



# BRINGING OUR LEGACY INTO THE DIGITAL SPHERE



- ANNUAL REPORT 2016 -

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# VISION

TO BE A LEADING AND INNOVATIVE MEDIA GROUP  
WITH VARIOUS TOUCHPOINTS TO CONNECT  
WITH THE PEOPLE.

**S**OAR TO GREATER HEIGHTS.

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**M**AKE A DIFFERENCE ALWAYS.

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**G**ROW THE RIGHT WAY.

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# MISSION

OUR ROLE AS A MEDIA COMPANY IS TO KEEP THE  
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.

INFORM, INSPIRE AND INNOVATE

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# WHO WE ARE

Star Media Group evolved from a provincial newspaper to become a national daily and media group with multiple awards and accolades under our belt. Following The Star Online, Malaysia's first news website introduced two decades ago, we earned the award-winning status in digital journalism and the No. 1 position in news portal in the country. With a diversified range of exciting new products as part of our multiple digital assets and platforms, we are on the cusp of taking the next big leap forward.

As we ride the wave of transformation into the digital frontier, the Group remains committed to continuously inform, inspire and innovate.



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OUR ROLE  
PEOPLE IN  
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OFFERING  
PRODUCT  
CONTINUE  
INFORM, IN  
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# BRINGING OUR LEGACY INTO THE DIGITAL SPHERE



It is evident to us, in an era of Internet of Things, that there is a crucial need to accommodate and assimilate digital tools and ideas that are taking precedence over our lives.

And that we did, as we continue to express our unwavering commitment to see the intertwining of our legacy with digitised trends while developing a multi-channel media group that encompasses Print, Digital & OTT, Radio, Television, Events, Training and Out-Of-Home businesses.

This annual report provides a comprehensive account of the accomplishments and challenges of Star Media Group Berhad in the ardent, albeit arduous, pursuit of cementing our household name in media built then, today.

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# PRINT

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# EMPOWERING MALAYSIA, ONE PAGE AT A TIME

Knowledge is power, and we empower people as we propel  
the nation to a brighter future.



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OUR ROLE

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INFORM, IN

## DIGITAL & OTT\*



## THE WAY FORWARD

Information travels at the speed of light in the  
“always-on” and connected world that we  
live in today.

### DIGITAL



### OTT



\* OTT stands for "Over-The-Top", a term used for the delivery of film and television content via the Internet, without requiring subscription to traditional cable or satellite pay-television service.

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# RADIO

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## STIMULATING MINDS, ON THE GO

From the informative to the entertaining, we deliver the best broadcast to the ears of people and we keep our audience captivated.



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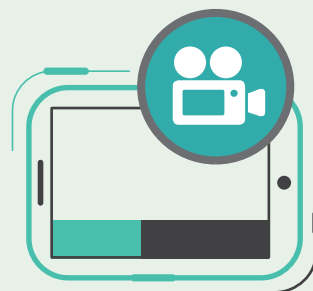
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OUR ROLE  
PEOPLE IN  
CONTENT  
OFFERING  
PRODUCT  
CONTINUE  
INFORM, IN

## TELEVISION



# PROPAGATING CULTURE, ENRICHING LIVES

Offering millions a look into the lives of people  
from around the globe.



**Life Inspired**



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# EVENTS & EXHIBITIONS

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# REACHING OUT TO COMMUNITIES

Congregating inspiring intellectuals and ambitious aspirants  
with shared interest in one place, at one time.

perfect livin<sup>®</sup>

 **cityneon**  
from environment to experience

*Star*  
**S O B A**  
STAR OUTSTANDING BUSINESS AWARDS

starproperty.my  
**FAIR**



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INFORM, IN

## TRAINING



# SHOWING THE PROVERBIAL ROPES

Grooming Malaysians from all walks of life and giving them a competitive edge to meet the demands of today's workforce.

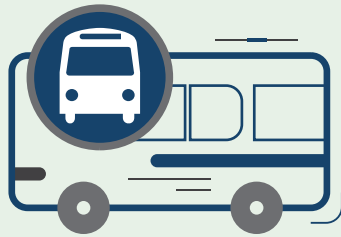


**Leaderonomics**  
*The Science of Building Leaders*

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# OUT-OF-HOME

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# MAKING YOUR PRESENCE FELT EVERYWHERE

Be the talk of the town as we hit the  
streets with your brand.

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**Star** MEDIA GROUP

**SCHOOL BUZZ**

GET YOUR BRAND ON THE MOVE

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# LANDMARK ACHIEVEMENTS



**APRIL 2016**

## MARVEL'S AVENGERS CONVERGE WORLDWIDE

The Avengers S.T.A.T.I.O.N. (Scientific Training and Tactical Intelligence Operative Network) interactive attraction opened its doors to visitors in Paris. The French opening of the Avengers S.T.A.T.I.O.N. marked the exhibit's debut in Europe after its runs in New York City's Times Square and in Seoul, South Korea.

The Victory Hill Exhibitions (VHE) then officially opened to the public at Treasure Island Hotel and Casino on the Las Vegas Strip, marking the first time the exhibition will be stationed in the Western US, followed by the exhibition's debut in Singapore. The Southeast Asia debut exhibition was the biggest one yet across an area of 20,000 sq ft and set off a new record for an exhibition event in Singapore with over 8,000 pre-launch ticket sales.

Featuring Marvel characters, the S.T.A.T.I.O.N. provided visitors with an interactive experience, whereby they can become recruits and interactively assemble in-depth knowledge on each of the characters.

Avengers S.T.A.T.I.O.N. is an exhibit by VHE, which is a wholly-owned subsidiary of Cityneon Holdings Limited, a Singapore-listed company. Cityneon, which is a subsidiary of Star Media Group, has the rights to promote Marvel and Transformers-related characters through interactive exhibitions.

## LANDMARK ACHIEVEMENTS



14 AUGUST 2016

## #ANAKANAKMALAYSIA WALK

In celebration of Merdeka and Malaysia Day, Star Media Group, in collaboration with Eco World, organised the first ever #AnakAnakMalaysia Walk 2016, calling for an active participation of walking together in celebration of our country's diversity, and in promotion of unity, harmony and tolerance.

The walk was flagged off by Kuala Lumpur mayor, Datuk Seri Mohd Amin Nordin Abd Aziz and about 6,000 participants turned up for the 3.4 km walk, starting at the site of the former Pudu Jail.

The campaign was supported by the #AnakAnakMalaysia influencers who are public figures, and members of society from all walks of life who have strong influence in the Malaysian community. The walk saw the likes of Tengku Datin Paduka Setia Zatashah, daughter of His Royal Highness, The Sultan of Selangor; Datuk Seri Nazir Razak; Datuk Jimmy Choo; Datuk Soh Chin Aun; Datuk Santokh Singh; Lisa Surihani; and other high profile personalities walking the talk for unity and harmony.

"The walk is the perfect platform for people of different ethnic backgrounds to come together and celebrate unity."

**Datuk Seri Wong Chun Wai**  
Group Managing Director &  
Chief Executive Officer,  
Star Media Group Berhad

## LANDMARK ACHIEVEMENTS



9 SEPTEMBER 2016

## STAR MEDIA GROUP 45<sup>TH</sup> ANNIVERSARY

Star Media Group celebrated its 45<sup>th</sup> anniversary as the people's paper on 9 September 2016. Looking back at its humble beginnings from a small provincial newspaper to becoming a large media group today with presence in multiple platforms, Star Media Group continues on its mission to inform, inspire and innovate.

2016 marked a significant shift which sees us moving into the digital frontier, and we would not be where we are today without our readers who have and will continue to be our driving force. To commemorate our anniversary as well as our readers, *The Star* newspaper carried out giveaways every 45 days, with prizes such as a special performance showcase, chauffeured rides, tour packages and more.

"We are a company with a dynamic past, but to survive the present and secure our future, we will always adopt a culture of re-engineering and transforming ourselves."

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

## LANDMARK ACHIEVEMENTS



24 SEPTEMBER 2016

## 988 20<sup>TH</sup> ANNIVERSARY

988 celebrated its 20<sup>th</sup> anniversary in 2016, and to commemorate this special milestone, a grand anniversary party was held at the Arena of Stars, Genting Highlands on 24 September 2016. The show featured an exciting line-up of performances by well-known artistes and 988 announcers.

In conjunction with its 20<sup>th</sup> Anniversary, 988 also launched #988MoveLa Be Fit which was a series of physical challenges for a half-day event. 988 travelled to Penang, Kuala Lumpur and Johor Bahru for #988MoveLa Super Outside Broadcast (OB). There were fun games and activities plus performances by various artistes – all broadcasted on 988 directly from these locations.

“988 is among the top Chinese language stations in Malaysia – attracting 1.7 million listeners\* weekly nationwide.”

**Calvin Kan**

Chief Executive Officer,  
Star Media Radio Group Sdn. Bhd.

\*GFK Surveys (24 July 2016 -  
3 September 2016)

## LANDMARK ACHIEVEMENTS



9 NOVEMBER 2016

## LAUNCH OF DIMSUM.MY

Star Media Group Berhad's latest digital venture – Malaysia's first homegrown all-Asian video-on-demand (VOD) service known as *dimsum.my* – officially kicked off on 9 November 2016, being the next part of the journey as we continue our strategy of venturing into digital entertainment within the Over-The-Top sphere. Just like the popular bite-sized oriental snacks, *dimsum.my* strives to charm viewers with captivating Asian dramas and movies from Malaysia, Hong Kong, China, Taiwan, Japan, South Korea, Thailand and more, with the promise of more exclusive content to come.

"This is an exciting time for change. And change, as we all know, is inevitable as we move towards the new age, the digital age."

**Datuk Seri Wong Chun Wai**  
Group Managing Director &  
Chief Executive Officer,  
Star Media Group Berhad

## LANDMARK ACHIEVEMENTS



**9 NOVEMBER 2016**

## R.AGE WINS TOP WORLD YOUNG READER PRIZE

R.AGE was recognised as the world's best youth news publisher by the World Association of Newspapers and News Publishers (Wan-Ifra).

The global announcement hailed some of R.AGE's best works in the past year, including the ongoing *Predator In My Phone* undercover documentary series on child sex predators, the award-winning *The Curse Of Serawan* mini-documentary and the interactive World War II video project, *The Last Survivors*.

The R.AGE team won its sixth major award for its groundbreaking digital video content, the Best New Product category at the Asian Digital Media Awards, for its successful rebranding as a multimedia documentary journalism platform. The award came just weeks after receiving the 2016 United Nations Malaysia Award for its work in tackling issues affecting marginalised communities and children.

