reserve to profit and loss on deregistration of foreign subsidiaries	-	-	-	-	21,073	-	21,073	-	21,073
Non-cash expenses other than depreciation	1,080	135	-	104	34	-	1,353	1,113	2,466

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

**4. OPERATING SEGMENTS (CONT'D)****Geographical information**

The Group operates mainly in Malaysia and Singapore. In presenting information on the basis of geographical areas, segment revenue is based on the geographical location from which the sales transactions originated.

Segment assets are based on the geographical location of the assets of the Group.

Segment revenue and segment assets information based on geographical information are as follows:

	Revenue		Segment Assets	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>CONTINUING OPERATIONS</b>				
Malaysia	<b>510,749</b>	618,174	<b>1,151,350</b>	1,227,759
Singapore	<b>775</b>	1,423	<b>685</b>	27,015
United States of America	<b>6</b>	-	-	-
Others	<b>6,204</b>	10,835	<b>1,149</b>	16,493
	<b>517,734</b>	630,432	<b>1,153,184</b>	1,271,267

**Major customers**

There are no major customers with revenue equal or more than ten percent (10%) of the Group revenue. As such, information on major customers is not presented.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 5. PROPERTY, PLANT AND EQUIPMENT

Group 2017	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold land RM'000	Leasehold buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment, renovations and motor vehicles RM'000	Exhibition services assets RM'000	Plant and building under construction RM'000	Total RM'000
<b>Cost</b>									
At 1 January	46,447	127,096	4,801	21,966	637,520	165,095	139,073	40,004	1,182,002
Additions	-	-	-	-	2,095	10,298	9,603	25,111	47,107
Disposals	-	-	-	-	(773)	(3,234)	(252)	(951)	(5,210)
Disposal of a subsidiary (Note 8(e))	-	-	-	-	(546)	(35,982)	(143,356)	(10,396)	(190,280)
Written off	-	-	-	-	(113,978)	(5,899)	(26)	-	(119,903)
Exchange adjustments	-	-	-	-	(4)	(702)	(5,042)	(323)	(6,071)
At 31 December	46,447	127,096	4,801	21,966	524,314	129,576	-	53,445	907,645
<b>Accumulated depreciation</b>									
At 1 January	-	37,441	1,392	6,688	405,532	132,631	25,147	-	608,831
Charge for the financial year	-	2,541	53	451	36,096	7,054	6,642	-	52,837
Disposals	-	-	-	-	(763)	(2,524)	(1)	-	(3,288)
Disposal of a subsidiary (Note 8(e))	-	-	-	-	(287)	(16,963)	(31,133)	-	(48,383)
Written off	-	-	-	-	(96,088)	(5,646)	(1)	-	(101,735)
Exchange adjustments	-	-	-	-	-	(192)	(654)	-	(846)
At 31 December	-	39,982	1,445	7,139	344,490	114,360	-	-	507,416
<b>Accumulated impairment</b>									
At 1 January	-	-	-	-	937	7	1,047	-	1,991
Charge for the year	-	-	-	-	69,224	66	-	-	69,290
Disposal of a subsidiary (Note 8(e))	-	-	-	-	(59)	(7)	(1,047)	-	(1,113)
At 31 December	-	-	-	-	70,102	66	-	-	70,168
<b>Carrying amount</b>									
At 31 December	46,447	87,114	3,356	14,827	109,722	15,150	-	53,445	330,061

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2016	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold land RM'000	Leasehold buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment, renovations and motor vehicles RM'000	Exhibition services assets RM'000	Plant and building under construction RM'000	Total RM'000
<b>Cost</b>									
At 1 January	46,447	127,096	4,801	21,966	637,293	149,991	51,979	26,045	1,065,618
Additions	-	-	-	-	2,507	22,250	71,346	24,650	120,753
Disposals	-	-	-	-	-	(5,785)	-	-	(5,785)
Disposal of a subsidiary (Note 8(h))	-	-	-	-	(1,591)	-	-	-	(1,591)
Written off	-	-	-	-	(701)	(3,635)	(126)	-	(4,462)
Reclassifications	-	-	-	-	-	1,030	9,889	(10,919)	-
Exchange adjustments	-	-	-	-	12	1,244	5,985	228	7,469
At 31 December	46,447	127,096	4,801	21,966	637,520	165,095	139,073	40,004	1,182,002
<b>Accumulated depreciation</b>									
At 1 January	-	34,900	1,339	6,237	374,028	131,510	15,285	-	563,299
Charge for the financial year	-	2,541	53	451	32,822	8,274	9,057	-	53,198
Disposals	-	-	-	-	-	(4,101)	-	-	(4,101)
Disposal of a subsidiary (Note 8(h))	-	-	-	-	(622)	-	-	-	(622)
Written off	-	-	-	-	(701)	(3,489)	(108)	-	(4,298)
Exchange adjustments	-	-	-	-	5	437	913	-	1,355
At 31 December	-	37,441	1,392	6,688	405,532	132,631	25,147	-	608,831
<b>Accumulated impairment</b>									
At 1 January	-	-	-	-	936	7	1,026	-	1,969
Exchange adjustments	-	-	-	-	1	-	21	-	22
At 31 December	-	-	-	-	937	7	1,047	-	1,991
<b>Carrying amount</b>									
At 31 December	46,447	89,655	3,409	15,278	231,051	32,457	112,879	40,004	571,180

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company 2017	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold land RM'000	Leasehold buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment, renovations and motor vehicles RM'000	Plant and building under construction RM'000	Total RM'000
<b>Cost</b>								
At 1 January	46,447	127,096	4,801	21,966	609,854	109,182	31,261	950,607
Additions	-	-	-	-	2,049	3,757	22,178	27,984
Disposals	-	-	-	-	(773)	(2,244)	-	(3,017)
Written off	-	-	-	-	(113,978)	(5,326)	-	(119,304)
At 31 December	46,447	127,096	4,801	21,966	497,152	105,369	53,439	856,270
<b>Accumulated depreciation</b>								
At 1 January	-	37,441	1,392	6,688	382,930	97,154	-	525,605
Charge for the financial year	-	2,541	53	451	34,853	4,138	-	42,036
Disposals	-	-	-	-	(763)	(1,767)	-	(2,530)
Written off	-	-	-	-	(96,088)	(5,259)	-	(101,347)
At 31 December	-	39,982	1,445	7,139	320,932	94,266	-	463,764
<b>Accumulated impairment</b>								
At 1 January	-	-	-	-	-	-	-	-
Charge for the financial year	-	-	-	-	69,224	66	-	69,290
At 31 December	-	-	-	-	69,224	66	-	69,290
<b>Carrying amount</b>								
At 31 December	46,447	87,114	3,356	14,827	106,996	11,037	53,439	323,216

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company 2016	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold land RM'000	Leasehold buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment, renovations and motor vehicles RM'000	Plant and building under construction RM'000	Total RM'000
<b>Cost</b>								
At 1 January	46,447	127,096	4,801	21,966	608,434	110,962	14,907	934,613
Additions	-	-	-	-	2,121	5,351	16,354	23,826
Disposals	-	-	-	-	-	(3,895)	-	(3,895)
Written off	-	-	-	-	(701)	(3,236)	-	(3,937)
At 31 December	46,447	127,096	4,801	21,966	609,854	109,182	31,261	950,607
<b>Accumulated depreciation</b>								
At 1 January	-	34,900	1,339	6,237	352,536	98,985	-	493,997
Charge for the financial year	-	2,541	53	451	31,095	4,409	-	38,549
Disposals	-	-	-	-	-	(3,019)	-	(3,019)
Written off	-	-	-	-	(701)	(3,221)	-	(3,922)
At 31 December	-	37,441	1,392	6,688	382,930	97,154	-	525,605
<b>Carrying amount</b>								
At 31 December	46,447	89,655	3,409	15,278	226,924	12,028	31,261	425,002

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) All items of property, plant and equipment are initially recorded at cost. After initial recognition, property, plant and equipment except for freehold land are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates. The principal depreciation period and annual rate are as follows:

Buildings	30 years to 50 years
Long term leasehold land	62 years to 888 years
Plant and machinery	5.56% - 25%
Furniture, fittings and equipment, renovation and motor vehicles	10% - 50%
Exhibition services assets	10%

Freehold land has unlimited useful life and is not depreciated. Plant and building under construction is stated at cost and is not depreciated until such time when the asset is available for use.

- (b) The Group has assessed and classified land use rights as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117 *Leases*.
- (c) In the previous financial year, the title of a freehold building of the Group and of the Company with carrying amount of RM38,050,000 had yet to be issued by the relevant authorities. The title was subsequently obtained during the financial year.
- (d) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Purchase of property, plant and equipment	47,107	120,753	27,984	23,826
Financed by hire purchase and finance lease arrangements	(1,860)	-	(1,860)	-
Cash payments on purchase of property, plant and equipment	45,247	120,753	26,124	23,826

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

- (e) The carrying amounts of the property, plant and equipment of the Group and of the Company under hire purchase or finance lease at the end of the reporting period were as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Plant and machinery	<b>2,821</b>	1,427	<b>1,488</b>	-
Furniture, fittings and equipment, renovations and motor vehicles	-	291	-	-
	<b>2,821</b>	1,718	<b>1,488</b>	-

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 20 to the financial statements.

- (f) The Group and the Company assessed whether there were any indicators of impairment of property, plant and equipment during the financial year. In doing this, management considered the current environments and performance of Cash Generating Units ("CGUs"). Management considered the loss-making CGUs in the current financial year as impairment indicator.

A CGU's recoverable amount is based on value-in-use. Management has made estimates about future results and key assumptions applied to cash flow projections of the CGUs. These key assumptions are applied to cash flow projections of the CGUs and include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates. Management has determined that the recoverable amounts of some property, plant and equipment in the CGUs are lower than their carrying amounts by RM69,290,000. Accordingly, impairment losses amounting to RM69,290,000 was recognised during the financial year.

The disclosures of the key assumptions are similar to the impairment assessment on the intangible assets, which have been set out in Note 7 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 6. INVESTMENT PROPERTIES

	Group and Company	
	2017 RM'000	2016 RM'000
<b>Cost</b>		
Balance as at 1 January/31 December	9,852	9,852
<b>Accumulated depreciation</b>		
Balance as at 1 January	(2,587)	(2,341)
Depreciation charge for the financial year	(246)	(246)
Balance as at 31 December	(2,833)	(2,587)
	<b>7,019</b>	<b>7,265</b>

## INVESTMENT PROPERTY UNDER CONSTRUCTION

<b>Cost</b>		
Balance as at 1 January	127,680	98,157
Additions	3,147	29,523
Balance as at 31 December	130,827	127,680
<b>Carrying amount</b>	<b>137,846</b>	<b>134,945</b>

- (a) Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the investment properties to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates. The principal depreciation period for the investments properties ranges between thirty (30) and fifty (50) years.

Investment property under construction is stated at cost and is not depreciated until such time when the asset is available for use.

- (b) Investment properties of the Group and of the Company comprise freehold buildings and leasehold buildings.
- (c) The Level 3 fair value of investment properties excluding the investment property under construction is RM25,390,000 (2016: RM22,950,000). The fair value is determined by the Directors based on market values for similar properties in the same vicinity obtained from property agencies. There is no transfer between levels in the hierarchy during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 6. INVESTMENT PROPERTIES (CONT'D)

(d) The following are recognised in the statements of profit or loss and other comprehensive income in respect of investment properties:

	Group and Company	
	2017 RM'000	2016 RM'000
Rental income	856	795
Direct operating expenses incurred on:		
- income generating investment properties	181	141
- non-income generating investment properties	9	5

## 7. INTANGIBLE ASSETS

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Goodwill on consolidation	a	21,932	87,306	-	-
Radio licences	b	-	-	-	-
Programmes rights	c	18,406	15,745	-	-
Computer software	d	2,686	1,006	31	486
Film rights	e	-	-	-	-
Internet portal	f	-	302	-	-
Exhibition license	g	-	21,911	-	-
		<b>43,024</b>	126,270	<b>31</b>	486

Intangible assets are initially measured at cost. After initial recognition, intangible assets, excluding goodwill are carried at cost less accumulated amortisation and any accumulated impairment losses.

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 7. INTANGIBLE ASSETS (CONT'D)

## (a) Goodwill on consolidation

The carrying amounts of goodwill allocated to the cash-generating unit ("CGU") of the Group are as follows:

	Group	
	2017 RM'000	2016 RM'000
<b>Cost</b>		
Balance as at 1 January		
- Radio broadcasting - CGU 1	21,932	21,932
- Education operation - CGU 2	-	5,187
- Human capital resources - CGU 3	2,022	2,022
- Exhibition services (Singapore subsidiaries) - CGU 4	58,940	58,940
- Television channel - CGU 5	24,355	24,355
- Exhibition services (Malaysia subsidiary) - CGU 7	42,871	42,871
- Online portal - CGU 8	9,833	9,833
	<b>159,953</b>	165,140
Deregistration of subsidiaries		
- Education operation - CGU 2	-	(5,187)
	-	(5,187)
Disposal of subsidiaries		
- Exhibition services (Singapore subsidiaries) - CGU 4	(58,940)	-
	<b>(58,940)</b>	-
Balance as at 31 December		
- Radio broadcasting - CGU 1	21,932	21,932
- Human capital resources - CGU 3	2,022	2,022
- Exhibition services (Singapore subsidiaries) - CGU 4	-	58,940
- Television channel - CGU 5	24,355	24,355
- Exhibition services (Malaysia subsidiary) - CGU 7	42,871	42,871
- Online portal - CGU 8	9,833	9,833
	<b>101,013</b>	159,953
Exchange differences	-	3,496
	<b>101,013</b>	163,449

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 7. INTANGIBLE ASSETS (CONT'D)

## (a) Goodwill on consolidation (cont'd)

The carrying amounts of goodwill allocated to the cash-generating unit ("CGU") of the Group are as follows (cont'd):

	Group	
	2017 RM'000	2016 RM'000
<b>Accumulated impairment losses</b>		
Balance as at 1 January		
- Education operation - CGU 2	-	5,187
- Human capital resources - CGU 3	1,300	1,300
- Exhibition services (Singapore subsidiaries) - CGU 4	30,280	30,280
- Television channel - CGU 5	24,355	24,355
- Exhibition services (Malaysia subsidiary) - CGU 7	18,461	-
- Online portal - CGU 8	1,366	-
	<b>75,762</b>	61,122
Impairment losses recognised during the year		
- Human capital resources - CGU 3	722	-
- Exhibition services (Malaysia subsidiary) - CGU 7	24,410	18,461
- Online portal - CGU 8	8,467	1,366
	<b>33,599</b>	19,827
Deregistration of subsidiaries		
- Education operation - CGU 2	-	(5,187)
	-	(5,187)
Disposal of subsidiaries		
- Exhibition services (Singapore subsidiaries) - CGU 4	(30,280)	-
	<b>(30,280)</b>	-

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 7. INTANGIBLE ASSETS (CONT'D)

## (a) Goodwill on consolidation (cont'd)

The carrying amounts of goodwill allocated to the cash-generating unit ("CGU") of the Group are as follows (cont'd):

	Group	
	2017	2016
	RM'000	RM'000
<b>Accumulated impairment losses (cont'd)</b>		
Balance as at 31 December		
- Human capital resources - CGU 3	2,022	1,300
- Exhibition services (Singapore subsidiaries) - CGU 4	-	30,280
- Television channel - CGU 5	24,355	24,355
- Exhibition services (Malaysia subsidiary) - CGU 7	42,871	18,461
- Online portal - CGU 8	9,833	1,366
	<b>79,081</b>	75,762
Exchange differences	-	381
	<b>79,081</b>	76,143
<b>Carrying amount</b>	<b>21,932</b>	87,306
<b>Carrying amounts as at 31 December represents</b>		
- Radio broadcasting - CGU 1	21,932	21,932
- Human capital resources - CGU 3	-	722
- Exhibition services (Singapore subsidiaries) - CGU 4	-	28,660
- Exhibition services (Malaysia subsidiary) - CGU 7	-	24,410
- Online portal - CGU 8	-	8,467
Exchange differences	-	3,115
	<b>21,932</b>	87,306

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

**7. INTANGIBLE ASSETS (CONT'D)****(a) Goodwill on consolidation (cont'd)**

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGUs based on value-in-use. Value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGUs based on the following assumptions:

- (i) The value-in-use calculations apply discounted cash flow projections prepared and approved by management, covering a 5-year period.
- (ii) Cash flows are projected based on management's expectations of revenue growth, operating cost and margins based on their recent experience.
- (iii) The forecasted growth rates are based on published industry data and do not exceed the sustainable long-term average growth rate for the relevant industries.
- (iv) Discount rates used for cash flows discounting purpose is the pre-tax discount rate of the Group plus a reasonable risk premium at the date of assessment of the CGU. The average discount rate applied on the cash flow projections is 8.70% (2016: 8.10%).

Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Based on the annual impairment testing undertaken by the Group, the carrying amounts of goodwill for CGU 3, CGU 7 and CGU 8 were determined to be lower than their recoverable amounts by RM722,000 (2016: RM NIL), RM24,410,000 (2016: RM18,461,000) and RM8,467,000 (2016: RM1,366,000) respectively. Accordingly, impairment losses amounting to RM722,000 (2016: RM NIL), RM24,410,000 (2016: RM18,461,000) and RM8,467,000 (2016: RM1,366,000) relating to CGU 3, CGU 7 and CGU 8 respectively were recognised during the financial year due to declining business operations. The impairment losses were allocated fully to goodwill, and are included in administrative and other expenses.

The management is not aware of any reasonably possible change in the above key assumptions that would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2017 (CONT'D)

7. INTANGIBLE ASSETS (CONT'D)

(b) Radio licences

	Group	
	2017 RM'000	2016 RM'000
<b>Cost</b>		
Balance as at 1 January	7,483	25,192
Disposal of a subsidiary	-	(17,709)
Balance as at 31 December	7,483	7,483
<b>Accumulated amortisation</b>		
Balance as at 1 January	7,483	20,842
Disposal of a subsidiary	-	(13,359)
Balance as at 31 December	7,483	7,483
<b>Accumulated impairment losses</b>		
Balance as at 1 January	-	4,350
Disposal of a subsidiary	-	(4,350)
Balance as at 31 December	-	-
<b>Carrying amount</b>	-	-

Amortisation of radio licences is calculated using the straight-line method to allocate the cost of the licences over their estimated useful lives of five (5) years. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 7. INTANGIBLE ASSETS (CONT'D)

## (c) Programmes rights

	Group	
	2017 RM'000	2016 RM'000
<b>Cost</b>		
Balance as at 1 January	42,908	26,177
Additions	22,672	15,616
Written off	(36,291)	-
Exchange differences	(3,210)	1,115
Balance as at 31 December	26,079	42,908
<b>Accumulated amortisation</b>		
Balance as at 1 January	27,163	20,035
Charge for the financial year	12,461	6,156
Written off	(30,729)	-
Exchange differences	(1,222)	972
Balance as at 31 December	7,673	27,163
<b>Carrying amount</b>	<b>18,406</b>	15,745

Amortisation of programmes rights is calculated using the straight-line method to allocate the cost of programmes rights over their estimated useful lives of one (1) to five (5) years. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 7. INTANGIBLE ASSETS (CONT'D)

## (d) Computer software

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Cost</b>				
Balance as at 1 January	13,941	13,515	12,115	11,640
Additions	3,134	750	22	475
Disposal	-	(276)	-	-
Written off	-	(70)	-	-
Exchange differences	(560)	22	-	-
Balance as at 31 December	16,515	13,941	12,137	12,115
<b>Accumulated amortisation</b>				
Balance as at 1 January	12,935	11,716	11,629	10,529
Charge for the financial year	1,368	1,405	477	1,100
Disposal	-	(180)	-	-
Written off	-	(30)	-	-
Exchange differences	(474)	24	-	-
Balance as at 31 December	13,829	12,935	12,106	11,629
<b>Carrying amount</b>	<b>2,686</b>	<b>1,006</b>	<b>31</b>	<b>486</b>

Computer software that does not form an integral part of the related hardware is treated as intangible assets with finite useful lives and is amortised over its estimated useful life of three (3) to five (5) years. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 7. INTANGIBLE ASSETS (CONT'D)

## (e) Film rights

	Group	
	2017 RM'000	2016 RM'000
<b>Cost</b>		
Balance as at 1 January/31 December	3,550	3,550
<b>Accumulated amortisation</b>		
Balance as at 1 January/31 December	1,253	1,253
<b>Accumulated impairment losses</b>		
Balance as at 1 January/31 December	2,297	2,297
<b>Carrying amount</b>	-	-

Film rights are recognised after approvals are obtained from the censorship authority. Cost of film rights comprises contracted cost of production and direct expenditure. Amortisation is calculated so as to write off the relevant portion of the film rights, which fairly represents the usage of its relevant attached rights.

The estimated useful lives represent common life expectancies applied in the industry within which the Group operates. The amortisation rates were as follows:

Upon first year from theatrical release	70%
Upon second year from theatrical release	20%
Upon third year from theatrical release	10%

## (f) Internet portal

	Group	
	2017 RM'000	2016 RM'000
<b>Cost</b>		
Balance as at 1 January/31 December	2,417	2,417
<b>Accumulated amortisation</b>		
Balance as at 1 January	2,115	1,510
Charge for the financial year	302	605
Balance as at 31 December	2,417	2,115
<b>Carrying amount</b>	-	302

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 7. INTANGIBLE ASSETS (CONT'D)

## (f) Internet portal (cont'd)

Amortisation of internet portal is calculated using the straight-line method to allocate the cost of the internet portal over its estimated useful life of four (4) years. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates.

## (g) Exhibition license

	Group	
	2017 RM'000	2016 RM'000
<b>Cost</b>		
Balance as at 1 January	25,318	21,683
Additions	-	3,056
Disposal of a subsidiary	(25,248)	-
Exchange differences	(70)	579
Balance as at 31 December	-	25,318
<b>Accumulated amortisation</b>		
Balance as at 1 January	3,407	586
Charge for the financial year	1,345	2,766
Disposal of a subsidiary	(4,745)	-
Exchange differences	(7)	55
Balance as at 31 December	-	3,407
<b>Carrying amount</b>	-	21,911

Amortisation of exhibition license is calculated using the straight-line method to allocate the cost of the exhibition license over its estimated useful life of ten (10) years, which is based on the period of the license granted.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
Unquoted shares - at cost	131,011	116,390
Equity loans	99,664	106,686
	<b>230,675</b>	223,076
Less: Accumulated impairment losses		
- Unquoted shares	<b>(70,846)</b>	(40,418)
- Equity loans	<b>(58,015)</b>	(28,933)
	<b>(128,861)</b>	(69,351)
	<b>101,814</b>	153,725

The Directors of the Company have reassessed the nature of the amounts owing by subsidiaries and determined that the outstanding balance net of impairment amounting to RM41,649,000 (2016: RM77,753,000) shall constitute equity loans to the subsidiaries, which are unsecured, interest free and settlement is neither planned nor likely to occur in the foreseeable future, and are considered to be part of the investments of the Company in providing the subsidiaries with a long term source of additional capital.

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

- (b) The Company has assessed whether there were any indicators of impairment during the financial year. In doing this, management considered the current environments and performance of the Cash Generating Units ("CGUs"). Management has considered the losses in certain subsidiaries in the current financial year as impairment indicators.

Management has made estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining their recoverable amounts using the value-in-use model. These key assumptions include different budgeted operating profit margins, growth rates, terminal values as well as determining an appropriate pre-tax discount rate used for each subsidiary.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2017	2016	2017	2016	
Star Papyrus Printing Sdn. Bhd.	Malaysia	99%	99%	-	-	Inactive
Star Publications (Singapore) Pte. Ltd. <sup>(1)</sup>	Singapore	100%	100%	-	-	Advertising and commission agent
Star Media Radio Group Sdn. Bhd.	Malaysia	100%	100%	-	-	Investment holding
Asian Center For Media Studies Sdn. Bhd.	Malaysia	-	100%	-	-	In members' voluntary liquidation
Impian Ikon (M) Sdn. Bhd.	Malaysia	100%	100%	-	-	Investment holding
Laviani Pte. Ltd. <sup>(1)</sup>	Singapore	100%	100%	-	-	Investment holding
Star MediaWorks Sdn. Bhd.	Malaysia	100%	100%	-	-	Investment holding
Acacia Forecast (M) Sdn. Bhd.	Malaysia	-	100%	-	-	In members' voluntary liquidation
Li TV Holdings Limited <sup>(1)</sup>	Hong Kong	100%	100%	-	-	Investment holding
I.Star Ideas Factory Sdn. Bhd.	Malaysia	90%	90%	-	-	Home & lifestyle exhibition including rental of booth and storage
Eighth Power Sdn. Bhd.	Malaysia	100%	100%	-	-	Invest in high growth technology based start-ups
Magnet Bizz Sdn. Bhd.	Malaysia	100%	100%	-	-	Publishers of magazines and books
I. Star Events Sdn. Bhd.	Malaysia	100%	100%	-	-	Inactive

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The details of the subsidiaries are as follows (cont'd):

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2017	2016	2017	2016	
Venus Agency Sdn. Bhd.	Malaysia	-	100%	-	-	In members' voluntary liquidation
SMG Business Services Sdn. Bhd. (formerly known as Jana Multimedia Sdn. Bhd.)	Malaysia	100%	100%	-	-	Providing shared services
SMG Entertainment Sdn. Bhd. (formerly known as Star Online Sdn. Bhd.)*	Malaysia	100%	100%	-	-	Providing on-demand internet streaming media
<b>Subsidiaries of Star MediaWorks Sdn. Bhd.</b>						
StarProperty Sdn. Bhd.	Malaysia	-	-	100%	100%	Online advertising and provision of property exhibitions services
I. Star Sdn. Bhd.	Malaysia	-	-	100%	100%	Inactive
MyStarJob Network Sdn. Bhd.	Malaysia	-	-	100%	100%	Online advertising
Ocision Sdn. Bhd.	Malaysia	-	-	100%	100%	Investment holding
<b>Subsidiaries of Ocision Sdn. Bhd.</b>						
iBilik Sdn. Bhd.	Malaysia	-	-	100%	100%	Inactive
Propwall Sdn. Bhd.	Malaysia	-	-	100%	100%	Inactive
Carsifu Sdn. Bhd.	Malaysia	-	-	100%	100%	Online car portal
Ocision Pte. Ltd. <sup>(2)</sup>	Singapore	-	-	100%	100%	Developing and provision of e-commerce activities and services

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The details of the subsidiaries are as follows (cont'd):

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2017	2016	2017	2016	
<b>Subsidiaries of Star Media Radio Group Sdn. Bhd.</b>						
Star Rfm Sdn. Bhd.	Malaysia	-	-	100%	100%	Operating a wireless radio broadcasting station
Rimakmur Sdn. Bhd.	Malaysia	-	-	100%	100%	Operating a wireless radio broadcasting station
<b>Subsidiary of Impian Ikon (M) Sdn. Bhd.</b>						
Leaderonomics Sdn. Bhd.	Malaysia	-	-	51%	51%	Provision of human capital development services including training and consultancy
<b>Subsidiaries of Leaderonomics Sdn. Bhd.</b>						
Leaderonomics Media Sdn. Bhd.	Malaysia	-	-	100%	100%	Produce, develop, distribute, market and deal with materials and contents related to leadership programmes or any business of human capital development including training of any form and consultancy of all kinds
Leaderonomics International Sdn. Bhd.	Malaysia	-	-	100%	100%	Carry on the business of human capital development including training and consultancy in Malaysia and/or internationally

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The details of the subsidiaries are as follows (cont'd):

Name of company	Country of incorporation	Company		Subsidiary		Principal activities
		2017	2016	2017	2016	
<b>Subsidiaries of Leaderonomics Sdn. Bhd.</b>						
Leaderonomics Good Monday Sdn. Bhd.	Malaysia	-	-	<b>75%</b>	75%	Produce, distribute and market materials and content related to organisational culture development and leadership or any business of human capital development
<b>Subsidiary of Laviani Pte. Ltd.</b>						
Cityneon Holdings Limited <sup>(1) ^</sup>	Singapore	-	-	-	53%	Investment holding
<b>Subsidiaries of Cityneon Holdings Limited</b>						
Wonderful World Pte. Ltd. <sup>(1)</sup>	Singapore	-	-	-	100%	Provision of design and build services for museums and visitor galleries, interior architecture and shop fit-outs
Dayspring Entertainment Pte. Ltd. (1)	Singapore	-	-	-	100%	Provision of event organising, management and event marketing services

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The details of the subsidiaries are as follows (cont'd):

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2017	2016	2017	2016	
<b>Subsidiaries of Cityneon Holdings Limited (cont'd)</b>						
Comprise Electrical (S) Pte. Ltd. <sup>(1)</sup>	Singapore	-	-	-	100%	Provision of electrical services for exhibitions and event management industries
Cityneon Contracts Sdn. Bhd. <sup>(2)</sup>	Malaysia	-	-	-	100%	Provision of exhibitions and event management services, including rental of reusable modules and furnishings, roadshows and custom-built pavilions
Cityneon Events Pte. Ltd. <sup>(1)</sup>	Singapore	-	-	-	100%	Provision of management, projects, logistics and ownership service for events and festivals
Themewerks Pte. Ltd. <sup>(1)</sup>	Singapore	-	-	-	100%	Design, build, construct, manufacture, trade in projects and components of water features, landscapes, thematic parks, thematic events, thematic leisure and entertainment outlets
Cityneon (Middle East) W.L.L. <sup>(2)</sup>	Kingdom of Bahrain	-	-	-	100%	Provision of exhibition services including rental of reusable modules and furnishings, custom-built pavilions and roadshows
Cityneon Creations Pte. Ltd. <sup>(1)</sup>	Singapore	-	-	-	100%	Provision of design and build services for custom-built exhibition pavilions and roadshows

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The details of the subsidiaries are as follows (cont'd):

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2017	2016	2017	2016	
<b>Subsidiaries of Cityneon Holdings Limited (cont'd)</b>						
Cityneon Exhibition Services (Vietnam) Co., Ltd. <sup>(1)</sup>	Socialist Republic of Vietnam	-	-	-	100%	Provision of interior and exterior decoration for offices, commercial buildings, shop, museums and theme parks
PT Wonderful World Marketing Services Indonesia <sup>(2)</sup>	Indonesia	-	-	-	100%	Provision of business and management consulting services
Cityneon Management Services Pte. Ltd. <sup>(1)</sup>	Singapore	-	-	-	100%	Provision of management, human resource and general office administration services
Cityneon Exhibition Services Pte. Ltd. <sup>(1)</sup>	Singapore	-	-	-	30%	Provision of exhibition services including rental of reusable modules, furnishings and furniture
Victory Hill Exhibition (Shanghai) Pte. Ltd.	People's Republic of China	-	-	-	100%	Provision of interior fit-out services, exhibition and event services, sports management services and conceptualisation design and build
Cityneon Vietnam Company Limited <sup>(1)</sup>	Socialist Republic of Vietnam	-	-	-	100%	Provision of project management services (other than for construction) and to engage in the installation, assembly, building completion and finishing works

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The details of the subsidiaries are as follows (cont'd):

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2017	2016	2017	2016	
<b>Subsidiaries of Cityneon Holdings Limited (cont'd)</b>						
Interbuild Construction Company Sdn. Bhd. <sup>(2)</sup>	Brunei Darussalam	-	-	-	90%	Provision of general, civil engineering and building contractors
Bahrain Cityneon Co. W.L.L. <sup>(2)</sup>	Kingdom of Bahrain	-	-	-	100%	Interior design for offices and homes, and third grade décor contracts
Cityneon Myanmar Company Limited <sup>(2)</sup>	Republic of the Union of Myanmar	-	-	-	100%	Provision of interior fit-out services, exhibition and event services
Victory Hill Exhibitions Pte. Ltd. <sup>(1)</sup>	Singapore	-	-	-	100%	Exhibition producer and intellectual property
Cityneon Creations India Private Limited <sup>(2)</sup>	India	-	-	-	50%	Provision of interior designing
Cityneon Holdings Limited & Cityneon Creations Pte. Ltd. & Cityneon DAG India Private Limited - Joint Venture <sup>(2)</sup>	India	-	-	-	50%	Provision of interior designing
Cityneon Hong Kong Company Limited	Hong Kong	-	-	-	100%	Provision of interior designing

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The details of the subsidiaries are as follows (cont'd):

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2017	2016	2017	2016	
<b>Subsidiaries of Cityneon Creations Pte. Ltd.</b>						
Cityneon Creations India Private Limited <sup>(2)</sup>	India	-	-	-	40%	Provision of interior designing
Cityneon Holdings Limited & Cityneon Creations Pte. Ltd. & Cityneon DAG India Private Limited - Joint Venture <sup>(2)</sup>	India	-	-	-	40%	Provision of interior designing
<b>Subsidiary of Comprise Electrical (S) Pte. Ltd.</b>						
Cityneon Exhibition Services Pte. Ltd. <sup>(1)</sup>	Singapore	-	-	-	70%	Provision of exhibition services including rental of reusable modules, furnishings and furniture
<b>Subsidiaries of Cityneon Exhibition Services Pte. Ltd.</b>						
Shanghai Cityneon Exhibition Services Co., Ltd. <sup>(2)</sup>	People's Republic of China	-	-	-	100%	Designer and provider of services for trade fairs, exhibitions and displays
E-Graphics Displays Pte. Ltd. <sup>(1)</sup>	Singapore	-	-	-	60%	Designer and production of environmental graphic materials including banners, posters, billboards and general signages for event and exhibition venues

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The details of the subsidiaries are as follows (cont'd):

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2017	2016	2017	2016	
<b>Subsidiary of Cityneon (Middle East) W.L.L.</b>						
C.N. Overseas Services W.L.L. <sup>(2)</sup>	Kingdom of Bahrain	-	-	-	100%	Provision of contracting, designing and executing exhibition decoration and structure; renting services for international exhibitions fixtures, import, export and sales of décor materials
<b>Subsidiary of Themewerks Pte. Ltd.</b>						
Artsclapes Themewerks Pte. Ltd. <sup>(1)</sup>	Singapore	-	-	-	65%	Design, build, construct, manufacture, trade in projects and components of water features, landscapes, thematic parks, thematic events, thematic leisure and entertainment outlets
<b>Subsidiaries of Victory Hill Exhibitions Pte. Ltd.</b>						
Station-LV, LLC <sup>(2)</sup>	United States of America	-	-	-	100%	Provision of leasing space, planning and construction of an exhibition facility
Victory Hill Entertainment Group, LLC <sup>(2)</sup>	United States of America	-	-	-	100%	Provision of worldwide administrative function, supporting the activities of affiliates

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The details of the subsidiaries are as follows (cont'd):

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2017	2016	2017	2016	
<b>Subsidiaries of Victory Hill Exhibitions Pte. Ltd. (cont'd)</b>						
Victory Hill Exhibitions (UK) Limited <sup>(2)</sup>	United Kingdom	-	-	-	100%	Exhibition producer and intellectual property
VHE (HK) Limited <sup>(2)</sup>	Hong Kong	-	-	-	100%	Provision of worldwide administrative function, supporting the activities of affiliates
<b>Subsidiaries of Li TV Holdings Limited</b>						
Li TV Asia Sdn. Bhd.	Malaysia	-	-	100%	100%	Agent for distribution of television channel and films and sale of television channel airtime
Li TV Asia Pte. Ltd. <sup>(1)</sup>	Singapore	-	-	100%	100%	Provision of technical operation and broadcasting support for high definition television channel
Li TV International Limited <sup>(1)</sup>	Hong Kong	-	-	100%	100%	Operating a regional pay/cable television channel
<b>Subsidiary of SMG Entertainment Sdn. Bhd. (formerly known as Star Online Sdn. Bhd.)</b>						
SMG Production and Distribution Sdn. Bhd. <sup>+</sup>	Malaysia	-	-	100%	-	Inactive

<sup>(1)</sup> Audited by member firms of BDO International.<sup>(2)</sup> Not audited by BDO or member firms of BDO International.<sup>^</sup> Details of disposal of subsidiary during the financial year are disclosed in Note 8(e) to the financial statements.<sup>\*</sup> Details of acquisition of subsidiary during the financial year are disclosed in Note 8(f) to the financial statements.<sup>+</sup> The effect of this incorporation is immaterial to the Group.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

**8. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

(d) Impairment losses on investments in subsidiaries and equity loans amounting to RM35,807,000 (2016: RM4,878,000) and RM29,082,000 (2016: RM19,456,000) respectively have been recognised in respect of certain subsidiaries due to declining business operations. The recoverable amounts of these subsidiaries were based on their value-in-use amounts.

(e) Disposal of a subsidiary - Cityneon Holdings Limited ("Cityneon")

On 12 July 2017, the Group completed the disposal of its entire equity interest (equivalent to 52.51%) in a subsidiary, Cityneon, a company incorporated in Singapore, which was an investment holding company for a total cash consideration of SGD115,612,731 (equivalent to approximately RM360,180,000) and this has been classified as discontinued operations as disclosed in Note 30 to the financial statements.

The effects of disposal to the Group were as follows:

	2017 Group RM'000
Property, plant and equipment (Note 5)	140,784
Intangible assets	27,753
Investments in associates (Note 9)	530
Inventories	2,451
Trade and other receivables	188,022
Cash and bank balances	55,256
Deferred tax liabilities (Note 12)	(3,408)
Borrowings	(86,303)
Trade and other payables	(90,373)
Current tax liabilities	(306)
Non-controlling interests	(1,020)
Net assets disposed	233,386
Goodwill	30,307
Non-controlling interests at the date of disposal	(111,081)
Realisation of foreign exchange translation reserve on disposal	715
Realisation of share option reserve	(6)
	153,321
Gain on disposal of subsidiary	206,859
Net consideration from disposal	360,180
Cash and bank balances of subsidiaries disposed	(55,256)
Net cash inflow on disposal	304,924

The effects of the disposal on the financial results of the Group up to the date of disposal are disclosed in Note 30 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (f) Acquisition of a subsidiary - SMG Entertainment Sdn. Bhd. (formerly known as Star Online Sdn. Bhd.) ("SMG Ent")

In the previous financial year, I.Star Sdn. Bhd., had disposed off its entire equity interests in SMG Ent to the Company, for a total cash consideration of RM2, which represents the entire paid-up share capital of SMG Ent. Subsequently on 27 December 2016, SMG Ent increased its issued and paid-up share capital from 2 ordinary shares to 20,000,000 ordinary shares by an allotment of 19,999,998 ordinary shares. The Company subscribed for 19,999,998 ordinary shares in SMG Ent for a total consideration of RM19,999,998.

The acquisition of SMG Ent did not have any effect to the Group.

On 20 March 2017, SMG Ent increased its issued and paid-up capital from 20,000,000 ordinary shares to 30,000,000 ordinary shares by an allotment of 10,000,000 ordinary shares. Subsequently on 20 July 2017, SMG Ent increased its issued and paid-up capital from 30,000,000 ordinary shares to 40,000,000 ordinary shares by an allotment of another 10,000,000 ordinary shares. During the current financial year, the Company subscribed for 20,000,000 ordinary shares in SMG Ent for a total consideration of RM20,000,000. Following the subscription of shares, the equity interest of the Company in SMG Ent remained at 100%.

- (g) Deregistration of subsidiaries - Excel Corporation (Australia) Pty. Ltd. ("Excel") and its subsidiary

In the previous financial year, the Company deregistered a wholly-owned subsidiary, Excel and its dormant subsidiary, AIUS Pty. Ltd. ("AIUS") under Section 601AA(4) of the Corporations Act 2001 with The Australian Securities And Investments Commission ("ASIC"). Excel and AIUS were not in financial difficulty or insolvent and had met all the requirements to deregister with ASIC. Accordingly, the cumulative amounts of the foreign exchange differences of RM21,073,000 relating to Excel and AIUS had been reclassified to profit and loss. The said deregistration was part of the corporate restructuring exercise.

- (h) Disposal of a subsidiary - Capital FM Sdn. Bhd. ("Capital FM")

In the previous financial year, the Company completed the disposal of its entire equity interest in a wholly-owned subsidiary, Capital FM, a company incorporated in Malaysia, which was engaged in operating a wireless radio broadcasting station for a total cash consideration of RM40,380,000.

The gain on disposal of the subsidiary in the previous financial year was as follows:

	2016	
	Group RM'000	Company RM'000
Cost of investment	-	1,500
Property, plant and equipment (Note 5)	969	-
Receivables	16	-
Finance lease liabilities	(862)	-
Net assets/Carrying amount	123	1,500
Net proceeds from disposal	(40,380)	(40,380)
Gain on disposal	(40,257)	(38,880)

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (i) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

2017	Leaderonomics Sdn. Bhd.	Other individual immaterial subsidiaries	Total
NCI percentage of ownership interest and voting interest	49.00%		
Carrying amount of NCI (RM'000)	3,708	(2,048)	1,660
Loss allocated to NCI (RM'000)	(440)	(2,410)	(2,850)

2016	Cityneon Holdings Limited	Leaderonomics Sdn. Bhd.	Other individual immaterial subsidiaries	Total
NCI percentage of ownership interest and voting interest	47.49%	49.00%		
Carrying amount of NCI (RM'000)	104,597	4,638	392	109,627
Profit/(Loss) allocated to NCI (RM'000)	8,554	248	(1,804)	6,998

The NCI of all other subsidiaries that are not wholly-owned by the Group are deemed to be immaterial.

- (j) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

2017	Leaderonomics Sdn. Bhd. RM'000
<b>Assets and liabilities</b>	
Non-current assets	492
Current assets	8,253
Current liabilities	(1,364)
Net assets	7,381
<b>Results</b>	
Revenue	10,625
Loss for the financial year	(900)
Total comprehensive loss	(900)
Cash flows from operating activities	2,569
Cash flows from investing activities	1,469
Cash flows used in financing activities	(3,000)
Net decrease in cash and cash equivalents	1,038

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (j) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows (cont'd):

2016	Cityneon Holdings Limited RM'000	Leaderonomics Sdn. Bhd. RM'000
<b>Assets and liabilities</b>		
Non-current assets	170,387	3,301
Current assets	207,747	7,265
Non-current liabilities	(2,668)	-
Current liabilities	(157,147)	(1,286)
Net assets	218,319	9,280
<b>Results</b>		
Revenue	301,720	11,857
Profit for the financial year	20,612	577
Total comprehensive income	23,532	577
Cash flows from/(used in) operating activities	5,975	(599)
Cash flows used in investing activities	(94,569)	(29)
Cash flows from/(used in) financing activities	86,404	(147)
Net decrease in cash and cash equivalents	(2,190)	(775)

## 9. INVESTMENTS IN ASSOCIATES

	Group	
	2017 RM'000	2016 RM'000
At cost:		
- Unquoted equity shares	3,411	4,211
- Share of post-acquisition losses, net of dividends received	(1,188)	(899)
Less: Impairment losses	(1,717)	(2,517)
Less: Disposal of subsidiary (Note 8(e))	(530)	-
Exchange differences	24	24
	-	819

- (a) Investments in associates are measured at cost less impairment losses, if any, and accounted for using the equity method in the consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 9. INVESTMENTS IN ASSOCIATES (CONT'D)

(b) The details of the associates are as follows:

Name of company	Country of incorporation	Interest in equity held by subsidiary		Principal activities
		2017	2016	
Voxy Labs Sdn. Bhd. <sup>(1)*</sup>	Malaysia	-	49%	Advisors, consultants and development for information technology related activities
H&H Connection Sdn. Bhd. <sup>(1)</sup>	Malaysia	30%	30%	Online retailer
Geob International Sdn. Bhd. <sup>(1)</sup>	Malaysia	20%	20%	Distributors or dealers of medical products, electronic devices and engineering specialities
Poh Wah Event Scaffolding Pte. Ltd. <sup>(1)#</sup>	Singapore	-	30%	Event organisers

<sup>(1)</sup> Not audited by BDO or member firms of BDO International.

\* This associate has been struck off on 7 February 2017 and the effect of striking off is immaterial to the Group.

# This associate has been disposed during the financial year as part of the disposal of a subsidiary as disclosed in Note 8(e) to the financial statements.

All the above associates are accounted for using the equity method in the consolidated financial statements.

- (c) In the previous financial year, Eighth Power Sdn. Bhd., a subsidiary of the Company had disposed off its 20% equity interest in Loanstreet Sdn. Bhd. for a cash consideration of RM150,000. Accordingly, a gain on disposal of investment in an associate amounting to RM150,000 was recognised. This disposal has no material financial effect to the Group for the financial year ended 31 December 2016.
- (d) The financial statements of the above associates are coterminous with those of the Group, except for Poh Wah Event Scaffolding Pte. Ltd., which has a financial year end of 31 March. This was the financial reporting date established when it was incorporated, and a change of financial reporting period was not made. For the purpose of applying the equity method of accounting, the audited financial statements of Poh Wah for the financial year ended 31 March 2016 had been used, and appropriate adjustments had been made for the effects of significant transactions between that date and 31 December 2016.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 9. INVESTMENTS IN ASSOCIATES (CONT'D)

(e) The summarised financial information of the associates are as follows:

2016	Poh Wah Event Scaffolding Pte. Ltd. RM'000	Other individually immaterial associates RM'000
<b>Assets and liabilities</b>		
Non-current assets	2,073	96
Current assets	657	248
Current liabilities	-	(113)
Net assets	2,730	231
<b>Results</b>		
Revenue	494	51
Loss for the financial year	(1,204)	(310)
Total comprehensive loss	(1,204)	(310)
Cash flows used in operating activities	(856)	(71)
Cash flows (used in)/from investing activities	(57)	14
Cash flows used in financing activities	-	(11)
Net decrease in cash and cash equivalents	(913)	(68)

The Group does not have any associate, which is individually material to the Group for the financial year ended 31 December 2017.