*The Curse Of Serawan* also helped R.AGE bag the Asia Media Award. Other awards include the Kinabalu Award at the Kota Kinabalu International Film Festival, as well as the Best Launch/Re-launch by a Media Owner at the Spark Media Awards.

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\*Proxy Form

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT THE FORTY-FIFTH ANNUAL GENERAL MEETING (“45<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 MONDAY, 22 MAY 2017 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 2016 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:
  - i) Dato’ Fu Ah Kiow **Resolution 1**
  - ii) Mr Lew Weng Ho **Please refer to Note 2**
3. To re-appoint the following Directors:
  - i) Tan Sri Dato’ Sri IR Kuan Peng Ching @ Kuan Peng Soon  
**Resolution 2**
  - ii) Dato’ Dr Mohd Aminuddin bin Mohd Rouse  
**Resolution 3**
4. To approve the Directors’ fees of up to RM660,000 for the financial year ended 31 December 2016  
**Resolution 4**
5. To approve an amount of up to RM770,000 as benefits payable to the Non-Executive Directors from 31 January 2017 to the 46<sup>th</sup> AGM of the Company  
**Resolution 5**
6. To re-appoint Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration  
**Resolution 6**

### AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary 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 the Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued.”

**Resolution 7**

#### 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

# NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

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."

## Resolution 8

### 9. ORDINARY RESOLUTION

#### **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND ADDITIONAL 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 28 April 2017 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,

# NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

**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 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. 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.  
28 April 2017

## 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

Mr Lew Weng Ho who retires pursuant to Article 117 of the Company’s Articles of Association, has indicated to the Company that he does not wish to seek re-election at the 45<sup>th</sup> AGM of the Company.

### 3) Agenda 3 – Re-appointment of Directors

With the enforcement of the Companies Act, 2016 on 31 January 2017, there is no age limit for directors of public companies.

At the 44th AGM of the Company held on 23 May 2016, both Tan Sri Dato’ Sri IR Kuan Peng Ching @ Kuan Peng Soon and Dato’ Dr Mohd Aminuddin bin Mohd Rouse who are above the age of 70, were re-appointed pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the 45th AGM. Their term of office will end at the conclusion of the 45th AGM and they have offered themselves for re-appointment.

The proposed Ordinary Resolutions 2 and 3, if passed, will enable both Tan Sri Dato’ Sri IR Kuan Peng Ching @ Kuan Peng Soon and Dato’ Dr Mohd Aminuddin bin Mohd Rouse to continue to act as Directors of the Company and they shall subject to retirement by rotation at a later date.

### 4) 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 45th AGM on Directors’ remuneration in two (2) separate resolutions, i.e. Resolution 4 on payment of Directors’ fees in respect of the preceding year 2016 and Resolution 5 on payment of Directors’ benefits for approximately sixteen (16) months from 31 January 2017 to the 46th 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.

Payment of the benefits to Non-Executive Directors will be made by the Company as and when incurred if the proposed Resolution 5 is passed at the 45th 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.

### 5) Members entitled to attend

Only members whose names appear in the General Meeting Record of Depositors of the Company as at 15 May 2017 shall be entitled to attend, speak and vote at the meeting.

### 6) 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, 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

# NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

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 Registered Office of the Company at Level 15, Menara Star, 15 Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time approved for holding the meeting or adjournment thereof. The Form of Proxy can also be deposited in the ballot box provided at the reception counter, Ground Floor of Menara Star.

## 7) Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the forthcoming 45th AGM and/or any adjournment thereof, a member of the Company:

- a) consents 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.

## 8) 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 44<sup>th</sup> AGM held on 23 May 2016, 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 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 8 are set out in the Statement to Shareholders dated 28 April 2017 accompanying the Company's Annual Report for year 2016.

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

The explanatory notes on Resolution 9 are set out in the Circular to Shareholders dated 28 April 2017 accompanying the Company's Annual Report for year 2016.

# FINANCIAL CALENDAR

FINANCIAL YEAR 1 JANUARY 2016 to 31 DECEMBER 2016

## ANNOUNCEMENT OF 2016 PRELIMINARY RESULTS

First quarter	announced	24 May 2016
Second quarter	announced	22 August 2016
Third quarter	announced	21 November 2016
Fourth quarter	announced	27 February 2017

## DIVIDEND

First Interim	declared	22 August 2016
	entitlement date	30 September 2016
	paid on	18 October 2016
Second Interim	declared	27 February 2017
	entitlement date	31 March 2017
	paid on	18 April 2017

ISSUE OF 2016 ANNUAL REPORT	28 April 2017
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ANNUAL GENERAL MEETING	22 May 2017
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# GROUP'S FIVE-YEAR SUMMARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	As at 31 December				
	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000
Fixed assets	543,554	515,298	530,351	606,018	<b>706,125</b>
Other assets	309,391	320,528	238,712	185,955	<b>167,244</b>
Net current assets	605,009	638,693	677,264	571,983	<b>520,818</b>
	<b>1,457,954</b>	<b>1,474,519</b>	<b>1,446,327</b>	<b>1,363,956</b>	<b>1,394,187</b>
Share capital	738,564	738,564	738,564	738,564	<b>738,564</b>
Treasury shares	(583)	(1,633)	(1,633)	(1,633)	<b>(1,633)</b>
Share option reserve	1,040	1,172	817	526	<b>6</b>
Available-for-sale reserve	261	-	-	-	<b>-</b>
Foreign exchange translation reserve	22,361	21,116	24,107	31,612	<b>13,047</b>
Retained earnings	377,430	403,103	380,665	376,206	<b>378,671</b>
Shareholders' funds	<b>1,139,073</b>	<b>1,162,322</b>	<b>1,142,520</b>	<b>1,145,275</b>	<b>1,128,655</b>
Non-controlling interests	31,410	31,877	33,807	61,191	<b>109,627</b>
Long term liabilities	287,471	280,320	270,000	157,490	<b>155,905</b>
Total funds employed	<b>1,457,954</b>	<b>1,474,519</b>	<b>1,446,327</b>	<b>1,363,956</b>	<b>1,394,187</b>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Year Ended 31 December				
	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000
Revenue	1,079,907	1,025,330	1,013,737	1,019,020	<b>932,115</b>
Profit before tax	259,648	192,586	153,421	170,073	<b>146,206</b>
Tax expense	(58,906)	(53,170)	(41,388)	(39,464)	<b>(29,297)</b>
Profit after tax	200,742	139,416	112,033	130,609	<b>116,909</b>
Non-controlling interests	7,357	3,460	(617)	2,347	<b>(6,998)</b>
Profit after tax attributable to shareholders	<b>208,099</b>	<b>142,876</b>	<b>111,416</b>	<b>132,956</b>	<b>109,911</b>
Dividends	(132,930)	(110,738)	(132,832)	(132,832)	<b>(132,832)</b>
Retained earnings for the year	<b>75,169</b>	<b>25,673</b>	<b>(22,438)</b>	<b>(4,459)</b>	<b>2,465</b>

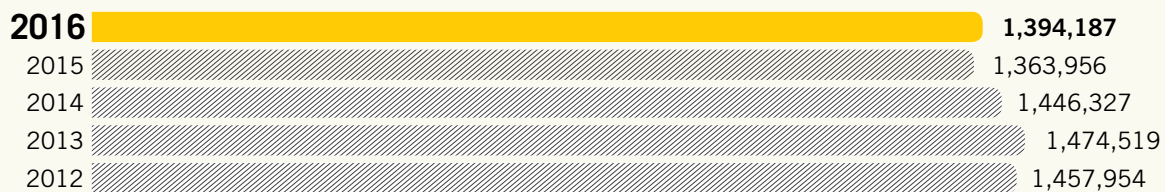
## GROUP'S FIVE-YEAR SUMMARY

(CONTINUED)

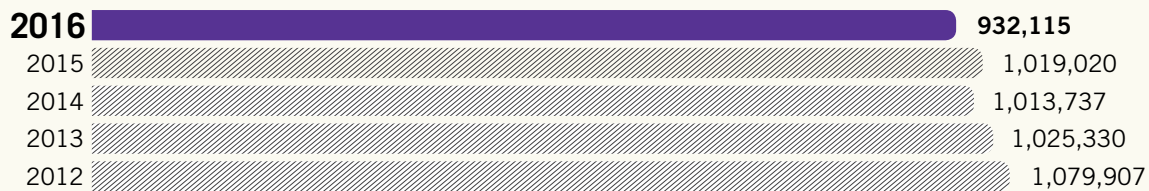
### SHAREHOLDERS' FUND (RM'000)



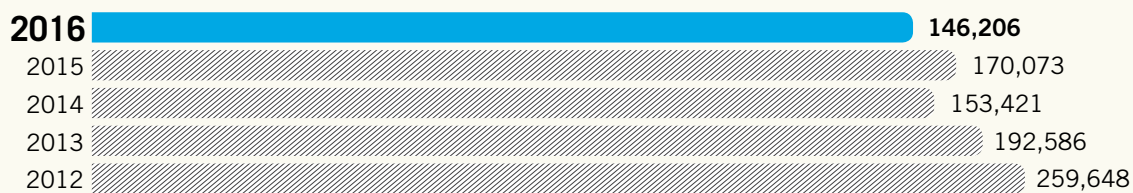
### TOTAL FUNDS EMPLOYED (RM'000)



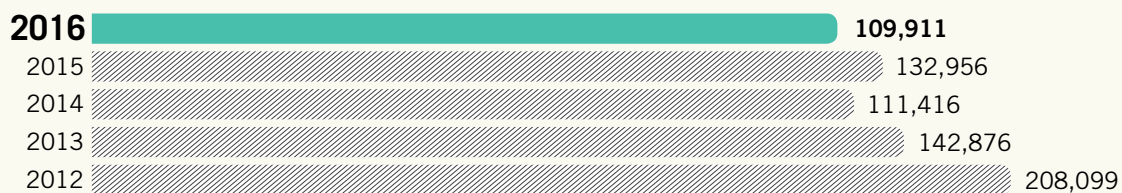
### REVENUE (RM'000)



### PROFIT BEFORE TAX (RM'000)



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



# GROUP FINANCIAL HIGHLIGHTS

AS AT 31 DECEMBER 2016

		As at 31 December				2016 RM'000
		2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	
Revenue		1,079,907	1,025,330	1,013,737	1,019,020	<b>932,115</b>
Profit before tax		259,648	192,586	153,421	170,073	<b>146,206</b>
Profit after tax attributable to shareholders		208,099	142,876	111,416	132,956	<b>109,911</b>
Share capital		738,564	738,564	738,564	738,564	<b>738,564</b>
Shareholders' funds		1,139,073	1,162,322	1,142,520	1,145,275	<b>1,128,655</b>

FINANCIAL RATIOS		2012	2013	2014	2015	2016
Revenue Growth	%	1.1	(5.1)	(1.1)	0.5	<b>(8.5)</b>
Net earnings per share <sup>#</sup>	sen	28.18	19.36	15.10	18.02	<b>14.89</b>
Return on shareholders funds	%	18.3	12.3	9.8	11.6	<b>9.7</b>
Dividend per share	sen	18.0	15.0	18.0	18.0	<b>18.0</b>
Net assets per share <sup>^</sup>	RM	1.54	1.58	1.55	1.55	<b>1.53</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.