(f) The reconciliation of net assets of Poh Wah Event Scaffolding Pte. Ltd. to the carrying amount of the investments in associates is as follows:

As at 31 December	2017 RM'000	2016 RM'000
Share of net assets	-	819
Goodwill	-	-
Carrying amount in the statements of financial position	-	819
<b>Share of results for the financial year</b>		
Share of profit or loss	(289)	(361)
Share of other comprehensive income	-	-
Share of total comprehensive loss	(289)	(361)

No reconciliation of net assets to the carrying amount of other investments in associates is disclosed as the costs of investments in these associates had been fully impaired.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 10. OTHER INVESTMENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Non-current</b>				
Financial assets at fair value through profit or loss				
Within Malaysia				
- Quoted investment funds	10,424	35,947	10,424	33,508
- Quoted equity investments	236	2,517	236	2,517
Total non-current other investments	10,660	38,464	10,660	36,025

- (a) All regular way purchase or sale of financial assets shall be recognised or derecognised using trade date accounting.
- (b) The fair values of quoted investments in Malaysia are determined by reference to the exchange quoted market bid prices at the close of the business at the end of each reporting period.
- (c) The fair value of other investments of the Group and of the Company are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Group</b>				
<b>2017</b>				
<b>Other investments</b>				
- Quoted investment funds	10,424	-	-	10,424
- Quoted equity investments	236	-	-	236
<b>2016</b>				
<b>Other investments</b>				
- Quoted investment funds	35,947	-	-	35,947
- Quoted equity investments	2,517	-	-	2,517
<b>Company</b>				
<b>2017</b>				
<b>Other investments</b>				
- Quoted investment funds	10,424	-	-	10,424
- Quoted equity investments	236	-	-	236
<b>2016</b>				
<b>Other investments</b>				
- Quoted investment funds	33,508	-	-	33,508
- Quoted equity investments	2,517	-	-	2,517

**Sensitivity analysis of quoted investment funds and quoted equity investments**

As the Group and the Company neither have the intention, nor historical trend of active trading in these financial instruments, the Directors are of the opinion that the Group and the Company are not subject to significant exposure to price risk and accordingly, no sensitivity analysis is being presented at the end of each reporting period.

There is no transfer between levels in the hierarchy during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Non-current</b>				
Other receivables	-	1,563	-	-
<b>Current</b>				
<b>Trade</b>				
Third parties	56,956	126,154	44,932	52,063
Subsidiaries	-	-	385	106
Related parties	-	930	-	930
Amounts due from customers for contract works	-	40,058	-	-
	56,956	167,142	45,317	53,099
Less: Impairment losses				
- Third parties	(2,724)	(4,459)	(1,825)	(812)
	54,232	162,683	43,492	52,287
<b>Non-trade</b>				
Third parties	21,223	35,471	11,214	13,060
Subsidiaries	-	-	30,825	104,603
	21,223	35,471	42,039	117,663
Less: Impairment losses				
- Third parties	(3,504)	(3,504)	(3,456)	(3,456)
- Subsidiaries	-	-	(14,092)	(35,999)
	17,719	31,967	24,491	78,208
Sundry deposits and other receivables	4,298	5,968	2,915	1,760
<b>Loans and receivables</b>	<b>76,249</b>	<b>200,618</b>	<b>70,898</b>	<b>132,255</b>
<b>Prepayments</b>				
Prepayments	25,239	29,832	21,801	10,943
	101,488	230,450	92,699	143,198

- (a) Financial assets classified as loans and receivables are measured at amortised cost using the effective interest method.
- (b) Included in other receivables of the Group and of the Company is an amount of RM3,671,850 (2016: RM6,819,000), which represents the net present value of a receivable arising from the disposal of a parcel of land in prior years that will be settled in kind via a building.
- (c) Trade receivables are non-interest bearing and the normal credit terms granted by the Group and the Company ranges from payment in advance to credit period of 90 days (2016: 90 days) from date of invoices. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

**11. TRADE AND OTHER RECEIVABLES (CONT'D)**

(d) Amounts due from/(to) customers for contract works

	Group	
	2017 RM'000	2016 RM'000
Aggregate costs incurred to date	-	138,369
Add: Attributable profits	-	104,623
	-	242,992
Less: Progress billings	-	(206,969)
	-	36,023
Represented by:		
Amounts due from customers for contract works	-	40,058
Amounts due to customers for contract works (Note 21)	-	(4,035)
	-	36,023

In the previous financial year, retention monies held by customers for contract works amounted to RM4,351,000.

(e) Amounts owing by subsidiaries are in respect of advances, which are unsecured, interest free and payable upon demand in cash and cash equivalents. In the previous financial year, amounts owing by subsidiaries of RM11,027,000 was subject to interest at a rate of 3.80% per annum.

(f) The ageing analysis of trade receivables of the Group and of the Company are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Neither past due nor impaired	50,134	141,898	41,283	49,906
Past due, not impaired				
1 to 30 days past due	2,626	16,130	1,584	1,186
31 to 60 days past due	1,111	1,610	565	922
More than 61 days	361	3,045	60	273
	4,098	20,785	2,209	2,381
Past due and impaired	2,724	4,459	1,825	812
	56,956	167,142	45,317	53,099

**Receivables that are neither past due nor impaired**

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment records with the Group and the Company. None of the trade receivables of the Group and the Company that are neither past due nor impaired have been renegotiated during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

**11. TRADE AND OTHER RECEIVABLES (CONT'D)**

(f) The ageing analysis of trade receivables of the Group and of the Company are as follows (cont'd):

**Receivables that are past due but not impaired**

Trade receivables that are past due but not impaired mainly arose from active corporate clients with healthy business relationship, in which the management is of the view that the amounts are recoverable based on past payment history. The trade receivables that are past due but not impaired are unsecured in nature.

**Receivables that are past due and impaired**

Trade receivables of the Group and of the Company that are past due and impaired at the end of each reporting period are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivables, gross	2,724	4,459	1,825	812
Less: Impairment losses	(2,724)	(4,459)	(1,825)	(812)
	-	-	-	-

(g) The reconciliation of movements in the impairment losses on trade receivables is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 January	4,459	4,232	812	1,111
Charge for the financial year	1,180	1,533	1,119	651
Written off	(45)	(267)	(46)	(267)
Reversal of impairment losses on trade receivables	(132)	(1,086)	(60)	(683)
Disposal of a subsidiary	(2,658)	(34)	-	-
Exchange differences	(80)	81	-	-
At 31 December	2,724	4,459	1,825	812

Trade receivables that are individually determined to be impaired at the end of each reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 11. TRADE AND OTHER RECEIVABLES (CONT'D)

(h) The currency exposure profiles of trade and other receivables (excluding prepayments) are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	64,169	84,362	60,743	69,371
Singapore Dollar	2,125	61,281	204	62,739
United States Dollar	9,947	27,508	9,943	142
British Pound	6	3	6	3
Bahraini Dinar	-	15,372	-	-
Vietnamese Dong	-	5,192	-	-
Omani Rial	-	4,089	-	-
Chinese Renminbi	-	3,522	-	-
Others	2	852	2	-
	<b>76,249</b>	<b>202,181</b>	<b>70,898</b>	<b>132,255</b>

(i) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Effects of 3% changes to RM against foreign currencies</b>				
Profit after tax				
- United States Dollar	225	761	227	3
- Singapore Dollar	53	1,393	5	1,430
- Bahraini Dinar	-	344	-	-
- Chinese Renminbi	-	88	-	-

The exposure of other currencies are not significant, hence the effect of the changes in the exchange rates are not presented.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 11. TRADE AND OTHER RECEIVABLES (CONT'D)

- (j) The Group determines concentration of credit risk by monitoring the country and industry sector profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of each reporting period are as follows:

	2017		Group		2016	
	RM'000	% of total	RM'000	% of total	RM'000	% of total
<b>By country</b>						
Malaysia	54,232	100%	89,845	55%		
Asia Pacific (including Australia)	-	-	18,207	11%		
Singapore	-	-	16,940	11%		
China	-	-	14,789	9%		
Middle East	-	-	9,731	6%		
Europe	-	-	8,756	5%		
Hong Kong	-	-	3,896	3%		
Others	-	-	519	_*		
	<b>54,232</b>	<b>100%</b>	<b>162,683</b>	<b>100%</b>		
<b>By industry sectors</b>						
Print and digital	45,648	84%	53,841	33%		
Broadcasting	3,810	7%	3,695	3%		
Event, exhibition, interior and thematic	2,362	5%	98,361	60%		
Television channel	-	-	3,896	2%		
Others	2,412	4%	2,890	2%		
	<b>54,232</b>	<b>100%</b>	<b>162,683</b>	<b>100%</b>		

\* Amount is less than 1%

The Company does not have any significant concentration of credit risk other than the amounts owing by its subsidiaries constituting 18% (2016: 48%) of total receivables of the Company. The Company does not anticipate the carrying amounts recorded at the end of the reporting period to be significantly different from the values that would eventually be received.

- (k) Sensitivity analysis for fixed rate instruments as at the end of the previous reporting period was not presented as fixed rate instruments are not affected by changes in interest rates.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 12. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Balance as at 1 January	54,872	54,169	51,980	51,170
Recognised in profit or loss (Note 26)	(28,776)	469	(26,238)	810
Disposal of a subsidiary (Note 8(e))	(3,408)	-	-	-
Exchange differences	13	234	-	-
Balance as at 31 December	22,701	54,872	25,742	51,980
Presented after appropriate offsetting:				
Deferred tax assets, net	(3,333)	(128)	-	-
Deferred tax liabilities, net	26,034	55,000	25,742	51,980
	22,701	54,872	25,742	51,980

(b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

## Deferred tax assets of the Group

	Unused tax losses and unabsorbed capital allowances RM'000	Accrual for staff costs RM'000	Other temporary differences RM'000	Set-off of tax RM'000	Total RM'000
At 1 January 2017	(601)	(4,288)	(1,409)	6,170	(128)
Recognised in profit or loss	(78)	2,253	(4,271)	(1,109)	(3,205)
At 31 December 2017	(679)	(2,035)	(5,680)	5,061	(3,333)
At 1 January 2016	(716)	(6,201)	(6,199)	12,792	(324)
Recognised in profit or loss	115	1,913	4,790	(6,622)	196
At 31 December 2016	(601)	(4,288)	(1,409)	6,170	(128)

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 12. DEFERRED TAX (CONT'D)

- (b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (cont'd):

## Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Other temporary differences RM'000	Set-off of tax RM'000	Total RM'000
At 1 January 2017	61,156	14	(6,170)	55,000
Recognised in profit or loss	(26,418)	(262)	1,109	(25,571)
Disposal of a subsidiary	(3,408)	-	-	(3,408)
Exchange differences	13	-	-	13
At 31 December 2017	31,343	(248)	(5,061)	26,034
At 1 January 2016	67,271	14	(12,792)	54,493
Recognised in profit or loss	(6,349)	-	6,622	273
Exchange differences	234	-	-	234
At 31 December 2016	61,156	14	(6,170)	55,000

## Deferred tax liabilities of the Company

	Property, plant and equipment RM'000	Accruals for staff costs RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2017	57,895	(4,871)	(1,044)	51,980
Recognised in profit or loss	(27,508)	3,292	(2,022)	(26,238)
At 31 December 2017	30,387	(1,579)	(3,066)	25,742
At 1 January 2016	63,235	(5,613)	(6,452)	51,170
Recognised in profit or loss	(5,340)	742	5,408	810
At 31 December 2016	57,895	(4,871)	(1,044)	51,980

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 12. DEFERRED TAX (CONT'D)

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2017 RM'000	2016 RM'000
<b>Continuing operations</b>		
Other temporary differences	(14,493)	(3,536)
Unabsorbed capital allowances	28,049	6,564
Unused tax losses	60,946	26,252
	<b>74,502</b>	<b>29,280</b>

The deductible temporary differences do not expire under current tax legislation. In the previous financial year, the unused tax losses Cityneon Vietnam are available for offset against future taxable income for a period of 5 years from the year incurred. The year of expiry of unused tax losses of Cityneon Vietnam are detailed in the table below.

Year incurred	Year of expiry	Group	
		2017 RM'000	2016 RM'000
2011	2016	-	489
2012	2017	-	34
2013	2018	-	1,492
2014	2019	-	1,769
2015	2020	-	2,363
		-	6,147

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the temporary differences could be utilised.

## 13. INVENTORIES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>At cost</b>				
Newsprint	25,562	38,701	25,562	38,701
Other raw materials and consumables	45	2,371	20	11
	<b>25,607</b>	<b>41,072</b>	<b>25,582</b>	<b>38,712</b>

- (a) Cost of newsprint of the Group and of the Company is determined on a weighted average basis while cost of other raw materials and consumables of the Group and of the Company is determined on a first-in-first-out basis.
- (b) During the financial year, inventories of the Group and of the Company recognised as cost of sales amounted to RM57,625,000 (2016: RM70,331,000) and RM57,625,000 (2016: RM69,307,000) respectively.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 14. DERIVATIVE ASSETS

	Group and Company			
	2017		2016	
	Contract amount RM'000	Financial assets RM'000	Contract amount RM'000	Financial assets RM'000
Forward currency contracts	1,998	30	7,398	416

- (a) The Group and the Company entered into one (1) currency forward contract (2016: seven (7)) with financial institutions.
- (b) These currency forward contracts were entered into with the objective of managing exposures to currency risk for payables, which are denominated in a currency other than the functional currencies of the Group and of the Company. The fair values of the forward currency contracts have been determined based on counter parties' quotes as at the end of each reporting period.
- (c) The above derivatives are initially recognised at fair value on the date the derivative contracts are entered into and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss from the re-measurement is recognised in profit or loss.
- (d) During the financial year, the Group and the Company recognised a net loss of RM386,000 (2016: gain of RM252,000) arising from fair value changes of derivative assets.
- (e) The fair value of derivative assets of the Group and of the Company are categorised as follows:

Group and Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2017</b>				
<b>Derivative asset</b>				
- Forward currency contract	30	-	-	30
<b>2016</b>				
<b>Derivative assets</b>				
- Forward currency contracts	416	-	-	416

There is no transfer between levels in the hierarchy during the financial year.

- (f) The notional amount and maturity date of the forward currency contracts outstanding as at 31 December 2017 and 31 December 2016 are as follows:

Group and Company	Contractual amount in Foreign Currency (FC'000)	Equivalent amount in Ringgit Malaysia (RM'000)	Expiry date
<b>2017</b>			
United States Dollar	492	1,998	31.01.2018
<b>2016</b>			
United States Dollar	1,244	5,236	04.1.2017 - 28.2.2017
British Pound	35	202	13.01.2017
Swiss Franc	441	1,960	13.01.2017

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 15. CASH AND BANK BALANCES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	73,171	156,862	32,219	60,822
Deposits placed with licensed banks	407,636	342,728	375,958	293,677
	<b>480,807</b>	499,590	<b>408,177</b>	354,499

- (a) The weighted average effective interest rates of deposits of the Group and of the Company at the end of each reporting period are as follows:

	Group		Company	
	2017	2016	2017	2016
<b>Weighted average effective interest rate</b>				
- Fixed rates	3.66%	3.51%	3.71%	3.60%

Sensitivity analysis for fixed rate deposits at the end of the reporting period is not presented as fixed rate instruments is not affected by changes in interest rates.

- (b) Deposits of the Group and of the Company have a range of maturity period of 7 days to 273 days (2016: 7 days to 181 days).
- (c) In the previous financial year, included in the cash and cash equivalents of the Group was an amount of RM21,900,000 held by subsidiaries in the People's Republic of China ("PRC"), which were subject to foreign currency exchange restrictions. Under the PRC's Foreign Exchange Control Regulations, the Group is only permitted to exchange for foreign currencies through banks that were authorised to conduct foreign exchange business.
- (d) The currency exposure profiles of cash and bank balances are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	467,707	419,549	396,872	354,033
Singapore Dollar	11,942	14,882	11,276	442
United States Dollar	1,148	14,764	19	19
Chinese Renminbi	5	20,509	5	-
Bahraini Dinar	-	20,273	-	-
Qatari Rial	-	8,391	-	-
Omani Rial	-	466	-	-
Euro	-	422	-	-
Brunei Dollar	-	132	-	-
British Pound	5	5	5	5
Others	-	197	-	-
	<b>480,807</b>	499,590	<b>408,177</b>	354,499

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 15. CASH AND BANK BALANCES (CONT'D)

- (e) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Effects of 3% changes to RM against foreign currencies</b>				
Profit after tax				
- Singapore Dollar	281	370	257	10
- United States Dollar	28	367	-	-
- Chinese Renminbi	-	511	-	-
- Bahraini Dinar	-	505	-	-
- Qatari Rial	-	209	-	-

The exposure of other currencies are not significant, hence the effect of the changes in the exchange rates are not presented.