# CORPORATE INFORMATION

AS AT 27 MARCH 2017

## 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 LEW WENG HO

(Independent Non-Executive Director)

## AUDIT COMMITTEE

**Mr Lee Siang Chin\*** (Chairman)

**Mr Lew Weng Ho\*** (Member)

**Datin Linda Ngiam Pick Ngoh\*** (Member)

## NOMINATION COMMITTEE

**Tan Sri Dato' Sri IR Kuan Peng Ching @ Kuan Peng Soon** (Chairman)

**Mr Lee Siang Chin\*** (Member)

**Mr Lew Weng Ho\*** (Member)

## REMUNERATION COMMITTEE

**Tan Sri Dato' Sri IR Kuan Peng Ching @ Kuan Peng Soon** (Chairman)

**Dato' Dr Mohd Aminuddin bin Mohd Rouse** (Member)

**Datin Linda Ngiam Pick Ngoh\*** (Member)

## FINANCE COMMITTEE

**Dato' Fu Ah Kiow\*** (Chairman)

**Tan Sri Dato' Sri IR Kuan Peng Ching @ Kuan Peng Soon** (Member)

**Datin Linda Ngiam Pick Ngoh\*** (Member)

**Dato' Dr Mohd Aminuddin bin Mohd Rouse** (Member)

**Mr Lee Siang Chin\*** (Member)

## 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

## 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.starmediagroup.my](http://www.starmediagroup.my)

The Company's Annual Report 2016 is available on the Company's website at [www.starmediagroup.my](http://www.starmediagroup.my) and also on Bursa Malaysia's website at [www.bursamalaysia.com](http://www.bursamalaysia.com)

\* Independent Non-Executive Director

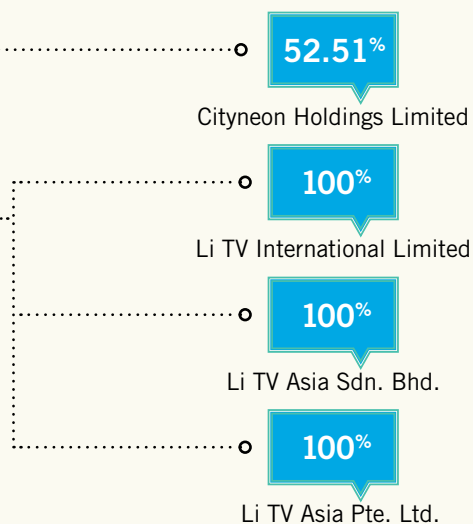
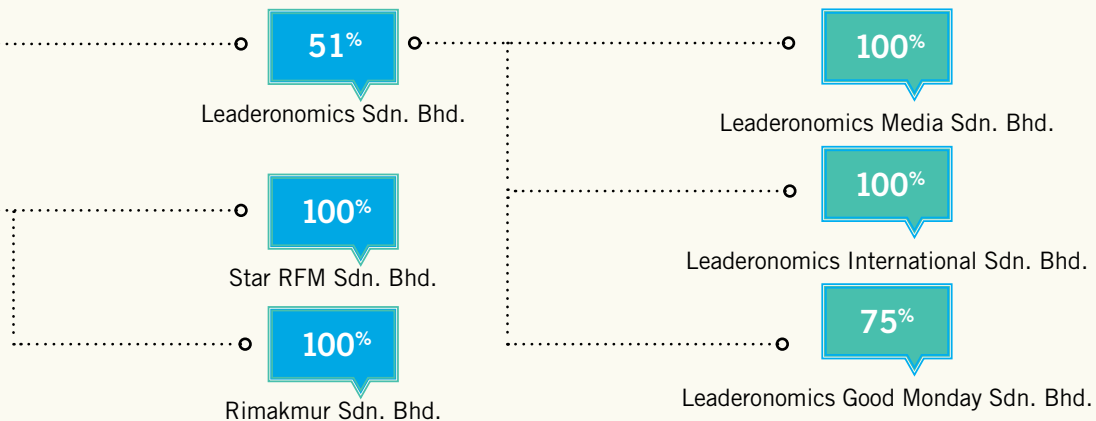
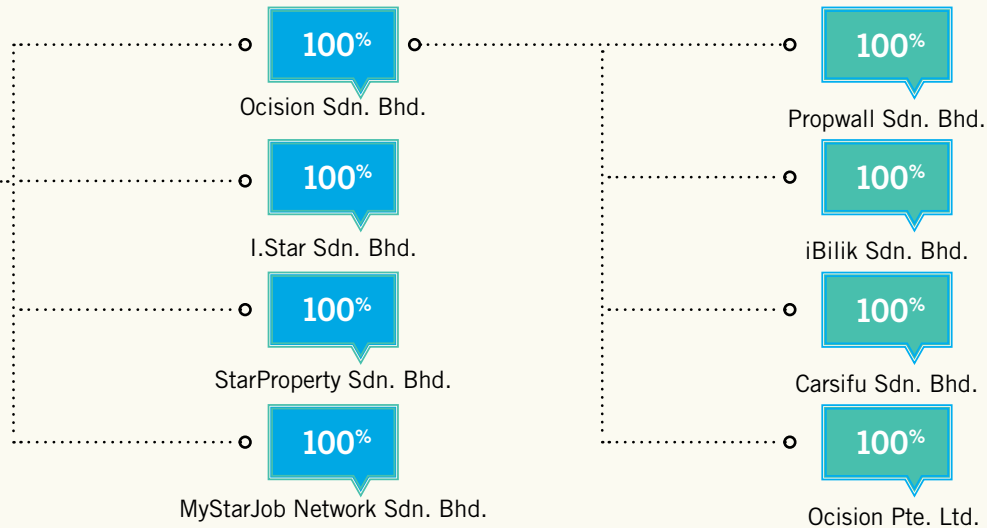
# GROUP STRUCTURE

AS AT 27 MARCH 2017



# GROUP STRUCTURE

AS AT 27 MARCH 2017 (CONTINUED)



## DIRECTORS' PROFILE

**DATO'  
FU AH KIOW**



**INDEPENDENT NON-EXECUTIVE DIRECTOR & CHAIRMAN**  
67 YEARS OF AGE, MALE, MALAYSIAN

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 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 thirteen (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 and a Non-Executive Director and Chairman of Cityneon Holdings Limited, Singapore, a subsidiary of Star.

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



**NON-INDEPENDENT NON-EXECUTIVE DIRECTOR & DEPUTY CHAIRMAN**  
71 YEARS OF AGE, MALE, MALAYSIAN

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 Remuneration Committee and Nomination Committee and a member of Finance Committee 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 sits on the board of several public and private companies. He is also on the Board of Trustees of Star Foundation.

## DIRECTORS' PROFILE

(CONTINUED)

**DATUK SERI  
WONG  
CHUN WAI**



**GROUP MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER**  
**56 YEARS OF AGE, MALE, MALAYSIAN**

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.

In 2012, Datuk Seri Wong became the first Malaysian to be elected into the board of the Paris-based World Editors Forum. He also served as a 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. Datuk Seri Wong is also a supervisory counsel of Bernama, the national news agency and a member of the Governance Council of the National Innovation Agency in the Prime Minister's Department. 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 (2016-2019) of the Malaysia-China Chamber of Commerce (MCCC).

Datuk Seri Wong holds directorships within the Star Group of Companies which includes Cityneon Holdings Limited, Singapore.

**MR LEE  
SIANG CHIN**



**SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR**  
**68 YEARS OF AGE, MALE, MALAYSIAN**

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 Nomination Committee and Finance Committee of the Company.

Mr Lee currently sits on the boards of Value Partners Group Ltd, Maybank Investment Bank Berhad and Maybank Kim Eng Securities (Thailand) Public Company Limited.

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

(CONTINUED)

**DATIN LINDA  
NGIAM PICK  
NGOH**



**INDEPENDENT NON-EXECUTIVE DIRECTOR**  
**61 YEARS OF AGE, FEMALE, MALAYSIAN**

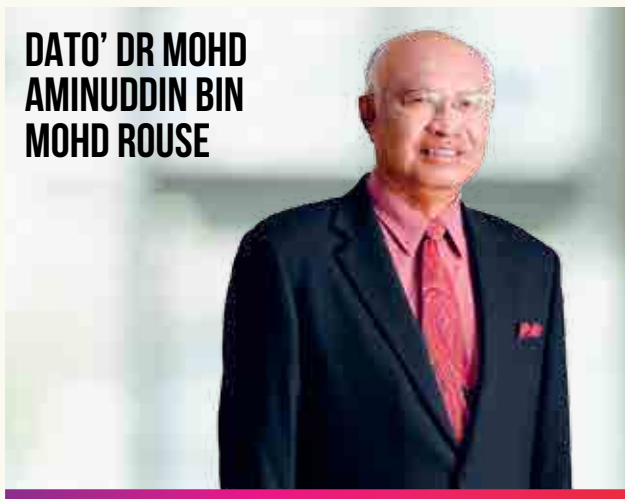
Datin Linda Ngiam was appointed to the Board on 1 March 2007. She was the Group Managing Director and Chief Executive Officer of Star from 1 July 2008 until 30 June 2011 and served as Deputy Group General Manager from 2004 until her appointment as Group Chief Operating Officer in Star in 2005. Prior 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, Finance and Remuneration Committees of the Company.

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

She was a Board Member of the Audit Bureau of Circulations ("ABC"), Malaysia and Chairperson of the ABC Content & Communications Committee and also held the position of the honorary secretary of Malaysian Newspapers Publishers Association (MNPA) and was a board member of the Advertising Standards Authority (ASA) Malaysia.

Datin Linda Ngiam currently sits on the Board of MUI Properties Berhad, Hong Leong Assurance Berhad and Heineken Malaysia Berhad (formerly known as Guinness Anchor Berhad). She also serves as a Trustee of Yayasan Sin Chew.