- (f) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	73,171	156,862	32,219	60,822
Deposits placed with licensed banks	407,636	342,728	375,958	293,677
Less:				
Deposits placed with licensed banks with original maturity of more than three (3) months	(17,197)	(11,279)	(16,491)	(6,172)
	463,610	488,311	391,686	348,327

## 16. SHARE CAPITAL AND TREASURY SHARES

	Company			
	2017		2016	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid up ordinary shares	738,564	738,564	738,564	738,564

- (a) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regards to the residual assets of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

**16. SHARE CAPITAL AND TREASURY SHARES (CONT'D)**

(b) With the introduction of the Companies Act 2016 effective 31 January 2017, the concepts of authorised share capital and par value of share capital have been abolished.

(c) Treasury shares

At an Extraordinary General Meeting held on 18 May 2005, the shareholders of the Company approved the proposal to repurchase up to 10% of its own shares ("Share Buy-Back") of the Company. The authority granted by the shareholders has been renewed at each subsequent Annual General Meeting. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the Share Buy-Back is in the best interest of the Company and its shareholders.

The details of the treasury shares are as follows:

Year	Number of shares re-purchased '000	Total consideration paid RM'000	Transaction costs RM'000	Average price per share RM
2009	70	225	1	3.18
2012	125	358	2	2.86
2013	412	1,050	5	2.54
2017	<b>80</b>	<b>136</b>	<b>-*</b>	<b>1.69</b>
	687	1,769	8	2.57

\* Amount is immaterial to disclose

The repurchase transactions were financed by internally generated funds and the shares repurchased were retained as treasury shares.

Of the total 738,563,602 issued and fully paid ordinary shares as at 31 December 2017, there are 687,200 (2016: 607,200) ordinary shares with a cumulative total consideration amounting to RM1,769,480 (2016: RM1,633,957) held as treasury shares by the Company. The number of outstanding shares in issue after the Share Buy-Back is 737,876,402 (2016: 737,956,402) ordinary shares as at 31 December 2017.

None of the treasury shares held were resold or cancelled during the financial year. Treasury shares have no rights to voting, dividends or participation in other distribution.

**17. RESERVES**

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-distributable:				
Share option reserve	-	6	-	-
Foreign exchange translation reserve	(66)	13,047	-	-
	(66)	13,053	-	-
Distributable:				
Retained earnings	<b>136,884</b>	378,671	<b>84,897</b>	321,321
	<b>136,818</b>	391,724	<b>84,897</b>	321,321

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2017 (CONT'D)

**17. RESERVES (CONT'D)**

## (a) Share option reserve

In the previous financial year, the share option reserve of the Group was in respect of the equity-settled options granted to employees of the Cityneon Group. This reserve was made up of the cumulative value of services received from the employees of Cityneon Group recorded on the grant date of share options.

## (b) Foreign exchange translation reserve

The foreign exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

**18. MEDIUM TERM NOTES**

- (a) In 2011, the Company issued two (2) RM100 million nominal value Medium Term Notes ("MTN") with fixed interest rates of 4.5% and 4.8% per annum respectively. These MTN are unsecured and have tenure of five (5) years and seven (7) years respectively. The maturity dates for the MTN are 11 May 2016 and 11 May 2018 respectively. The Medium Term Note that had maturity date on 11 May 2016 was repaid in the previous financial year.
- (b) Medium Term Notes are classified as other financial liabilities, and measured at amortised cost using the effective interest method.
- (c) The carrying amounts of Medium Term Notes, which bear fixed interest rates are reasonable approximation of its fair value and would not be significantly different from the values that would eventually be settled.
- (d) Sensitivity analysis for Medium Term Notes at the end of the reporting period is not presented as fixed rate instruments is not affected by changes in interest rates.
- (e) The Medium Term Notes are denominated in Ringgit Malaysia.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 19. BORROWINGS

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Non-current</b>					
Hire purchase and finance lease liabilities		1,455	905	1,244	-
<b>Current</b>					
Bank loans		-	99,925	-	-
Hire purchase and finance lease liabilities		1,042	906	465	-
		1,042	100,831	465	-
<b>Total borrowings</b>					
Bank loans		-	99,925	-	-
Hire purchase and finance lease liabilities	20	2,497	1,811	1,709	-
		2,497	101,736	1,709	-

(a) Borrowings are classified as other financial liabilities, and are measured at amortised cost using effective interest method.

(b) The borrowings are repayable over the following periods:

	Year of maturity	Carrying amount RM'000	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Over 5 years RM'000
<b>Group</b>						
<b>2017</b>						
Hire purchase and finance lease liabilities	2021	2,497	1,042	676	779	-
<b>2016</b>						
Bank loans	2017	99,925	99,925	-	-	-
Hire purchase and finance lease liabilities	2020	1,811	906	618	287	-
		101,736	100,831	618	287	-
<b>Company</b>						
<b>2017</b>						
Hire purchase and finance lease liabilities	2021	1,709	465	465	465	314

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 19. BORROWINGS (CONT'D)

(c) The interest rate profiles of the borrowings as at end of each reporting period are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
- Fixed rate	2,497	1,811	1,709	-
- Floating rate	-	99,925	-	-
	<b>2,497</b>	<b>101,736</b>	<b>1,709</b>	<b>-</b>

(d) The weighted average effective interest rates of the borrowings as at the end of each reporting period are as follows:

	Group		Company	
	2017	2016	2017	2016
Bank loans	-	3.30%	-	-
Hire purchase and finance lease liabilities	<b>5.88%</b>	6.74%	<b>3.60%</b>	-

(e) Sensitivity analysis for fixed rate borrowings as at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates. Sensitivity analysis of interest rates for the floating rate instruments at the end of the reporting period, assuming all other variables remain constant is as follows:

	Group	
	2017 RM'000	2016 RM'000
<b>Effects of 50bp changes to profit after tax</b>		
Floating rate instruments	-	415

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 19. BORROWINGS (CONT'D)

- (f) Financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values, are as follows:

	2017		2016	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>Group</b>				
Bank loans	-	-	99,925	99,925
Hire purchase and finance lease liabilities	2,497	2,229	1,811	1,626
	<b>2,497</b>	<b>2,229</b>	101,736	101,551
<b>Company</b>				
Hire purchase and finance lease liabilities	1,709	1,573	-	-

In the previous financial year, the carrying amounts of bank loans were reasonable approximations of fair values, either due to their short-term nature or that they were floating rate instruments that were re-priced to market interest rates on or near the end of each reporting period.

The fair values of hire purchase and finance lease liabilities are estimated by discounting expected future cash flows at market incremental lending rate for similar type of lending, borrowings or leasing arrangements at the end of each reporting period.

The fair value of borrowings is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

- (g) The currency exposure profiles of borrowings are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	2,497	3,783	1,709	-
Singapore Dollar	-	52,282	-	-
United States Dollar	-	45,671	-	-
	<b>2,497</b>	101,736	<b>1,709</b>	-

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 19. BORROWINGS (CONT'D)

- (h) Sensitivity analysis of RM against foreign currencies at the end of each reporting period, assuming that all other variables remain constant is as follows:

	Group	
	2017	2016
	RM'000	RM'000
<b>Effects of 3% changes to RM against foreign currencies</b>		
Profit after tax		
- United States Dollar	-	1,137
- Singapore Dollar	-	752

- (i) In the previous financial year, one of the secured bank loans of RM22,053,000 of the Group was secured by a negative pledge over all the present and future assets of Laviani Pte. Ltd., including quoted shares of Cityneon Holdings Limited held by Laviani Pte. Ltd.. The Company also provided a guarantee and indemnity of SGD7,000,000 covering interest accruing and all monies payable under the facility.

The other secured bank loans of RM77,872,000 of the Group were guaranteed by its subsidiaries.

The Group designates corporate guarantees given to banks for credit facilities granted as financial liabilities at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The corporate guarantees have not been recognised since the fair values on initial recognition were not material.

- (j) The table below summarises the maturity profile of the borrowings (including Medium Term Notes) at the end of each reporting period based on contractual undiscounted repayment obligations:

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>2017</b>				
Medium Term Notes	104,800	-	-	104,800
Hire purchase and finance lease liabilities	1,147	1,612	-	2,759
Total undiscounted financial liabilities	105,947	1,612	-	107,559
<b>2016</b>				
Medium Term Notes	-	109,600	-	109,600
Bank loans	100,920	-	-	100,920
Hire purchase and finance lease liabilities	997	952	-	1,949
Total undiscounted financial liabilities	101,917	110,552	-	212,469

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 19. BORROWINGS (CONT'D)

- (j) The table below summarises the maturity profile of the borrowings (including Medium Term Notes) at the end of each reporting period based on contractual undiscounted repayment obligations (cont'd):

Company	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>2017</b>				
Medium Term Notes	104,800	-	-	104,800
Hire purchase and finance lease liabilities	536	1,397	-	1,933
<b>Total undiscounted financial liabilities</b>	<b>105,336</b>	<b>1,397</b>	<b>-</b>	<b>106,733</b>
<b>2016</b>				
Medium Term Notes	-	109,600	-	109,600
<b>Total undiscounted financial liabilities</b>	<b>-</b>	<b>109,600</b>	<b>-</b>	<b>109,600</b>

## 20. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Minimum lease payments:				
- not later than one (1) year				
Hire purchase	-	95	-	-
Finance leases	1,147	903	536	-
	1,147	998	536	-
- later than one (1) year but not later than five (5) years				
Hire purchase	-	125	-	-
Finance leases	1,612	826	1,397	-
	1,612	951	1,397	-
<b>Total minimum lease payments</b>	<b>2,759</b>	<b>1,949</b>	<b>1,933</b>	<b>-</b>
Less: Future interest charges				
- Hire purchase	-	(15)	-	-
- Finance leases	(262)	(123)	(224)	-
	(262)	(138)	(224)	-
<b>Present value of minimum lease payments</b>	<b>2,497</b>	<b>1,811</b>	<b>1,709</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 20. HIRE PURCHASE AND FINANCE LEASE LIABILITIES (CONT'D)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Present value of minimum lease payments is represented by:				
Hire purchase	-	205	-	-
Finance leases	<b>2,497</b>	1,606	<b>1,709</b>	-
	<b>2,497</b>	1,811	<b>1,709</b>	-
Repayable as follows:				
Current liabilities				
- not later than one (1) year				
Hire purchase	-	87	-	-
Finance leases	<b>1,042</b>	819	<b>465</b>	-
Total current liabilities	<b>1,042</b>	906	<b>465</b>	-
Non-current liabilities				
- later than one (1) year but not later than five (5) years				
Hire purchase	-	118	-	-
Finance leases	<b>1,455</b>	787	<b>1,244</b>	-
Total non-current liabilities	<b>1,455</b>	905	<b>1,244</b>	-
	<b>2,497</b>	1,811	<b>1,709</b>	-

The remaining lease terms range from one (1) to five (5) years with options to purchase at the end of the lease term. Lease terms do not contain restrictions concerning dividends or additional debt.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 21. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Trade payables</b>				
Third parties	3,749	30,114	870	1,055
Subsidiaries	-	-	54,157	3,702
Amounts due to customers for contract works (Note 11(d))	-	4,035	-	-
	<b>3,749</b>	<b>34,149</b>	<b>55,027</b>	<b>4,757</b>
<b>Other payables</b>				
Amounts owing to subsidiaries	-	-	4,720	4,729
Other payables	11,314	31,868	7,251	10,967
Deferred income	20,635	10,932	6,674	5,663
Deposits from agents, subscribers and customers	12,019	15,454	12,019	15,454
Accruals	98,022	58,868	79,948	33,656
	<b>141,990</b>	<b>117,122</b>	<b>110,612</b>	<b>70,469</b>
	<b>145,739</b>	<b>151,271</b>	<b>165,639</b>	<b>75,226</b>

- (a) Trade and other payables (excluding deferred income) are classified as other financial liabilities, and measured at amortised cost using the effective interest method.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from one (1) month to four (4) months (2016: 1 to 4 months).
- (c) Amounts owing to subsidiaries represent payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (d) In the previous financial year, included in other payables of the Group were amounts owing to Directors of certain subsidiaries amounting to RM375,000.
- (e) A reconciliation of the deferred income is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Balance as at 1 January	10,932	9,563	5,663	7,366
Additions during the financial year	76,375	60,678	36,834	30,949
Recognised as revenue during the financial year	(66,672)	(59,309)	(35,823)	(32,652)
Balance as at 31 December	<b>20,635</b>	<b>10,932</b>	<b>6,674</b>	<b>5,663</b>

Deferred income comprises consideration received in advance from customers for advertisement and exhibition services as well as subscription of newspapers and magazines by the customers.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

**21. TRADE AND OTHER PAYABLES (CONT'D)**

(f) Included in the accruals of the Group and the Company are payroll related accruals amounting to RM68,919,000 (2016: RM31,862,000) and RM64,159,000 (2016: RM24,165,000) respectively.

(g) The currency exposure profiles of trade and other payables (net of deferred income) are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	118,532	72,385	119,391	65,975
United States Dollar	5,203	14,762	141	128
British Pound	863	1,099	863	1,099
Euro	301	142	3	4
Singapore Dollar	205	22,437	38,567	2,356
Bahraini Dinar	-	8,041	-	-
Chinese Renminbi	-	8,005	-	-
Australian Dollar	-	1	-	1
Others	-	13,467	-	-
	<b>125,104</b>	140,339	<b>158,965</b>	69,563

(h) Sensitivity analysis of RM against foreign currencies at the end of each reporting period, assuming that all other variables remain constant is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Effects of 3% changes to RM against foreign currencies</b>				
Profit after tax				
- United States Dollar	122	411	3	3
- Singapore Dollar	2	430	880	54
- Bahraini Dinar	-	200	-	-
- Chinese Renminbi	-	200	-	-

The exposure of other currencies are not significant, hence the effect of the changes in the exchange rates are not presented.

(i) The maturity profile of the trade and other payables (excluding deferred income) of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 22. REVENUE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Continuing operations</b>				
Publication, printing and distribution of newspapers and magazines and online advertisements	440,188	544,390	431,941	539,572
Event management, exhibition services and thematic	15,697	18,765	-	-
Broadcasting	40,685	42,201	-	-
Subscription and distribution	10,657	13,461	-	-
Others	10,507	11,615	-	-
	<b>517,734</b>	<b>630,432</b>	<b>431,941</b>	<b>539,572</b>

## (a) Sales of goods

Revenue from sales of goods represents the invoiced value arising from the publication, printing and distribution of newspapers, magazines and online advertisements (net of returns and goods and service tax).

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customers and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and services and acceptance by customers.

## (b) Services

Revenue from services represents the invoiced value arising from the broadcasting of commercials on radio (net of goods and service tax), subscription fees and distribution of television channel and films and broadcasting of commercials on television channel and on-demand internet streaming media (net of goods and service tax), and provision of services on training and consultancy (net of goods and service tax).

Revenue from events and exhibitions, which consists of rental of booth and storage for home and lifestyle exhibitions are recognised based on the occurrence of the events.

Revenue from licensing fee is recognised when an assignment is granted to the exhibition promoters, which permits the promoters to begin immediate use, to exploit without restriction and when the Group has no remaining obligations to perform.

## (c) Projects

Revenue and expenses from contract works of event management, exhibition services and thematic are recognised based on the percentage of completion method. Percentage of completion is measured by the percentage of contract costs incurred to date against the total estimated costs for each contract. Significant assumptions are required to estimate the total contract cost and the recoverable variation works that would affect the stage of completion. The estimates are made based on past experience and knowledge of the work specialists. Changes in job performance, job conditions and estimated profitability, including those arising from final contract settlements, may result in revisions to costs and revenues and are recognised in the period in which the revisions are determined.

When it is probable that total contract costs would exceed total contract revenue, the expected loss is recognised as an expense immediately.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

**22. REVENUE (CONT'D)**

## (c) Projects (cont'd)

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable would be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

## (d) Other income

## (i) Interest income

Interest income is recognised as it accrues, using the effective interest method.

## (ii) Dividend income

Dividend income is recognised when the rights to receive payment is established.

## (iii) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as a reduction of rental income over the lease term on a straight line basis.

## (iv) Commission income

Commission income is recognised when the entity acts in the capacity of an agent, the revenue recognised is the net amount of commission made by the entity.

**23. COST OF SALES AND SERVICES**

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Continuing operations</b>				
Publication, printing and distribution of newspapers and magazines and digital	<b>210,128</b>	219,829	<b>212,276</b>	219,635
Event management, exhibition services and thematic	<b>10,587</b>	11,915	-	-
Broadcasting	<b>8,591</b>	9,373	-	-
Subscription and distribution	<b>25,740</b>	12,445	-	-
Others	<b>4,149</b>	4,065	-	-
	<b>259,195</b>	257,627	<b>212,276</b>	219,635

**24. FINANCE COSTS**

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Continuing operations</b>				
Interest expenses on:				
- Medium Term Notes	<b>4,800</b>	6,403	<b>4,800</b>	6,403
- Bank loans	<b>203</b>	1,086	-	-
- Finance lease liabilities	<b>128</b>	165	<b>71</b>	-
	<b>5,131</b>	7,654	<b>4,871</b>	6,403

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

**25. PROFIT BEFORE TAX**

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at:

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Continuing operations</b>					
After charging:					
Auditors' remuneration:					
BDO Malaysia					
- Statutory					
- Current year		<b>369</b>	355	<b>236</b>	228
- Over provision in prior years		-	(5)	-	(5)
- Non-statutory					
- Current year		<b>14</b>	15	<b>11</b>	15
- Under provision in prior years		-	1	-	1
Other auditors					
- Statutory					
- Current year		<b>123</b>	143	-	-
Bad debts written off		<b>54</b>	-	-	-
Dividend income		-	-	<b>211,866</b>	-
Directors' remuneration payable to:					
- Directors of the Company					
- fees		<b>739</b>	727	<b>667</b>	655
- other emoluments		<b>1,957</b>	2,464	<b>1,957</b>	2,464
- Directors of subsidiaries					
- fees		<b>36</b>	15	-	-
- other emoluments		<b>1,192</b>	4,269	-	-
Fair value loss on other investment		-	1,718	-	1,778
Foreign exchange loss:					
- realised		-	612	-	596
Loss on disposal of:					
- other investments		-	12	-	12
- property, plant and equipment		-	63	-	52
Operating lease rental		<b>355</b>	355	<b>355</b>	355
Rental of equipment		<b>9</b>	8	-	-
Rental of premises		<b>3,093</b>	3,407	<b>272</b>	345
Rental of warehouse		<b>36</b>	35	-	-
Waiver of debts		-	-	-	6

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 25. PROFIT BEFORE TAX (CONT'D)

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at (cont'd):

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
And crediting:					
Bad debts recovered		-	1	-	-
Fair value gain on other investment		1,532	-	1,463	-
Foreign exchange gain:					
- realised		7,551	-	7,394	-
- unrealised		1,161	2,181	1,076	2,213
Gain on disposal of:					
- intangible assets		-	75	-	-
- other investments		373	-	373	-
- property, plant and equipment		13	-	2	-
Interest income		3,536	4,370	2,359	3,210
Investment income		13,274	13,588	13,178	13,501
Rental income:					
- investment properties	6(d)	856	795	856	795
- others		294	-	331	186
Waiver of debts		69	-	-	-

The estimated monetary value of benefits-in-kind not included in the above received by Directors of the Company was RM246,000 (2016: RM165,000) for the Group and the Company.

## 26. TAXATION

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Continuing operations</b>				
Current year taxation based on profit for the financial year				
- Malaysian income tax	8,872	29,511	799	25,600
Over provision in prior years				
- Malaysian income tax	(2,353)	(3,325)	(415)	(3,084)
	<b>6,519</b>	26,186	<b>384</b>	22,516
Deferred tax (Note 12)				
- Relating to origination and reversal of temporary differences	(30,634)	(4,689)	(27,517)	(4,640)
- Under provision in prior years	1,010	5,556	1,279	5,450
	<b>(29,624)</b>	867	<b>(26,238)</b>	810
Taxation	<b>(23,105)</b>	27,053	<b>(25,854)</b>	23,326

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 26. TAXATION (CONT'D)

	Note	Group	
		2017 RM'000	2016 RM'000
<b>Discontinued operations</b>			
Current year taxation based on profit for the financial year			
- Foreign income tax		1,706	3,196
Under/(Over) provision in prior years			
- Foreign income tax		112	(554)
		<b>1,818</b>	2,642
Deferred tax (Note 12)			
- Relating to origination and reversal of temporary differences		(157)	(387)
- Under provision in prior years		1,005	(11)
		<b>848</b>	(398)
Tax expense	30	<b>2,666</b>	2,244

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated taxable profits for the fiscal year.
- (b) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.
- (c) The numerical reconciliation between taxation and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before tax				
- continuing operations	39,812	122,972	69,802	115,966
- discontinued operations	27,192	23,234	-	-
	<b>67,004</b>	146,206	<b>69,802</b>	115,966
Taxation at Malaysian statutory rate of 24% (2016: 24%)	16,081	35,089	16,752	27,832
Expenses not deductible for tax purposes	19,211	15,253	18,885	9,306
Income not subject to tax	(63,041)	(20,410)	(62,355)	(16,178)
Deferred tax assets not recognised	10,853	2,976	-	-
Utilisation of previously unrecognised deferred tax assets	-	(607)	-	-
Difference in tax rates in foreign jurisdiction	(3,317)	(4,670)	-	-
	<b>(20,213)</b>	27,631	<b>(26,718)</b>	20,960
(Over)/Under provision in prior years				
- corporate tax	(2,241)	(3,879)	(415)	(3,084)
- deferred tax	2,015	5,545	1,279	5,450
Taxation	<b>(20,439)</b>	29,297	<b>(25,854)</b>	23,326

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 26. TAXATION (CONT'D)

(d) Tax on each component of other comprehensive income is as follows:

	Group					
	Before tax RM'000	2017 Tax effect RM'000	After tax RM'000	Before tax RM'000	2016 Tax effect RM'000	After tax RM'000
<b>Items that may be reclassified subsequently to profit or loss</b>						
Foreign currency translations	(7,374)	-	(7,374)	7,395	-	7,395
Reclassification of foreign exchange translation reserve to profit and loss on deregistration of foreign subsidiaries	-	-	-	(21,073)	-	(21,073)

## 27. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	2017	2016
<b>In RM'000</b>		
Profit for the financial year attributable to equity holders of the parent		
From continuing operations	77,620	97,474
From discontinued operations	12,673	12,437
Profit attributable to equity holders of the parent	90,293	109,911
<b>In '000</b>		
Weighted average number of ordinary shares in issue	738,564	738,564
Weighted average number of treasury shares held	(687)	(607)
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	737,877	737,957
<b>In sen</b>		
Basic earnings per ordinary share		
- From continuing operations	10.52	13.20
- From discontinued operations	1.72	1.69
	12.24	14.89

(b) Diluted earnings per ordinary share

The diluted earnings per ordinary share equal basic earnings per ordinary share because there were no potential dilutive ordinary shares as at the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 28. DIVIDENDS

	Group and Company	
	Dividend per ordinary share sen	Amount of dividend RM'000
<b>2017</b>		
2017 First interim dividend paid	6.0	44,277
2017 Special dividend paid	30.0	221,387
2016 Second interim dividend paid	9.0	66,416
	<b>45.0</b>	<b>332,080</b>
<b>2016</b>		
2016 First interim dividend paid	9.0	66,416
2015 Second interim dividend paid	9.0	66,416
	<b>18.0</b>	<b>132,832</b>

Subsequent to the financial year, on 27 February 2018, the Directors declared a second interim dividend of 6.0 sen per ordinary share, single tier which amounted to approximately RM44,273,000 in respect of the financial year ended 31 December 2017. The dividend is payable on 18 April 2018 to the shareholders whose names appear in the Record of Depositors at the close of business on 30 March 2018. The financial statements for the current financial year do not reflect the proposed dividend.

## 29. EMPLOYEE BENEFITS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Salaries and wages	255,239	247,860	201,370	161,010
Defined contribution retirement plans	25,890	29,210	20,542	22,271
Others	7,996	10,186	6,312	7,155
	<b>289,125</b>	<b>287,256</b>	<b>228,224</b>	<b>190,436</b>

Included in employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM5,167,000 (2016: RM18,512,000) and RM1,957,000 (2016: RM2,464,000) respectively.

## 30. DISCONTINUED OPERATIONS

- (a) On 12 May 2017, Laviani Pte. Ltd., a direct wholly-owned subsidiary of the Company had entered into an agreement to dispose off its entire equity interest (equivalent to 52.51%) in a subsidiary, Cityneon Holdings Limited, a company incorporated in Singapore, which was an investment holding company for a cash consideration of SGD115,612,731 (equivalent to approximately RM360,180,000). The disposal was completed on 12 July 2017.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 30. DISCONTINUED OPERATIONS (CONT'D)

(b) An analysis of the results of the discontinued operations are as follows:

	Group	
	2017 RM'000	2016 RM'000
Revenue	156,798	301,683
Other income	1,176	5,585
Operating expenses	(129,108)	(282,088)
Finance costs	(1,385)	(1,585)
Share of loss of an associate, net of tax	(289)	(361)
Profit before tax	27,192	23,234
Taxation (Note 26)	(2,666)	(2,244)
Profit for the financial year	24,526	20,990

The cash flows attributable to the discontinued operations are as follows:

	Group	
	2017 RM'000	2016 RM'000
Net cash (used in)/from operating activities	(9,883)	6,037
Net cash used in investing activities	(16,952)	(95,542)
Net cash from financing activities	12,913	87,293
	(13,922)	(2,212)

(c) Other than those disclosed elsewhere in the financial statements, profit before tax of the discontinued operations is arrived at:

	Group	
	2017 RM'000	2016 RM'000
After charging:		
Auditors' remuneration:		
BDO member firms		
- Statutory		
- Current year	510	715
- Non-statutory		
- Current year	-	139
Bad debts written off	-	5
Directors' remuneration payable to:		
- Directors of the Company		
- fees	91	343
- other emoluments	-	21
- Directors of subsidiaries		
- fees	1,249	580
- other emoluments	2,018	11,758

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

**30. DISCONTINUED OPERATIONS (CONT'D)**

- (c) Other than those disclosed elsewhere in the financial statements, profit before tax of the discontinued operations is arrived at (cont'd):

	Group	
	2017 RM'000	2016 RM'000
After charging (cont'd):		
Foreign exchange loss:		
- realised	1,243	377
Loss on disposal of property, plant and equipment	4	-
Rental of equipment	7,866	-
Rental of premises	2,409	3,207
Rental of warehouse	-	2,491
And crediting:		
Bad debts recovered	-	542
Interest income	76	195
Rental income	120	254
Gain on disposal of property, plant and equipment	-	35
Unrealised foreign exchange gain	-	1,755

**31. RELATED PARTIES DISCLOSURES**

- (a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 8 to the financial statements;
- (ii) Associates as disclosed in Note 9 to the financial statements;
- (iii) Companies in which certain Directors have financial interests; and
- (iv) Key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Company, and certain members of the senior management of the Group.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

## 31. RELATED PARTIES DISCLOSURES (CONT'D)

- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Company	
	2017 RM'000	2016 RM'000
<b>Subsidiaries</b>		
Advertisement commission paid/payable	108	415
Event fees paid/payable	-	37
Dividend income	211,866	-
Interest received/receivable	-	412
Jobbing income	1,156	360
Management fees	20,823	3,949
Purchase of content	996	3
Purchase of ePaper subscription	26	5
Rental income	30	32
Sales of advertisement space	23	732
Training fees paid/payable	153	381

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Companies in which certain Directors deemed to have financial interests</b>				
Sales of advertisement space	16,038	18,277	16,015	18,272
Purchase of services	28	211	28	211

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 31 December 2017 is disclosed in Notes 11 and 21 to the financial statements.

- (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and the Company.

The remuneration of the Directors during the financial year was as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Short term employee benefits	1,963	2,356	1,963	2,335
Contributions to defined contribution plans	240	294	240	294
	<b>2,203</b>	<b>2,650</b>	<b>2,203</b>	<b>2,629</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

**32. CONTINGENT LIABILITIES**

- (a) There are several libel suits, which involve claims against the Group and the Company of which the outcome and probable compensation, if any, are currently indeterminable. However, after consulting with their legal counsel for litigation cases and internal and external experts to the Group and the Company for matters in the ordinary course of business, the Directors and management do not expect the amounts of liabilities, if any, to be material to the financial statements.
- (b) In the previous financial year, certain subsidiaries provided tender bonds and guarantees through banks to its landlord for office rental deposit amounting to RM2,137,000 and to its customers and suppliers for the tender of projects, guarantee on performance and usage of exhibition venues amounting to RM49,784,000. Certain tender bonds and guarantees were secured by bank guarantees amounting to RM131,000. Management was of the view that no losses were expected to arise pertaining to the aforesaid tender bonds and performance guarantees.
- (c) Contingent liabilities that are not carried at fair values and whose carrying amounts are not reasonable approximation of fair values, are as follows:

	2017		2016	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>Group and Company</b>				
<b>Unrecognised financial liabilities</b>				
- Contingent liabilities				
- Litigations	-	3,245	-	1,750

The fair value of contingent liabilities is categorised as Level 3 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

**33. COMMITMENTS**

- (a) Operating lease commitments
- (i) The Group as a lessee

The Group had entered into non-cancellable lease agreements resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

The lease terms do not contain restrictions on the activities of the Group concerning dividends or additional debt. The Group has aggregate future minimum lease commitment as at the end of each reporting period as follows:

	Group	
	2017 RM'000	2016 RM'000
Not later than one (1) year	192	20,128
Later than one (1) year and not later than five (5) years	83	70,650
More than five (5) years	-	76,022
	<b>275</b>	<b>166,800</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

**33. COMMITMENTS (CONT'D)**

## (a) Operating lease commitments (cont'd)

## (ii) The Group as a lessor

The Group has entered into non-cancellable lease arrangements on properties for terms of between one (1) to three (3) years and renewable at the end of the lease period.

The Group has aggregate future minimum lease receivables as at the end of each reporting period as follows:

	Group	
	2017 RM'000	2016 RM'000
Not later than one (1) year	1,398	650
Later than one (1) year and not later than five (5) years	1,753	375
	<b>3,151</b>	1,025

## (b) Capital commitments

	Group and Company	
	2017 RM'000	2016 RM'000
Authorised capital expenditure not provided for in the financial statements		
- contracted	2,560	27,759
- not contracted	13,934	28,344
	<b>16,494</b>	56,103
Analysed as follows:		
- Property, plant and equipment	16,494	56,103

**34. CAPITAL AND FINANCIAL RISK MANAGEMENT**

## (a) Capital management

The primary objective of the capital management of the Group is to ensure that the Group would be able to continue as a going concern whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in financial year ended 31 December 2016.

The Group reviews its capital structure on an annual basis and the Directors consider the cost of capital and the risks associated with each class of the capital. The Group manages its capital structure and makes adjustments to address changes in economic environment, regulatory requirements and risk characteristics in the business operations of the Group. These initiatives include dividend payments, share buy-back, issuance of new debts, redemption of debts and other adjustments in light of economic conditions.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, loans and borrowings, less cash and bank balances. Capital represents equity attributable to the owners of the parent.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

**34. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)**

## (a) Capital management (cont'd)

There are no changes made on the capital management, policies and procedures of the Group and the Company during the financial years ended 31 December 2017 and 31 December 2016.