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



**NON-INDEPENDENT NON-EXECUTIVE DIRECTOR**  
**71 YEARS OF AGE, MALE, MALAYSIAN**

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 Bhd., Tanco Holdings Bhd., Karambrunai Corp. Bhd., ManagePay Systems Berhad, Trustgate Berhad and a Trustee of Star Foundation.

## DIRECTORS' PROFILE

(CONTINUED)



**INDEPENDENT NON-EXECUTIVE DIRECTOR**  
**69 YEARS OF AGE, MALE, MALAYSIAN**

Mr Lew was appointed as an Independent Non-Executive Director of Star on 26 May 2011. He is a member of the Audit and Nomination Committee of the Company.

Mr Lew is a Fellow of the Association of Chartered Certified Accountants, United Kingdom and a member of the Malaysian Institute of Accountants. Mr Lew joined Coopers & Lybrand in 1978 after he completed his articleship in Dublin, Ireland. In 1981, he took up the position of Chief Accountant in Antah Holdings Berhad ("Antah"). He was appointed to the board of Antah as Finance Director in 1990 and also served on the board of many of its subsidiaries and associated companies until he retired in 1999. He also served as a director in the Federation of Public Listed Companies Berhad from 1997 to 2000.

Mr Lew also sits on the Board of Matang Berhad and other private 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 2016**

Please refer to page 39 in the Annual Report for details.

# CHAIRMAN'S STATEMENT

**DEAR SHAREHOLDERS,**  
**ON BEHALF OF THE BOARD OF**  
**DIRECTORS OF STAR MEDIA GROUP**  
**BERHAD, I AM PLEASED TO PRESENT**  
**TO YOU THE COMPANY'S ANNUAL**  
**REPORT AND AUDITED CONSOLIDATED**  
**FINANCIAL STATEMENTS FOR THE**  
**FINANCIAL YEAR ENDED**  
**31 DECEMBER 2016.**

**DATO' FU AH KIOW**  
 CHAIRMAN



Persistent macroeconomic headwinds that led to weak consumer sentiment and lower advertising spend impacted the overall media and advertising industry in 2016. While this had weighed down our earnings, Star Media Group was able to turn in another year of profit in addition to bright spots seen in selected businesses. The latter include the contributions from exhibitions and intellectual property rights held by our Events and Exhibition segment namely Cityneon Holdings Limited via Victory Hill Exhibitions Pte. Ltd.

The Group's resilience can be attributed to its foresight of wanting to create a truly comprehensive and integrated media group. At the same time, the Group was able to manage cost in a more efficient manner. Star Media Group is expected to diversify its revenue stream and enhance its performance more dynamically as the Group moves forward.

## CHANGE IN BOARDROOM

As we review our 2016 financial year, my fellow Board Members and I would like to thank Dato' Yip Kum Fook, who retired as an Independent and Non-Executive Director on 23 May 2016. Dato' Yip's contribution to the Board and Star Media Group over his 5-year tenure has been invaluable.

The Board is also pleased to welcome the appointment of Datin Linda Ngiam Pick Ngoh as a member of the Audit Committee on 22 August 2016. Datin Ngiam's vast experience, especially within Star Media Group, will indeed be a boon to this important oversight role.

## INDUSTRY TRENDS AND DEVELOPMENTS

Global economic growth in 2016 continued to be hampered by the lackluster performance of the United States economy, continued slowdown in China and the aftermath of *Brexit*. In Malaysia, Gross Domestic Product ("GDP") growth was only moderately slower as a result of sound macroeconomic fundamentals and prudent fiscal and monetary policy. Nevertheless, business and consumer sentiment were affected by the persistently low oil price and depreciation of the Ringgit, which plummeted sharply towards the end of the year.

As 2016 came to a close, the consumer index dipped five points from third quarter to 84 percentage points in the fourth quarter of 2016, according to the Nielsen Global Survey of Consumer Confidence and Spending. Based on the same report, consumer confidence was at a high of 107 percentage points as at the first quarter of 2013.

In turn, the bearish sentiment weighed heavily on the overall advertising market, which registered a lower total rate card spending of RM7.06 billion in 2016 compared to RM7.59 billion a year ago. Based on the same Nielsen Media Research, only RM3.61 billion was spent on newspapers, a 13% reduction year-on-year.

## FINANCIAL PERFORMANCE

For the financial year ended 31 December 2016, the Group's revenue decreased by 8.5% to RM932.12 million from RM1.02 billion a year ago. This translated into a lower profit before tax amounting to RM146.21 million as compared to RM170.07 million in 2015.

## CHAIRMAN'S STATEMENT

(CONTINUED)

Basic earnings per share was also lower at 14.89 sen compared to 18.02 sen a year ago while Net Assets Per Share as at 31 December 2016 was at RM1.53 (FY2015: RM1.55).

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

### CORPORATE SOCIAL RESPONSIBILITY

Star Media Group is a progressive organisation that employs thousands of individuals while its products and services are consumed by millions of Malaysians. In this regard, the Group is in a unique position to set the benchmark in corporate social responsibility while enriching the lives of people throughout our society.

During the year under review, Star Media Group's Corporate Social Responsibility initiatives and programmes can be categorised under the pillars of Community, Environment, Workplace and Marketplace.

Anchoring our community outreach is Star Foundation, which have donated a total of RM775,000 in cash and in-kind to 25 non-profit organisations nationwide throughout 2016. Also with our community in mind, *Star Golden Hearts Award 2016* was carried out as a unique platform to encourage empathy, fellowship and kindness amongst Malaysians.

In terms of the environment, the Group's initiative to replace its outdated water-cooled and air-cooled chillers at Star Media Hub with a more advanced and energy-efficient system had resulted in improved energy savings.

When it comes to the workplace, the Group continues to coordinate and invest in employee engagement programmes like the annual HR Open Day (HR4U) as well as sports related events throughout the year.

In the marketplace, the Group continues to embrace industry best practices when engaging in business transactions across our value chain.

A complete report of Star Media Group's 2016 CR initiatives can be found on page 77 to page 83 of this Annual Report.

### OUTLOOK

Malaysia's GDP is expected to grow by 4.5% in 2017, according to the Malaysian Institute of Economic Research (MIER). While this is higher against an estimated growth of 4.2% for 2016, the Malaysian think-tank cautioned that external demand may not be as strong as expected given the anticipated prolonged slowdown in global trade and investment flows. In tandem, the media and advertising industry landscape is also expected to remain challenging in 2017.

Anticipating this situation, Star Media Group will continue to strive towards enhancing the contribution from across our diverse business segments. We will hold firm to the industry tenet that 'Content is King!' so as to deliver relevant, exciting and engaging content to our consumers across platforms.

Concurrently, the Group will continue with its effort to manage cost aggressively. In addition to strengthening processes and synergies throughout our value chain, Star Media Group is constantly reviewing and evaluating its existing business activities to ensure optimum performance and viability.

In our effort to stay ahead of the media consumption trend, Star Media Group will also invest in expanding our portfolio of new and exciting media assets. A case in point is our new video-on-demand service *dimsum*, which was launched in the Fourth quarter of 2016 and is available via [www.dimsum.my](http://www.dimsum.my). We are very excited about this offering as it promises to serve the very best Asia has to offer. All in all, the Star Media Group currently possesses a sound corporate strategy backed by diverse media platforms and business channels that can deliver positive results moving forward. In view of this, the Board of Directors and the Senior Management Team of Star Media Group are committed to working comprehensively towards achieving satisfactory results for the financial year ending 31 December 2017.

### APPRECIATION

Only through times of difficulties can the mettle and capabilities of a team be truly tested. On behalf of the Board of Directors, I would like to commend the entire team of Star Media Group for turning in another profitable financial year in spite of the challenging and competitive business environment. We will continue to require hard work, dedication and loyalty from all in order to enable our Group to steadfastly grow from strength to strength.

We would also like to thank our shareholders, readers, advertisers, business partners as well as policymakers, regulators, stakeholders and subscribers for their continued support and confidence in our Group.

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.

Thank you.

**DATO' FU AH KIOW**

Chairman

27 March 2017

# 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*, STAR MEDIA GROUP HAS PROGRESSIVELY GROWN FROM A SINGLE-PRODUCT COMPANY TO A MULTI-CHANNEL INTEGRATED MEDIA GROUP.**

The Group currently has six core businesses, namely Print, Digital & OTT, Radio, Television, Events & Exhibitions and Training. Embracing the spirit of ‘Content is King’, coupled with an unwavering focus towards quality and innovation, the Group strives to become the partner of choice when it comes to integrated media solutions.

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. Leading the way is the Group’s broadcast platform, LiTV, Asia’s first comprehensive lifestyle television channel. The Group has also launched its ASEAN ePaper, a collaboration with Thailand, Indonesia, Philippines and China.

## MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

Similarly, the Group's exciting digital venture, *dimsum*, which is Malaysia's first homegrown all-Asian subscription video-on-demand ("SVOD") service, has the potential to reach out to the massive Asian-centric fanbase throughout the region and beyond.

On the training front, Leaderonomics has ventured into Singapore, Thailand and Cambodia. At the same time, Cityneon is also expanding its licensed Avengers S.T.A.T.I.O.N and Transformers experiential showcases in the Greater China Region and Australia while tapping events solutions opportunities in East Asia and the Middle East.

### REVIEW OF FINANCIAL PERFORMANCE

Star Media Group reported a profit before tax of RM146.21 million on the back of a revenue of RM932.12 million for the financial year ended 31 December 2016. This was lower compared to a profit before tax of RM170.07 million on the back of a revenue of RM1.02 billion recorded a year ago.

The decrease in revenue was mainly attributed to the challenging macro-economic conditions, which has in turn, contributed to lower advertising spend. There was also an impairment loss of RM19.83 million on goodwill. This is however offset by a gain on disposal of two of our radio stations (Red FM and Capital FM) and deregistration of a subsidiary company which amounted to RM61.33 million.

Throughout the Group's six core business activities, Print and Digital as well as its Events & Exhibitions business, particularly Cityneon Holdings Limited, were profitable during the year under review.

Pre-tax margins from the Group's Print and Digital segment also fell to 16.5% in Financial Year 2016 compared to 26.6% a year ago. The lower margins invariably impacted the Group's profit after tax for the year under review, which was recorded at RM116.91 million against a profit after tax of RM130.61 million last year.

Basic earnings per share was at 14.89 sen compared to 18.02 sen a year ago, while net assets per share as at 31 December 2016 was at RM1.53 (FY2015: RM1.55).