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Loans and borrowings	<b>102,497</b>	201,736	<b>101,709</b>	100,000
Less: Cash and bank balances (Note 15(f))	<b>(73,171)</b>	(156,862)	<b>(32,219)</b>	(60,822)
Net debt	<b>29,326</b>	44,874	<b>69,490</b>	39,178
Total capital	<b>873,613</b>	1,128,655	<b>821,692</b>	1,058,252
Gearing ratio	3.4%	4.0%	8.5%	3.7%

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of not less than or equals to twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial year ended 31 December 2017.

The Group is not subject to any other externally imposed capital requirements

## (b) Financial risk management

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from foreign currency risk, liquidity and cash flow risk, interest rate risk, credit risk and market risk.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to foreign currency risk, liquidity and cash flow risk, interest rate risk, credit risk and market risk. Information on the management of the related exposures is detailed below.

## (i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rate.

The Group and the Company are exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currencies of the operating entities.

The Group and the Company also hold cash and bank balances denominated in foreign currencies for working capital purposes. At the end of each reporting period, such foreign currency balances amounted to RM13,100,000 (2016: RM80,041,000) for the Group and RM11,305,000 (2016: RM466,000) for the Company.

The Group maintains a natural hedge, where possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

**34. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)**

## (b) Financial risk management (cont'd)

## (i) Foreign currency risk (cont'd)

During the financial year, the Group and the Company entered into foreign currency forward contracts to manage exposures to currency risk for payables, which are denominated in a currency other than the functional currencies of the Group and of the Company.

The notional amount and maturity date of the forward foreign exchange contracts outstanding as at the end of the reporting period is disclosed in Note 14 to the financial statements.

The sensitivity analysis for foreign currency risk has been disclosed in Notes 11, 15, 19 and 21 to the financial statements respectively.

## (ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The Group is actively managing its operating cash flows to ensure all commitments and funding needs are met. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 19 and 21 to the financial statements respectively.

## (iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The primary interest rate risk of the Group and of the Company relates to interest-earning deposits and interest-bearing borrowings from financial institutions. The fixed-rate deposit and borrowings of the Group are not exposed to a risk of changes in their fair values due to changes in interest rates. The floating rate deposits and borrowings of the Group are exposed to a risk of change in cash flows due to changes in interest rates. The Group does not use derivative financial instruments to hedge its risk. The Group borrows in the desired currencies at both fixed and floating rates of interest.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 11, 15, 18 and 19 to the financial statements respectively.

### 34. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

#### (b) Financial risk management (cont'd)

##### (iv) Credit risk

Cash deposits and trade receivables could give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are reputable institutions and organisations. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of one (1) month, extending up to three (3) months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control section to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The credit risk profiles have been disclosed in Note 11 to the financial statements.

##### (v) Market risk

Market risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risks arising from quoted investments held by the Group. They are held for strategic rather than trading purposes. The Group does not actively trade these investments. These instruments are classified as financial assets designated at fair value through profit or loss.

To manage its price risk arising from investments in shares, funds and bonds, the Group diversifies its portfolio in accordance with the limits set by the Group.

The sensitivity analysis of market risk has been disclosed in Note 10 to the financial statements.

### 35. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 12 July 2017, the Group completed the disposal of its entire equity interest (equivalent to 52.51%) in a subsidiary, Cityneon Holdings Limited, a company incorporated in Singapore, which was an investment holding company for a total cash consideration of SGD115,612,731 (equivalent to approximately RM360,180,000) as disclosed in Note 8(e) to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017 (CONT'D)

**36. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

On 20 February 2018, the Group announced that the deadline for the delivery of vacant possession of its investment property under construction ("Tower A") had expired on 15 February 2018 following the latest fourth extension agreed between the Company and Jaks Island Circle Sdn. Bhd. ("JAKS").

As JAKS had failed to deliver vacant possession of Tower A by the stipulated deadline, the Company had in accordance with its rights under the Sale and Purchase Agreement ("SPA") and terms of the Bank Guarantees pledged as security made a demand on the Bank Guarantees from the financial institutions amounting to RM50 million.

On 28 February 2018, the Group announced that the demand on the Corporate Guarantee has been served on Jaks Resources Berhad and JAKS. The Corporate Guarantee dated 17 October 2013 issued by Jaks Resources Berhad to the Company, guarantees the full, prompt and complete performance by JAKS of all its obligations under the SPA.

On 6 March 2018, the Company received a purported notice of arbitration from JAKS's solicitors ("the said Letter") to resolve the disputes between the Company and JAKS by way of arbitration.

On 8 March 2018, the Company's solicitors responded to JAKS's solicitors disagreeing with JAKS's contentions in the said Letter as to "disputes or differences which have therefore arisen between Star and JAKS in connection with SPA" when at all material times, JAKS had never raised such alleged disputes or differences during the performance of their obligations under the SPA. Such alleged disputes or differences does not in any way affect the Company's call on the Bank Guarantees which terms clearly provide that the performance of the Bank Guarantees shall not be prevented by any contestation, protestation or arbitration.

In the said Letter, JAKS had requested to waive the procedural step of panel resolution pursuant to the SPA which the Company is not agreeable to waive.

The Company views that the said Letter does not and cannot amount to a notice of arbitration particularly when it is premature and does not even state or particularise JAKS's alleged dispute intended to be referred to arbitration.

**37. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs**

## 37.1 New MFRSs adopted during the financial year

The Group and Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 12 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2017

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

**37. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)**

37.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for future financial years.

# LIST OF PROPERTIES

AS AT 31 DECEMBER 2017

Location	Tenure	Size	Description	Approximate age of buildings (years)	Net book value RM'000	Year of Acquisition/ Last Revaluation#
No. 15-19, Jalan Masjid Kapitan Keling 10200 Pulau Pinang	Leasehold Expiry: 2055	23,372 sq. ft.	Office block and creative & events hub	Pre-war	835	1983#
No. 26A, Randolph Avenue London W9 1BL United Kingdom	Leasehold Expiry: 2086	1,440 sq. ft.	2-storey semi-detached house	56	741	1995
Kawasan Perindustrian Bukit Minyak, Mukim 13 Daerah Seberang Perai 14100 Bukit Mertajam Pulau Pinang	Leasehold Expiry: 2056	172,644 sq. ft.	Newsprint warehouse	19	7,937	1995
Menara Star 15, Jalan 16/11 46350 Petaling Jaya Selangor Darul Ehsan	Freehold	165,000 sq. ft.	17-storey tower block	16	36,955	2001
No. 2, Jalan Astaka U8/88 Section U8 Bukit Jelutong Industrial Park 40150 Shah Alam Selangor Darul Ehsan	Freehold	405,979 sq. ft.	Industrial land	N/A	22,495	1997
		205,117 sq. ft.	Printing plant	16	30,520	2001
202, Jalan Sultan Azlan Shah 11900 Bayan Lepas Pulau Pinang	Freehold	7,204 sq. metres	Industrial land	N/A	11,954	1997
		19,472 sq. metres	Regional office and printing plant	15	18,198	2002
Lot 9, First Floor Block B, Lintas Square 88300 Kota Kinabalu Sabah	Leasehold Expiry: 2996	1,210 sq. ft.	1st floor of an office block	18	174	1999
GM 4148 Lot 26198 (GM 613 Lot 6037) Mukim Bentong Pahang Darul Makmur	Freehold	3.632 hectares	Vacant agriculture land	N/A	2,096	1999
GM 4111 Lot 26192 (GM 611 Lot 3162) Mukim Bentong Pahang Darul Makmur	Freehold	0.3655 hectares	Vacant agriculture land	N/A	1,079	2000
GM 4147 Lot 26197 (GM 612 Lot 6036) Mukim Bentong Pahang Darul Makmur	Freehold	0.3676 hectares	Vacant agriculture land	N/A		

**LIST OF PROPERTIES**  
AS AT 31 DECEMBER 2017 (CONT'D)

Location	Tenure	Size	Description	Approximate age of buildings (years)	Net book value RM'000	Year of Acquisition/ Last Revaluation#
Lot No. 60 Mukim of Tanah Rata Bintang Cottage A38 Jalan Pekeliling Padang Golf, Tanah Rata Cameron Highlands Pahang Darul Makmur	Leasehold Expiry: 2036	60,387 sq. ft.	Single storey detached house	Pre-war	1,179	2002
Unit A 4103 SOHO Xian Dai Cheng No. 88, Jian Guo Road Chao Yang District Beijing 100022 People's Republic of China	Leasehold Expiry: 2070	386.41 sq.metres	Top floor of a 42-storey building	13	1,779	2004
No. 7, Jalan Tiang U8/93 Section U8 Bukit Jelutong Industrial Park 40150 Shah Alam Selangor Darul Ehsan	Freehold	108,900 sq. ft.	Industrial land	N/A	4,380	2004
No. 9, Jalan Tiang U8/93 Section U8 Bukit Jelutong Industrial Park 40150 Shah Alam Selangor Darul Ehsan	Freehold	111,078 sq. ft.	Industrial land	N/A	4,443	2004
10 Anson Road #19-14 International Plaza Singapore 079903	Leasehold Expiry: 2070	219 sq. metres	19th floor on a 50-storey building	41	2,075	2005
Neighbourhood Commercial Centre GF to 3F, U6 Jalan P9E/1, Presint 9 62250 Putrajaya	Freehold	1,690.72 sq. metres	4-storey shop office	12	3,362	2004
No. 8 & 10, Lorong Chung Thye Phin 30250 Ipoh Perak Darul Ridzuan	Leasehold Expiry: 2893	1,622.53 sq. metres	Commercial land	N/A	1,376	2005
		1,978 sq. metres	Office Building	6	4,163	2011
Klang Town Commercial Centre No. 35 Lebuhr Tapah, Bandar Klang 41400 Klang Selangor Darul Ehsan	Freehold	445.93 sq. metres	3-storey shop office	10	680	2007
No. 37 Jalan USJ Sentral 3 USJ Sentral, Persiaran Subang 1 47600 Subang Jaya Selangor Darul Ehsan	Freehold	10,080 sq. ft.	5-storey shop office & 1 lower ground car park	8	2,340	2009

## ANALYSIS OF SHAREHOLDINGS

AS AT 30 MARCH 2018

### SHARE CAPITAL

Total Number of Issued Shares	:	738,563,602
Class of Share	:	Ordinary Share
Voting Rights	:	One (1) vote per ordinary share
Number of Shareholders	:	10,621

Size Of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares/ Securities Held	% of Issued Capital
1 - 99	86	0.810	1,600	0.000
100 - 1,000	1,840	17.324	1,570,481	0.213
1,001 - 10,000	6,475	60.964	30,205,734	4.094
10,001 - 100,000	1,995	18.784	59,700,884	8.091
100,001 - 36,897,819	221	2.081	165,198,243	22.388
36,897,820 and above	4	0.037	481,199,460	65.214
Sub Total	10,621	100.000	737,876,402	100.000
Treasury Shares			687,200	
Total			738,563,602	100.000

### THIRTY (30) LARGEST SHAREHOLDERS/DEPOSITORS AS AT 30 MARCH 2018

(without aggregating the securities from different securities accounts belonging to the same registered holder)

No.	Name	Number of shares held	% of shareholdings*
1.	AMSEC Nominees (Tempatan) Sdn. Bhd. Malaysian Chinese Association	313,315,760	42.462
2.	AmanahRaya Trustees Berhad Amanah Saham Bumiputera	74,008,300	10.030
3.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	54,069,100	7.328
4.	Lembaga Tabung Haji	39,806,300	5.395
5.	AmanahRaya Trustees Berhad Amanah Saham Malaysia	26,000,000	3.524
6.	AmanahRaya Trustees Berhad Amanah Saham Didik	12,673,200	1.718
7.	Valuecap Sdn. Bhd.	10,278,200	1.393
8.	CIMB Group Nominees (Tempatan) Sdn. Bhd. Yayasan Hasanah (AUR-VCAM)	8,925,300	1.210
9.	AmanahRaya Trustees Berhad Public Islamic Select Treasures Fund	7,411,200	1.004
10.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (Aberdeen)	6,071,000	0.823

**ANALYSIS OF SHAREHOLDINGS**  
AS AT 30 MARCH 2018 (CONT'D)

No.	Name	Number of shares held	% of shareholdings*
11.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	5,473,500	0.742
12.	AmanahRaya Trustees Berhad Public Islamic Opportunities Fund	5,425,800	0.735
13.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	4,663,500	0.632
14.	Huaren Holdings Sdn. Bhd.	3,829,400	0.519
15.	AmanahRaya Trustees Berhad Amanah Saham Bumiputera 2	2,917,500	0.395
16.	Koperasi Jayadiri Malaysia Berhad	2,334,000	0.316
17.	Permodalan Nasional Berhad	2,211,500	0.300
18.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (AberIslamic)	2,024,900	0.274
19.	CIMSEC Nominees (Asing) Sdn. Bhd. Exempt An For CIMB Securities (Singapore) Pte Ltd (Retail Clients)	1,931,700	0.262
20.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For John Devaraj Solomon (8103033)	1,850,400	0.251
21.	CIMB Islamic Nominees (Tempatan) Sdn. Bhd. CIMB Islamic Trustee Bhd For BIMB I Dividend Fund	1,814,100	0.246
22.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY For Dimensional Emerging Markets Value Fund	1,710,000	0.232
23.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc.	1,671,200	0.226
24.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY For DFA Emerging Markets Small Cap Series	1,636,699	0.222
25.	Tengku Nerang Putra	1,466,144	0.199
26.	AmanahRaya Trustees Berhad Public Islamic Growth & Income Fund	1,442,300	0.195
27.	Chee Ying Lin (See Ah Tai)	1,200,000	0.163
28.	AmanahRaya Trustees Berhad Public Islamic Dividend Fund	1,152,700	0.156
29.	Norinne Ira Dewal Binti Md Ali	1,150,000	0.156
30.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank For Goh Sin Bong (MP0081)	1,130,900	0.153
<b>TOTAL</b>		<b>599,594,603</b>	<b>81.261</b>

\*Excludes 687,200 Ordinary Shares bought back by the company and held as treasury shares as at 30 March 2018.