### DIVIDENDS

The Board of Directors had declared an interim dividend of 9.0 sen per ordinary share in respect of the financial year ended 31 December 2016. The dividend is to be payable to the shareholders on 18 April 2017.

Coupled with the interim dividend of 9.0 sen per ordinary share that was paid on 18 October 2016, total dividends that were paid out to shareholders for the financial year ended 31 December 2016 will amount to 18.0 sen per ordinary share.

#### Total Revenue for 2016



**RM932.12**  
MILLION

#### Profit Before Tax for 2016



**RM146.21**  
MILLION

#### Basic Earnings Per Share for 2016



**14.89** SEN

#### Net Assets Per Share for 2016



**RM1.53**

## MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)



Review of Operations

**PRINT**



*The Star* and *Sunday Star* remain the primary contributors to the Group's earnings. As such, it is heartening to note that the leading newspaper brand has continued to grow from strength to strength after 46 years in operation.

In spite of the highly competitive media landscape brought about by the proliferation of digital media portals, *The Star* (both print and ePaper) was able to maintain its lead as the highest circulated paid English daily in 2016, according to the Audit Bureau of Circulations. Our combined print and ePaper circulation number as at 30 June 2016 stands at 359,442 copies. (Source: Audit Bureau of Circulations)

**"THE STAR (BOTH PRINT AND ePAPER) WAS ABLE TO MAINTAIN ITS LEAD AS THE HIGHEST CIRCULATED PAID ENGLISH DAILY IN 2016..."**

Based on Nielsen Consumer and Media View for 2016, readership for the Daily Star is 1,057,000 and 865,000 for Sunday Star.

Star Media Group has been cognisant of the need to adapt quickly and innovatively to changing market trends in order to maintain *The Star's* leadership position.

In realising the need to engage with the younger audience segment, *The Star* spearheaded *The Speaker's Boot Camp for Teens* in 2016. The workshop was designed to train teenagers to speak confidently in public. This was followed by another initiative called *The Adventure Day Camp* for teens. The camp was designed to instill team-building and leadership qualities in teenagers.

To further enhance our connection with our stakeholders, *The Star* together with L'oreal carried out a workshop called *Image Makeover with Colours*, which was a grooming seminar for career women. *The Star* also held a talk aimed at retirees called *Take Charge of Your Retirement Now*.

These initiatives, coupled with several others conducted in different locations throughout Malaysia, are integral to helping the brand connect with its readers in a way that can enhance long-term brand recognition and loyalty.

Readership for Daily Star



**1.057** MILLION

Readership for Sunday Star



**865,000**

On the cost-side, we have taken a few measures to manage cost. We have discontinued the printing of *The Star* paper in Sarawak and the distribution of the hardcopy of *The Star* in both Sabah and Sarawak.

We will however continue our efforts to grow the ePaper circulation in East Malaysia; similar to our efforts in Peninsula Malaysia. We have also closed our office in Singapore. All these measures are expected to save the Group approximately RM5 million to RM6 million per annum.

As for newsprint, we have switched to 42 gsm newsprint from 45 gsm. This is expected to give us a better yield. Moving forward, we will continue to manage cost prudently and effectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)



Review of Operations

### DIGITAL & OTT



**“THE GROUP’S DIGITAL BUSINESS WAS ABLE TO SAVE ALMOST RM1 MILLION IN OPERATIONAL COSTS IN 2016.”**

Since its launch in 2015, Star Media Group continued to enhance its data capabilities. Star Media Group’s *Audience Interest Marketing* (“AIM”) product has increased its targeting capabilities from 13 audience segments to 17 audience segments with new segments such as Parenting, Tech & Telco, Education and Luxury Seekers.

Apart from expanding and enhancing the Group’s offerings in the digital space, Star Media Group has also been managing cost aggressively. The Group has been focusing on re-engineering its digital infrastructure and services while centralising its services from an individual business pillar perspective to a group level service offering. As a result, the Group’s digital business was able to save almost RM1 million in operational cost in 2016.

Star Media Group took a significant step forward in its digital offerings with the introduction of *dimsum*, a home-grown SVOD service operated by SMG Entertainment Sdn. Bhd. (formerly known as Star Online Sdn. Bhd.). *dimsum* is uniquely positioned as a SVOD platform that delivers high quality Asian content across mobile applications and web browsers.

Since its launch in November 2016, *dimsum* has obtained several exclusive simulcast rights from China, Taiwan, Thailand and Japan. Its library of content include films, dramas, documentaries, variety and kids shows from China, Japan, Taiwan, Thailand, South Korea, Singapore and Malaysia.



2016 has been a year of growth for *The Star Online*, reaching an average of 5.1 million viewers per month, and it continues to strengthen its position as one of the top Local English News portal in Malaysia.

Growth-wise, Star Media Group has also started its Programmatic capabilities. By automating and selling Star Media Group’s digital ad space via Programmatic, we are able to reach a wider network of clients on the open Programmatic market in addition to providing an alternative advertising product to our existing clients.

## MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)



Review of Operations

### BROADCAST

## RADIO

**“STATION ALSO WON THE BERITA HARIAN MOST POPULAR RADIO ANNOUNCER AWARD FOR DJ LIN AS WELL AS ANUGERAH SERI ANGKASA 2016 ‘THE BEST RADIO TALK SHOW’ FOR ITS MORNING SHOW.”**



In 2016, the Group disposed loss-making RedFM and CapitalFM and realised a gain of RM40.26 million.

988FM, with its engaging talk show and compelling content, remains one of the leading radio stations in Malaysia for the Chinese market segment with a total of 1.7 million cumulative listeners.

In an effort to connect with its listeners, 988FM held various listener engagement activities throughout 2016. These included 988 tour to promote its Chinese New Year album, *#988MoveLa*

*Be Fit*, which coincided with its 20th Anniversary, *#988MoveLa Super Outside Broadcast* as well as a star-studded Grand Anniversary Party.

Suria bagged the Silver Award for Best Event Category for Anugerah Pilihan Online (“APO”) 2016. The station also won the Berita Harian Most Popular Radio Announcer Award for DJ Lin as well as Anugerah Seri Angkasa 2016 ‘The Best Radio Talk Show’ for its morning show. Apart from strengthening its infotainment format, Suria has also been actively reaching out to its listeners with roadshows all over Malaysia in 2016.

As the market trend is currently gravitating towards digital radio, Star Media Group intends to explore monetising and leveraging on various digital technologies as part of the radio segment’s revenue model. Towards this end, the Group launched an e-commerce platform in 2016 to monetise unutilised airtime of our radio stations as well as digital advertising assets.

## TELEVISION

**“LiTV CURRENTLY HAS PRESENCE IN 8 REGIONAL MARKETS AND WAS SUCCESSFUL IN SECURING MORE THAN 15 REGIONAL AND GLOBAL PROJECTS.”**

LiTV currently has presence in eight (8) regional markets and was successful in securing more than 15 regional and global projects. We expect demand for branded content to continue to increase. As such, LiTV will continue to focus on enhancing the ratings in all the countries in which it has a presence. Its branded content developed for clients are well-produced and well-marketed in ensuring client satisfaction and to bolster revenue growth.

## MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)



Review of Operations

### EVENTS & EXHIBITIONS



### CITYNEON

**“CITYNEON HOLDINGS LIMITED HAS EMBARKED ON A JOURNEY TO OWN INTELLECTUAL PROPERTY RIGHTS OF WORLD-RENOWNED ENTERTAINMENT ICONS.”**



Following the acquisition of Victory Hill Exhibitions Pte. Ltd. (“VHE”) in September 2015, Cityneon Holdings Limited (“Cityneon”) has embarked on a journey to own Intellectual Property Rights (“IPR”) of world-renowned entertainment icons such as “Avengers” and “Transformers” to produce attractively immersive exhibitions globally.

In 2016, the Avengers S.T.A.T.I.O.N. exhibition was held in Paris (April 2016 - September 2016), Las Vegas (22 June 2016 - ongoing) and Singapore (26 October 2016 - 5 March 2017).

With these two (2) strong IPR, Avengers and Transformers, from Marvel Characters B.V. and Hasbro International Inc. respectively, Cityneon continues to develop and implement its business plan to expand into the region, particularly in China. Cityneon is ready to set up its inaugural set in China in 2017.

At the same time, Cityneon is also re-organising itself into a more nimble and leaner organisation in an effort to sustain growth.

## MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)



Review of Operations

### EVENTS & EXHIBITIONS

#### PERFECT LIVIN'

**“STAR MEDIA GROUP AIMS TO CONTINUE TO LEVERAGE ON THE PRESTIGE AND BRAND THAT PERFECT LIVIN’ HAS BUILT OVER THE YEARS.”**

A total of ten (10) *Perfect Livin’* exhibitions were held in six (6) venues across Malaysia throughout 2016. These venues include Mid Valley Exhibition Centre, Persada Johor, Putra World Trade Centre, Borneo Convention Centre, SASICC in Kuantan as well as Setia City Convention Centre.

Response from both exhibitors and visitors to the exhibitions was subdued against a difficult economic backdrop. While the situation is expected to remain challenging in the immediate term, Star Media Group aims to continue to leverage on the prestige and brand that *Perfect Livin’* has built over the years. In addition, the Group is also considering to diversify its portfolio into other events as well as offering event management services to strengthen earnings.



#### STAR MEDIA GROUP'S EVENTS

In 2016, Star Media Group had successfully carried out its popular annual events including *The Star Education Fair*, *StarProperty*, *FitForLife* and *CHEER*.

## MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)



Review of Operations

### TRAINING

## LEADERONOMICS



In 2016, Leaderonomics successfully launched its Digital Learning platform as a value-added and alternative learning solution for its current and potential clients. Leaderonomics is also seeing its Assessment Business Unit as a rising core revenue generator.

Leaderonomics Club, an initiative that is aimed at making a difference to the lives and capabilities of youth around the country, has successfully grown its presence in 25 local and private higher education institutions throughout the country during the year under review. The platform has touched the lives of some 3,500 undergraduates across various faculties. Leaderonomics has been recognised by its stakeholders via

**“LEADERONOMICS SUCCESSFULLY LAUNCHED ITS DIGITAL LEARNING PLATFORM AS A VALUE-ADDED AND ALTERNATIVE LEARNING SOLUTION FOR ITS CURRENT AND POTENTIAL CLIENTS.”**

multiple awards for its role and achievements in cultivating and developing leaders from our nation's talent pool. To date, Leaderonomics has empowered a total of 14,088 individuals including adults, children and youths, and helped more than 200 organisations through its leadership development programmes.

### MOVING FORWARD

As we move into 2017, the overall macro-economic landscape remains uncertain. The direction of the United States economy as a result of the Presidential elections in 2016 is still unclear while concerns linger on the prospects and health of the Chinese economy.

Closer to home, macro-economic headwinds coupled with the weak Ringgit and low commodity prices are expected to dampen consumer confidence. This, in turn, is expected to impact advertising expenditure in 2017.

**“WE ALSO AIM TO BE A MEDIA PARTNER OF CHOICE FOR MARKETERS BY PROVIDING MORE BUNDLED PRODUCTS AND CREATIVE BUYS.”**

Against this challenging operating backdrop, Star Media Group aims to strengthen its respective media platforms so as to garner wider audience and maximise penetration rates. In addition to attracting more clients, we also aim to be a media partner of choice for marketers by providing more bundled products and creative buys. This forms the very basis of what integrated media solutions is all about.

The Group is also very excited about *dimsum*, our very own SVOD that stands out from the rest by offering predominantly Asian content. *dimsum* also provides news in three (3) languages – Bahasa Malaysia, Mandarin and English. We will also be introducing more Malay and Indian-language content into this platform.

All in all, the Board of Directors, Senior Management Team and our talents throughout Star Media Group are committed towards working cohesively to maintain our leadership position in the media industry. Despite the challenges ahead, we are cautiously optimistic of turning in yet another profitable year for our financial year ending 31 December 2017.

## KEY MANAGEMENT TEAM PROFILE



### DATUK SERI WONG CHUN WAI

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

Please refer to his profile at our  
Directors' Profile on page 21.



### MR CALVIN KAN KING SEONG

56 years of age, Male, Malaysian,  
Group Chief Operating Officer & Chief  
Executive Officer, Star Media Radio  
Group and LiTV Group

Mr Calvin Kan was appointed as Group Chief Operating Officer of Star on 1 May 2014. He also holds the position of Chief Executive Officer of Star Media Radio Group since 1 January 2014 and LiTV Group since 8 May 2015.

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

Mr 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.



### MR RAGESH A/L RAJENDRAN

49 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., a subsidiary of Star. Apart from this, he does not hold any directorships in any public or listed companies.

## KEY MANAGEMENT TEAM PROFILE

(CONTINUED)



### DATUK LEANNE GOH LEE YEN

57 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.

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 (Honours) 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

57 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 (Honours) 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 is currently a director of Jana Multimedia Sdn. Bhd., a subsidiary of Star. Apart from this, she does not hold any directorships in any public or listed companies.



### MS LIM BEE LENG

54 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 Marketing from Universiti Sains Malaysia.

## KEY MANAGEMENT TEAM PROFILE

(CONTINUED)



### MR ROY TAN KONG WENG

43 years of age, Male, Malaysian,  
Chief Digital Officer

Mr Roy Tan was appointed as Chief Digital Officer of Star since February 2015. Prior to his current position, he was appointed 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 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 TERENCE RAJ D. JOHN JAGANATHAN

43 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 in Arts from the University of Malaya.

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



### MS CHAI MING JYE

39 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). She was involved in audit and other assurance services of various industries including printing and publishing, manufacturing, property development, information technology, retailing and investment holding companies. Prior to joining Star, she was with the finance department of an oil and gas company and the Management Reporting Unit of a media company. She joined Star's Finance Department as a Management Accountant in 2008 and was subsequently promoted to Accountant. In 2012, Ms Chai was re-designated to Manager, Internal Audit and with her audit experience and familiarity with Star's processes and procedures, she was entrusted to head the Internal Audit Department of Star.

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

#### ADDITIONAL INFORMATION ON THE KEY MANAGEMENT

- (i) Family relationship with any Director/major shareholder of the Company - Nil
- (ii) Conflict of interest with the Company - Nil
- (iii) Conviction for offences over last five (5) years (except traffic) - Nil

# KEY MANAGEMENT TEAM



## EDITORIAL

**M. Shanmugam**  
Specialist Editor

**Brian Martin**  
Executive Editor

**Dorairaj Nadason**  
Executive Editor

**Errol Oh Boon Peng**  
Executive Editor

**Rozaid Abdul Rahman**  
Executive Editor



## BUSINESS UNITS

**Chin Seow Ping**  
Senior General Manager, Advertising & Business Development

**Tommy Lee Chee Yeow**  
General Manager, Group Editorial Business Development

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

**Ernest Bernard Towle**  
Acting Assistant General Manager, Property Business Unit



## 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



## GROUP SHARED SERVICES

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

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

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

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

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

**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

**Anis Yusof**  
Senior Manager, Marketing & Corporate Communication

**Ong Wei Lymn**  
Group Company Secretary

**Soh Sze Jean**  
General Counsel



## BUSINESS EXTENSIONS

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

**Calvin Kan King Seong**  
Chief Executive Officer, Star Media Radio Group & LiTV Group

**Ron Tan Aik Ti**  
Group Chief Executive Officer, Cityneon Holdings Limited & Chief Executive Officer, Victory Hill Exhibitions Pte. Ltd.

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

**Roy Tan Kong Weng**  
Director, SMG Entertainment Sdn. Bhd. (*dimsum.my*)

# CORPORATE GOVERNANCE STATEMENT

**The Board of Directors (“Board”) of Star Media Group Berhad (“Star” or “the Company”) believes that good corporate governance is imperative to the continued growth and success of Star and its subsidiaries (“the Group” or “Star Group”) and is firmly committed to observing and maintaining high standards of corporate governance, to promote corporate transparency and to enhance shareholder value. The Board views corporate governance as synonymous with three (3) key concepts, namely transparency, accountability as well as corporate performance and acknowledges its role in stewardship of the Group in its direction and operation to safeguard the best interests of its shareholders and other stakeholders.**

The Board adheres closely to the principles and recommendations stipulated in the Malaysian Code on Corporate Governance 2012 (“Code”) and other applicable laws, rules and regulations. This Statement outlines the Company's applications of the underlying principles and recommendations provided in the Code, the key elements and the state of corporate governance practices by the Company. The Board is of the opinion that it has in all material aspects, complied with the principle and followed the recommendations outlined in the Code.

## THE BOARD OF DIRECTORS

### Principal Responsibilities of the Board

The Board retains full and effective control of the Group. The Group is led and controlled by an experienced and effective Board which provides oversight, strategic direction and entrepreneurial leadership. 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 a shareholder communication policy and reviewing the adequacy and the integrity of the internal control system of the Group. Key matters, such as approval for interim and final financial results, material acquisitions and disposals, major capital expenditure and formalising the budgetary process are reserved for the Board. The Group has also in place financial authorisation limits for matters such as operating and capital expenditure.

To promote sustainability, the Company shared five (5) strategies with its shareholders that focus on improving corporate governance, efficiencies and cost controls for the Group. These strategies highlighted a digital road map and initiatives undertaken by the Group to expand its footprint into the ASEAN market and improve its revenue stream.

The Board also recognises values and contributions of 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.

The Board is guided by a Board Charter which sets out amongst others, the respective roles and responsibilities of the Board, the Chairman, the Group Managing Director and Chief Executive Officer (“Group MD & CEO”) and the Board Committees. The Board Charter is reviewed and updated periodically according to the needs of the Company and any new regulations that may have an impact on the Board's responsibilities.

### Board Composition and Balance

The Directors are of the opinion that the current Board size and composition is adequate for the scope and nature of the Group's businesses and operations and for facilitating effective decision making. The Board maintains an appropriate balance of expertise, skills and attributes among the Directors which is reflected in the diversity backgrounds and competencies of the Directors. Such competencies include finance, accounting, legal and other relevant industry knowledge, entrepreneurial and management experience and familiarity with regulatory requirements and risk management. The Board also considers the independent non-executive directors fairly represent the interest of public shareholders. There is no individual director or group of directors who dominate the Board's decision making.

The Board has seven (7) members. Four (4) of the seven (7) members are Independent Non-Executive Directors who are independent of management and free from any relationship which could interfere their independent judgement. Mr Lee Siang Chin is the Senior Independent Non-Executive Director to whom concerns may be conveyed by shareholders and other stakeholders.

# CORPORATE GOVERNANCE STATEMENT

(CONTINUED)

Please refer to pages 20 to 23 for details of the Directors, their profiles and their respective memberships.

## Division of Roles and Responsibilities

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 and opinions 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 orderly conduct and working of the Board. The Chairman encourages active and effective engagement, participation and contribution from all Directors and facilitates constructive relations between them and Management. The Chairman also ensures that no particular 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 stakeholders.

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 Star's operations and business as well as implementation of the Board's policies and decisions. 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' interactions with Management to strengthen employee engagement so as to further enhance efficiency at workplace.

## 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 six (6) times during the year and attendance of Directors at Board Meetings, was as below:

Name	Attendance
Dato' Fu Ah Kiow (Chairman)	6/6
Tan Sri Dato' Sri IR Kuan Peng Soon	5/6
Datuk Seri Wong Chun Wai	6/6
Mr Lee Siang Chin	6/6
Datin Linda Ngiam Pick Ngoh	6/6
Dato' Dr Mohd Aminuddin bin Mohd Rouse	6/6
Mr Lew Weng Ho	6/6
Dato' Yip Kum Fook*	2/2

Note: \* Dato' Yip Kum Fook retired upon the conclusion of the 44th AGM held on 23 May 2016

## 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. This is to give Directors sufficient time to review and consider the matters being tabled. Notices of meetings are sent to Directors and Board Committees at least 14 days before the meetings. Management also provides the Board with detailed board papers in advance of meetings specifying relevant information either for notation or approval for proposals. Senior Management briefs the Board and Board Committees with the requisite information on matters being discussed.

The Board is supported by qualified and competent Company Secretaries. All Directors have unrestricted access to the advice and services of the Company Secretaries. The Company Secretaries attend all Board and Board Committee meetings and are responsible for ensuring the meeting procedures are followed and that applicable rules and regulations are complied with. 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. Decisions made and policies approved by the Board will be communicated to the management team for action after the meeting. The Board is also regularly updated and kept informed of the latest developments in the legislation and regulatory framework affecting the Group and advised on the proposed contents and timing of material announcements to be made to regulators.

# CORPORATE GOVERNANCE STATEMENT

(CONTINUED)

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.

## Whistleblowing Policy

The Whistleblowing Policy was established as the Board believed that the whistleblowing system will strengthen, support good management and at the same time, demonstrate accountability, good risk management and sound corporate governance practices.

The policy outlines when, how and to whom a concern may be properly raised about the 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.