**ANALYSIS OF SHAREHOLDINGS**

AS AT 30 MARCH 2018 (CONT'D)

**DIRECTORS' DIRECT AND INDIRECT SHAREHOLDINGS**

(Based on the Register of Directors' Shareholdings as at 30 March 2018)

Name	No. of Shares Held Direct Interest	% of Issued Capital*	No. of Shares Held Deemed Interest	% of Issued Capital*
Dato' Fu Ah Kiow	-	-	-	-
Tan Sri Dato' Sri IR Kuan Peng Soon	-	-	-	-
Datuk Seri Wong Chun Wai	20,000	0.003	-	-
Mr Lee Siang Chin	-	-	-	-
Dato' Dr Mohd Aminuddin bin Mohd Rouse	-	-	-	-
Datin Linda Ngiam Pick Ngoh	22,000	0.003	107,000 <sup>@</sup>	0.015
Mr Choong Tuck Oon	-	-	-	-
Madam Wong You Fong	-	-	-	-

**SUBSTANTIAL SHAREHOLDERS' DIRECT AND INDIRECT SHAREHOLDINGS**

(Based on the Register of Substantial Shareholders as at 30 March 2018)

AMSEC Nominees (Tempatan) Sdn Bhd				
Malaysian Chinese Association	313,315,760	42.462	4,223,500 <sup>^</sup>	0.572
AmanahRaya Trustees Bhd				
Amanah Saham Bumiputera	74,008,300	10.030	-	-
Employees Provident Fund Board	61,882,900 <sup>#</sup>	8.387	-	-
Lembaga Tabung Haji	39,806,300	5.395	-	-
Aberdeen Asset Management Plc and its Subsidiaries	37,123,900 <sup>^^</sup>	5.031	-	-

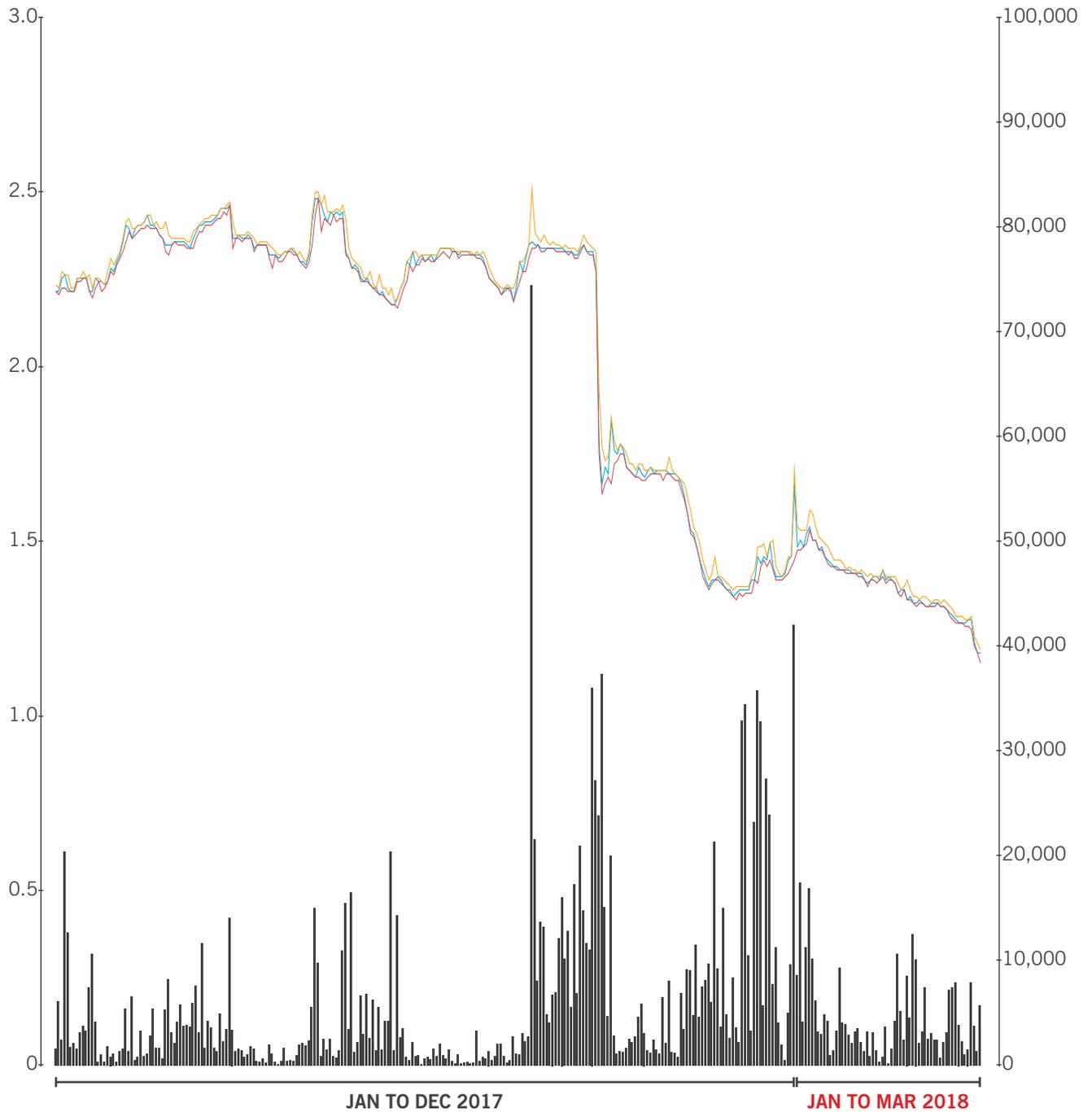
## Notes:

\* Excludes 687,200 Ordinary Shares bought back by the Company and held as treasury shares as at 30 March 2018.

<sup>@</sup> Deemed interested in shares held by her family members pursuant to Section 59(11)(c) of the Companies Act 2016.<sup>^</sup> Held via Huaren Holdings Sdn Bhd (4,023,500 shares) and Huaren Management Sdn Bhd (200,000 shares).<sup>#</sup> Held via Employees Provident Fund Board, Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident FD BD (Aberdeen) and Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (AberIslamic) IC.<sup>^^</sup> Held via Aberdeen Asset Management Asia Limited, Aberdeen Asset Management Sdn Bhd, Aberdeen Islamic Asset Management Sdn Bhd and Aberdeen Private Wealth Management Limited.

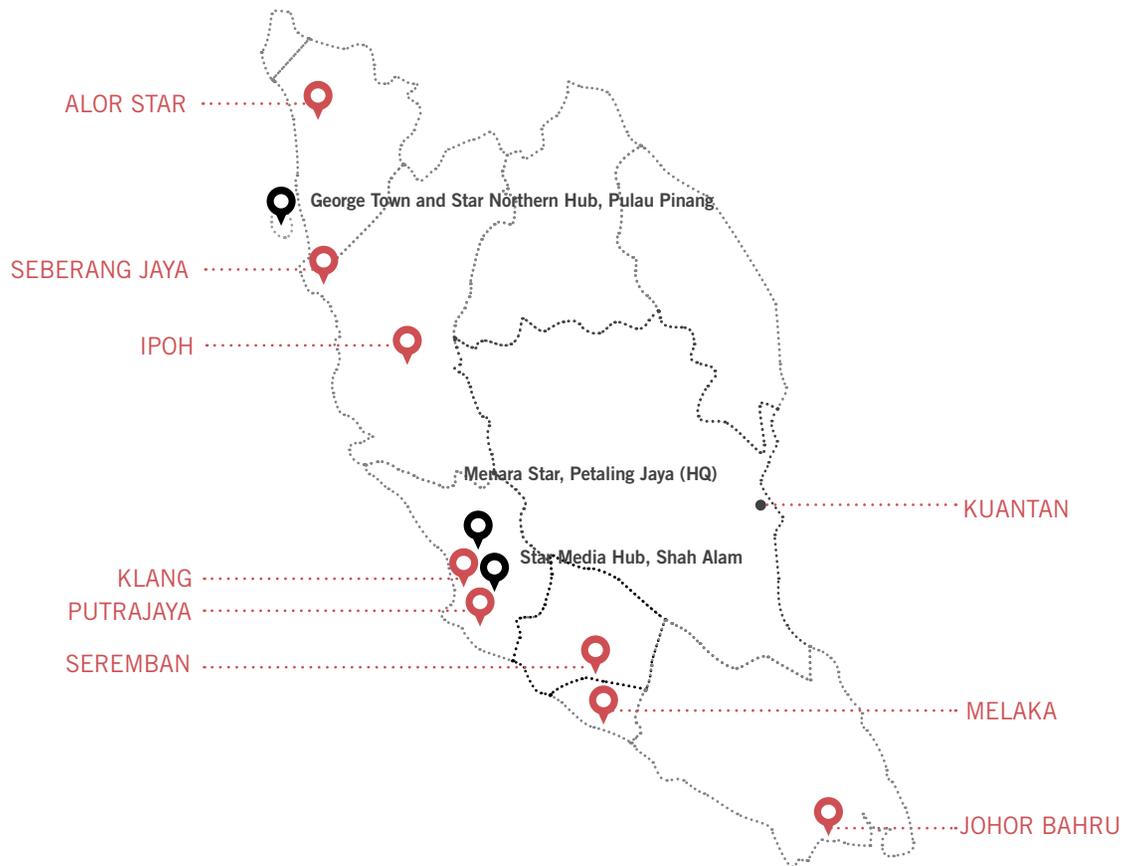
# SHARE PERFORMANCE CHART

SHARE PRICES AND VOLUME TRADED FOR THE PERIOD  
1 JANUARY 2017 TO 30 MARCH 2018



- Volume Traded
- Closing
- High
- Low

## CORPORATE DIRECTORY



### CORPORATE HEADQUARTERS

#### MENARA STAR

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Fax: +603 7954 1606

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Selangor Darul Ehsan, Malaysia  
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Fax: +603 7845 4644

#### STAR NORTHERN HUB

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### PENINSULAR MALAYSIA

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#### GEORGE TOWN

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Fax: +604 261 1410

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30250 Ipoh, Perak Darul Ridzuan  
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### JOHOR BAHRU

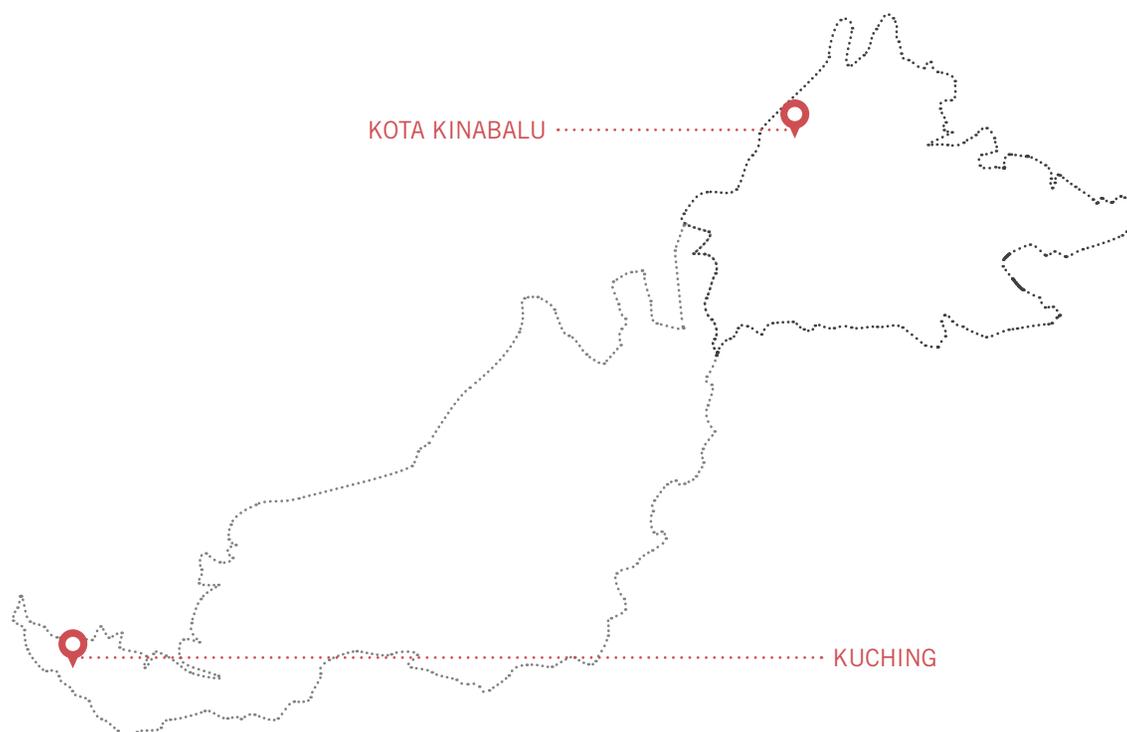
65 & 65A, Jalan Maju,  
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9745 / 2399 / 2433  
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**MELAKA**

4A, 1st Floor, Jalan Hang Tuah  
75300 Melaka  
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Fax: +606 283 5352

**PUTRAJAYA**

No. T.01-06, Jalan P9E/1, Presint 9  
62250 W.P. Putrajaya  
Tel: +603 8889 5513  
Fax: +603 8889 5516

**SEBERANG JAYA**

19A, 1st Floor, Jalan Todak 3,  
Pusat Bandar Seberang Jaya  
(Bandar Sunway)  
13700 Seberang Jaya, Pulau Pinang  
Tel: +604 398 8316 / 8318 / 8550  
Fax: +604 398 8546

**SEREMBAN**

49, Jalan Yam Tuan  
70000 Seremban  
Negeri Sembilan Darul Khusus  
Tel: +606 762 6984 / 761 2992  
Fax: +606 761 2577

**SABAH & SARAWAK****KOTA KINABALU**

Lot 9, 1st Floor Block B  
Lintas Square, Jalan Lintas  
88300 Luyang, Kota Kinabalu,  
Sabah  
Tel: +6088 233 380 / 234 380  
Fax: +6088 237 380

**KUCHING**

First Floor, Sublot 7 Song Plaza,  
Jalan Tun Jugah  
93350 Kuching, Sarawak  
Tel: +6082 457 888  
Fax: +6082 459 / 457

**OVERSEAS OFFICES****CHINA**

B1602 Jinqiao International Apartment  
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2nd East Ring Road  
Dongcheng District  
100062 Beijing  
China  
Tel: +86 10 858 03711  
Fax: +86 10 858 03711

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## PROXY FORM\*

I/We \_\_\_\_\_ (name of shareholder as per NRIC, in capital letters)

NRIC/Passport/Company No. \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ (full address)

being a member of STAR MEDIA GROUP BERHAD, hereby appoint \_\_\_\_\_  
(name of proxy as per NRIC, in capital letters) NRIC No. \_\_\_\_\_ and/or, failing him/her \_\_\_\_\_  
\_\_\_\_\_ (name of proxy as per NRIC, in capital letters) NRIC No. \_\_\_\_\_ or failing him/her, the Chairman  
of the Meeting as my/our proxy to vote for me/us on my /our behalf at the 46th Annual General Meeting of the Company to be held at the  
Cybertorium, Level 2, Menara Star, 15 Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 15 May 2018 at 10.00 a.m. and at  
any adjournment thereof and to vote as indicated below:

NO	RESOLUTIONS		FOR	AGAINST
1.	To re-elect Datuk Seri Wong Chun Wai	Resolution 1		
2.	To re-elect Mr Choong Tuck Oon	Resolution 2		
3.	To re-elect Madam Wong You Fong	Resolution 3		
4.	To approve payment of Directors' fees	Resolution 4		
5.	To approve the benefits payable to the Non-Executive Directors	Resolution 5		
6.	To re-appoint Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration	Resolution 6		
7.	Authority under Section 75 of the Companies Act 2016 for Directors to issue shares	Resolution 7		
8.	Proposed renewal of authority for the Company to purchase its own ordinary shares	Resolution 8		
9.	Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature	Resolution 9		
10.	Proposed amendment to the Company's Memorandum of Association	Resolution 10		
11.	Proposed amendment to Article 125 of the Company's Articles of Association	Resolution 11		

Please indicate with an "X" in the appropriate space as to how you wish your votes to be cast in respect of each resolution. In the absence of specific directions, your proxy will vote or abstain from voting at his/her discretion.

[\*Only original Proxy Forms are valid. Photocopies are not acceptable. Any alternation to the Proxy Form must be initialled.]

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

Number of shares held: \_\_\_\_\_

Signature of Shareholder or Common Seal \_\_\_\_\_

Date: \_\_\_\_\_

**Notes:**

- Only members whose names appear in the General Meeting Record of Depositors of the Company as at 9 May 2018 shall be entitled to attend, speak and vote at the meeting.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice shall be put to vote by poll.
- A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his/her stead provided that where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy. A proxy may but need not be a member of the Company and there shall be no restrictions as to the qualification of the proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or signed by an officer or attorney duly authorised. Any alteration to the Form of Proxy must be initialled.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- All original Forms of Proxy must be deposited at the Share Registrar's Office, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur not less than 48 hours before the time set for this 46th AGM or no later than 13 May 2018 at 10.00 am.

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stamp

**SHARE REGISTRARS**  
**TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD (11324-H)**  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite, Avenue 3, Bangsar South  
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TRAINING



OUT-OF-HOME



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