## Code of Conduct

The Board has established a corporate culture which engenders ethical conduct that permeates throughout the Company. Even though the Board does not formalise a Code of Conduct, the Group practices the relevant principles and values in the Group's dealings with employees, customers, suppliers and business associates. The Directors, officers and employees of the Group are also required to observe, uphold and maintain high standards of integrity in carrying out their roles and responsibilities and to comply with the relevant laws and regulations as well as Star Group's policies. Ongoing training is provided to staff on the Code and general workplace behavior to ensure they continuously uphold high standard of conduct when performing their duties.

The Board is provided guidance on disclosure of conflict of interest and other disclosure information/requirements to ensure that the Directors comply with the relevant regulations and practices. To address and manage possible conflicts of interest that may arise between Directors' interests and those of the Group, the Company has put in place appropriate procedure including requiring such Directors to abstain from participating in discussions during meetings and abstaining from voting on any matter in which they are also interested or conflicted. The Directors of the Group are also required to disclose and confirm their directorships and shareholdings in the Group and any other companies where they have interests for the Company's monitoring on a half yearly basis or as and when required.

Notices on the closed period for trading in the Company's shares are sent to Directors and principal officers and the relevant employees on a quarterly basis specifying the timeframe during which they are prohibited from dealing in the Company's shares, unless they comply with the procedures for dealings during closed period as stipulated in the Listing Requirements.

## 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 best practices. Although specific powers are delegated to the Board Committees, the Board keeps itself abreast of the key issues and decisions made by each Board Committee through the reports by the Chairman of the 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. Mr Lew Weng Ho (Independent Non-Executive Director) – Member
3. Datin Linda Ngiam Pick Ngoh (Independent Non-Executive Director) – Member (appointed on 22 August 2016)

Note: Dato' Yip Kum Fook ceased as a member on 23 May 2016 following his retirement as Director of the Company.

The Committee's primary responsibilities include the review of the Group's financial reporting, the 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 Audit Committee Report provides details of the composition of the Audit Committee, terms of reference and a summary of its activities as set out on pages 50 to 53 of the Annual Report.

# CORPORATE GOVERNANCE STATEMENT

(CONTINUED)

## 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. Mr Lee Siang Chin (Senior Independent Non-Executive Director) – Member
3. Mr Lew Weng Ho (Independent Non-Executive Director) – Member (appointed on 22 August 2016)

Note: Dato' Yip Kum Fook ceased as Chairman of NC on 23 May 2016 following his retirement as Director of the Company.

The Board notes that whilst Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements") does not prescribe the chairmanship for the NC, the Code recommends that the NC should be chaired by a senior independent director. Although NC of the Company is not chaired by the 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. In proposing its recommendation, the NC will consider and evaluate the candidates' required skills, knowledge, expertise, competence, experience, characteristics and professionalism. Gender diversity within the Board remains an essential aspect of the Board composition and the NC will continue to review this with a view to enhancing corporate governance practices. 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.

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 the AC annually. The NC also reviews the retirement of Directors eligible for re-election at the AGM.

The NC meets at least once a year or as and when required. During the year, the NC met once and all members attended the meeting. Summaries of activities during the year were:

### 1. Annual Performance Evaluation

The annual assessments for the Board, Board Committees and individual Directors were carried out on self-assessment basis, which 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. For the financial year 2016, 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 also carried out the annual evaluation of the Group Chief Operating Officer and Group Chief Financial Officer 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.

### 2. Annual Assessment of Independent Directors

The NC determines the independence of each Director annually based on the definitions and guidelines of Bursa Securities Listing Requirements and also considers whether the independent director can continue to bring independent and objective judgement to board deliberations. An annual assessment form is completed and confirmed by individual Independent Directors on their status of compliance.

# CORPORATE GOVERNANCE STATEMENT

(CONTINUED)

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 judgement 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 public listed companies on the Exchange.

Under the Code, it is also recommended that the tenure of independent director 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. None of the Independent Non-Executive Directors of the Company has exceeded the cumulative term of nine (9) years.

## 3. Appointments to the Board and Re-election of Directors

The Company's Articles of Association requires a minimum of two (2) Directors and not more than fifteen (15) who shall have their principal or only place of residence in Malaysia. The Board may appoint an individual to be a Director, either as an addition to the existing Directors or to fill a casual vacancy up to the maximum number. Any new Director appointed by the Board during the year is required to stand for election at the next AGM. For new appointments, the NC will consider the candidate's experience, knowledge and expertise to meet the current and future needs of the Company, besides the existing board size and composition.

The NC has also reviewed the Directors' re-nomination 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.

## 4. Review of Terms of Reference

The NC had also reviewed its Terms of Reference to ensure compliance with the best practices of the Code and Bursa Securities Listing Requirements.

## c) Remuneration Committee

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

1. Tan Sri Dato' Sri IR Kuan Peng Soon (Non-Independent Non-Executive Director) -Chairman
2. Dato' Dr Mohd Aminuddin bin Mohd Rouse (Non-Independent Non-Executive Director) – Member
3. Datin Linda Ngiam Pick Ngoh (Independent Non-Executive Director) – Member

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 from outside 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 2016 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. Datin Linda Ngiam Pick Ngoh (Independent Non-Executive Director) - Member
4. Mr Lee Siang Chin (Senior Independent Non-Executive Director) – Member
5. Dato' Dr Mohd Aminuddin bin Mohd Rouse (Non-Independent Non-Executive Director) – Member

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 met once during the financial year ended 31 December 2016 which were attended by all FC members.

## Directors' Training

All Directors have attended and successfully completed the Mandatory Accreditation Programme conducted by Bursatrade Sdn Bhd within four (4) months from the date of appointment. The Board acknowledges the importance of continuous

# CORPORATE GOVERNANCE STATEMENT

(CONTINUED)

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.

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

Name of Director	Training Programme / Conference/ Seminar
<b>Dato' Fu Ah Kiow</b>	<ul style="list-style-type: none"> <li>i) Editorial brainstorming session</li> <li>ii) Briefing from BDO on the new and revised auditors reporting standards in line with the revised International Standards on Auditing</li> </ul>
<b>Tan Sri Dato' Sri IR Kuan Peng Soon</b>	<ul style="list-style-type: none"> <li>i) Briefing from BDO on the new and revised auditors reporting standards in line with the revised International Standards on Auditing</li> </ul>
<b>Datuk Seri Wong Chun Wai</b>	<ul style="list-style-type: none"> <li>i) Editorial brain storming session</li> <li>ii) How Effective Boards Engage on Succession Planning for the CEO and Top Management</li> <li>iii) Advocacy Sessions on Management Discussion &amp; Analysis programme</li> <li>iv) Briefing from BDO on the new and revised auditors reporting standards in line with the revised International Standards on Auditing</li> </ul>

Name of Director	Training Programme / Conference/ Seminar
<b>Mr Lee Siang Chin</b>	<ul style="list-style-type: none"> <li>i) 3rd BNM-FIDE FORUM Annual Dialogue with the Governor of Bank Negara Malaysia</li> <li>ii) Invest Malaysia 2016</li> <li>iii) Invest ASEAN Edition 2016</li> <li>iv) Capital Market Directors' Programme: Module 2A: Business Challenges &amp; Regulatory Expectation – What Directors Need to Know (Equities &amp; Futures Broking) Module 2B: Business Challenges &amp; Regulatory Expectation – What Directors Need to Know (Fund Management) Module 3: Risk Oversight &amp; Compliance - Action Plan for Board Module 4: Current &amp; Emerging Regulatory Issues in the Capital Market</li> <li>v) KopiTalk invitation by Rahmat Lim &amp; Partners - The Companies Bill 2015: A Brave New World?</li> <li>vi) FIDE Forum- FinTech: Business Opportunity or Disruptor</li> <li>vii) Cyber Security Workshop by Bursa Malaysia</li> <li>viii) Technology-based Innovation that Counts (Dialogue Session by FIDE Forum)</li> <li>ix) Editorial brain storming session</li> <li>x) Briefing from BDO on the new and revised auditors reporting standards in line with the revised International Standards on Auditing</li> </ul>
<b>Datin Linda Ngiam Pick Ngoh</b>	<ul style="list-style-type: none"> <li>i) AML - Recent losses learnt from the industry</li> <li>ii) Directors' training - New Companies Act 2016, Security &amp; Terrorism in Malaysia and The Power of Social Media.</li> <li>iii) CEO Forum - The challenges of leadership, today and tomorrow</li> <li>iv) Editorial brain storming session</li> <li>v) CG Disclosure Workshop</li> <li>vi) Briefing from BDO on the new and revised auditors reporting standards in line with the revised International Standards on Auditing</li> </ul>

# CORPORATE GOVERNANCE STATEMENT

(CONTINUED)

Name of Director	Training Programme / Conference/ Seminar
<b>Dato' Dr Mohd Aminuddin bin Mohd Rouse</b>	i) CG Breakfast series with directors - cyber security threat and how Board should mitigate the risk
	ii) CG Disclosure Workshop
	iii) Briefing from BDO on the new and revised auditors reporting standards in line with the revised International Standards on Auditing
<b>Mr Lew Weng Ho</b>	i) MFRS Conference 2016- Raising the bar on Financial Reporting
	ii) Briefing from BDO on the new and revised auditors reporting standards in line with the revised International Standards on Auditing

Note: Dato' Yip Kum Fook retired upon the conclusion of the 44<sup>th</sup> AGM held on 23 May 2016

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

## DIRECTORS' REMUNERATION

The RC reviews the remuneration framework (covering all aspects of remuneration including but not limited to directors' fees, allowances, bonus and benefits-in-kind) and specific remuneration package for Executive Director before recommending to the Board for endorsement. Non-Executive Directors are paid Directors' fees, allowances and other emoluments, subject to the approval of shareholders at the AGM in accordance with Section 230(1) of the Companies Act, 2016.

The level and structure of the Group's remuneration policy are aligned with 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 remuneration of Executive Director is structured so as to link rewards to the Company's and individual performance. The Executive Director of the Company does not receive directors' fees. In the case of Non-Executive Directors, the level of remuneration reflects the level of responsibilities undertaken by the individual Director concerned and time commitments expected of the Non-Executive Directors. Nevertheless, the determination of remuneration packages of Directors is a matter for the Board as a whole and individuals are required to abstain from discussing and voting on the recommendation of their own remuneration package.

The Board is of the view that the current remuneration level suffices to attract, retain and motivate qualified Directors to serve on the Board.

## Disclosure of Director's Remuneration

The details of the total remuneration of the Executive Director and Non-Executive Directors of the Company (both Company and the Group) for financial year ended 31 December 2016 are as follows:

Company	Executive Director RM	Non-Executive Director RM	TOTAL RM
Directors' fees	-	654,508	654,508
Salaries / incentives	1,773,201	-	1,773,201
Employers' contribution to EPF	294,096	-	294,096
Allowances / Committee Allowances	-	397,015	397,015
Benefits-in-kind	46,240	118,687	164,927
<b>Total</b>	<b>2,113,537</b>	<b>1,170,210</b>	<b>3,283,747</b>

Group	Executive Director RM	Non-Executive Director RM	TOTAL RM
Directors' fees	-	1,069,543	1,069,543
Salaries / incentives	1,773,201	-	1,773,201
Employers' contribution to EPF	294,096	-	294,096
Allowances / Committee Allowances	-	418,018	418,018
Benefits-in-kind	46,240	118,687	164,927
<b>Total</b>	<b>2,113,537</b>	<b>1,606,248</b>	<b>3,719,785</b>

The number of Directors of the Company in each remuneration band is as follows:

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	1	-
RM50,001 to RM100,000	-	1
RM100,001 to RM150,000	-	3
RM150,001 to RM200,000	-	2
RM200,001 to RM250,000	-	1
RM250,001 to RM300,000	1	-
<b>Total</b>	<b>2</b>	<b>7</b>

The above disclosure format meets the requirements of Item 11 of Appendix 9C Part A of the Listing Requirements.

# CORPORATE GOVERNANCE STATEMENT

(CONTINUED)

## SHAREHOLDERS

### Communications with Shareholders

The Group welcomes dialogues with shareholders and investors to discuss issues and obtain feedbacks. The Executive Director 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 the 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 Guidelines 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 [www.starmediagroup.my](http://www.starmediagroup.my).

### Greater Shareholder Participation

The Company's AGM is the principal forum for dialogue with individual shareholders. The Board supports and encourages active shareholder participation at AGM. It is a crucial mechanism in shareholder communication for the Company. All shareholders of the Company receive the notice of AGM and summary financial report and on request, the full annual report. The Company's AGM is normally held within five (5) months after the close of the Company's financial year end. The notice is also advertised in The Star newspaper. The annual report is also available on the Company's website.

At the AGM, a comprehensive review of the progress and performance of the Group's business together with an overview of the Group's activities 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. The Chairman, Group MD & CEO and the Group Chief Financial Officer are available to respond to shareholders' queries during the meeting. Usually, a press conference is held immediately after the AGM whereat the Chairman and the Executive Director answer questions on the Group operations.

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

In presenting the quarterly financial reports and the annual financial statements to shareholders and investors, the Board is committed to providing a clear, balanced and meaningful assessment of the Group's financial position and prospects. The Board assisted by the AC, oversees the financial reporting of the Group. The AC reviews the quarterly and full year financial statements of the Company, including key significant financial reporting issues and assessments, to ensure compliance with the relevant applicable financial reporting standards.

The Company disseminates quarterly and full year financial results and other related material information to shareholders via announcements to Bursa Securities within the stipulated timeframe and where appropriate, press releases and media and analyst briefings.

The Management Discussion and Analysis and the message from the Chairman in this Annual Report provide additional analysis and commentary on the state of the Group's business.

### Directors' Responsibility Statement in respect of the preparation of the Audited Financial Statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their profit and loss and cash flows for the period then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently accounting policies and made reasonable and prudent judgments and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

# CORPORATE GOVERNANCE STATEMENT

(CONTINUED)

## External Audit

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 GMD & 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 are 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 amount of non-audit fees paid to the external auditors and their associates during the financial year 2016 is RM413,069.

## RISK MANAGEMENT & INTERNAL CONTROLS SYSTEM

### Risk Management

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 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 identifies, monitor and mitigate the risks and reports the results to Management.

### 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 pages 50 to 53 and Statement on Risk Management and Internal Control as set out in pages 47 to 49 of the Annual Report 2016.

This Statement is made in accordance with a resolution of the Board of Directors dated 27 February 2017.

# 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, affected 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. 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 the reasonable assurance that the designed controls are in place and are operating as intended.

## 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.

To fulfill its oversight responsibility, the Board as a whole or through delegation to the RMC, should review the adequacy, integrity and implementation of appropriate systems for risk management.

The RMC meets on a quarterly basis to deliberate on risks identified, controls and risk mitigation strategies arising from the risk assessment process conducted.

## RISK MANAGEMENT DEPARTMENT

The Enterprise Risk Management (“ERM”) Division 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.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONTINUED)

## RISK MANAGEMENT PROCESS

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

- The RMC, which is chaired by the Group Chief Financial Officer and 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 Enterprise Risk Management.

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.
- 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.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONTINUED)

- Detailed budgeting process requiring all business units to review their budgets periodically. The budgets are reviewed and discussed by the top Management headed by the Group Managing Director/Chief Executive Officer. The budgets are then discussed and approved by the Board.
- 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 Managing Director/Chief Executive Officer, with the input from the RMC, reviews with the Board significant changes in internal and external environment, which affects the Group's risk profile.

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 and assurance from the Group Managing Director/Chief Executive Officer 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 2016 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 2016. Their review is performed in accordance with Recommended Practice Guide 5 (Revised 2015) ["RPG 5 (Revised 2015)"] 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.

RPG 5 (Revised 2015) 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 paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuer, nor is factually inaccurate.

This statement was approved by the Board on 27 February 2017.

# AUDIT COMMITTEE REPORT

## MEMBERSHIP

The Audit Committee comprises the following members:

Mr Lee Siang Chin  
- Senior Independent Non-Executive Director (Chairman)

Mr Lew Weng Ho  
- Independent Non-Executive Director (Member)

Datin Linda Ngiam Pick Ngoh  
- Independent Non-Executive Director (Member)  
(appointed on 22 August 2016)

Note:

Dato' Yip Kum Fook ceased as a member on 23 May 2016 following his retirement as Director of the Company

## TERMS OF REFERENCE

The terms of reference of the Audit Committee are set out on pages 51 to 53.

## MEETINGS

The Committee held five (5) meetings during the financial year ended 31 December 2016, which were attended by all members. The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification. The Group Managing Director and Chief Executive Officer, Group Chief Operating Officer, 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)	5/5
Mr Lew Weng Ho (Member)	5/5
Datin Linda Ngiam Pick Ngoh <sup>^</sup> (Member)	1/1
Dato' Yip Kum Fook* (Member)	2/2

Notes:

<sup>^</sup> Datin Linda Ngiam Pick Ngoh was appointed as the AC member on 22 August 2016

\* Dato' Yip Kum Fook ceased as a member on 23 May 2016 following his retirement as Director of the Company

## SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year 2016, 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

- Reviewed the quarterly financial results of the Group and the relevant announcements to Bursa Securities before recommending them for the Board's approval.
- 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, 1965, 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

- Reviewed the Internal Audit Plan for financial year 2016 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.
- 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.
- Reviewed the implementation of these recommendations through follow-up audit reports to ensure all key risks and control issues were addressed.
- Reviewed the results of ad hoc investigations / special reviews on internal misconduct in relation to the Code of Conduct and suspicion of operational failures within the Group.
- 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.

### iii) External Audit

- 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,

# AUDIT COMMITTEE REPORT

(CONTINUED)

representatives from the External Auditors presented their audit strategy and plan. The Audit Committee also met with the External Auditors without Executive Director 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 Statement on Corporate Governance, Audit Committee Report and the Statement on Risk Management and Internal Control and recommended to the Board to approve the same for inclusion in the Annual Report.
- c) Reviewed the Terms of Reference of Audit Committee prior to the recommendation to the Board of Directors for adoption.

## 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 and timely and proper follow-up and implementation of audit recommendations is closely tracked by the Management.

During the financial year 2016, the Internal Audit Department conducted audit reviews on significant aspects and operations of the Company and its subsidiaries. The audit review covered several areas such as process and procedures related to sales cycle, purchases and payment cycle and credit control efficiency. Procedures which affected print efficiency and quality, disaster recoveries, fixed assets management, client relationship management and other core processes were also covered. Review of related party transactions and recurrent related party transactions were also conducted. Audit review was also carried out on the core processes of the subsidiaries.

Actions were taken by the Management to rectify weaknesses identified in the audit reports. Internal Audit Department carried out follow-up review to obtain updates on the progress of the remedial actions and updated 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 2016 amounted to RM969,790.

## TERMS OF REFERENCE OF AUDIT COMMITTEE

### 1. MEMBERSHIP

1.1 The Audit Committee shall be appointed from amongst its Directors and must fulfill the following requirements:

- a) The Audit Committee must be composed of not fewer than three (3) members;
- b) All the Audit Committee members must be Non-Executive Directors, with a majority of them being Independent Directors;
- c) At least one member of the Audit Committee:
  - i) must be a member of the Malaysian Institute of Accountants; or
  - ii) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience and :
    - he/she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
    - he/she must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
  - iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

1.2 No alternate director shall be appointed as a member of the Audit Committee;

# AUDIT COMMITTEE REPORT

(CONTINUED)

- 1.3 In the event of any vacancy in the Audit Committee resulting in the non-compliance of the Main Market Listing Requirements of Bursa Securities pertaining to the composition of the Audit Committee, the Board of Directors shall within three (3) months of that event fill the vacancy;
- 1.4 The terms of office and performance of the Audit Committee and each of its members must be reviewed by the Nomination Committee annually to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

## 2. CHAIRMAN

- 2.1 The Chairman of the Audit Committee shall be appointed by members of the Committee and must be an Independent Non-Executive Director. The vacancy of the independent chairman of the Audit Committee must be filled within three (3) months.
- 2.2 The main responsibilities of the Chairman of the Committee include:
- a) Planning and conducting meetings;
  - b) overseeing reporting to the Board;
  - c) encouraging open discussion during meetings; and
  - d) developing and maintaining active on-going dialogue with Management and both internal and external auditors.
- 2.3 All meetings shall be chaired by the Chairman; if the Chairman is absent at any meeting, it shall be chaired by another Independent Non-Executive Director chosen among themselves.

## 3. SECRETARY

- 3.1 The Company Secretary shall be the secretary of the Audit Committee.

## 4. MEETINGS

- 4.1 The Audit Committee shall meet at least four (4) times in a year. Additional meetings may be called at any time at the discretion of the Chairman of the Audit Committee;
- 4.2 A quorum shall be two (2) members, comprising Independent Non-Executive Directors;
- 4.3 All resolutions of the Committee shall be adopted by a simple majority vote, each member having one vote. In case of equality of votes, the Chairman of the meeting shall have a second or casting vote;

- 4.4 The Chairman of the Audit Committee shall, upon the request of the external auditors, convene a meeting of the Committee to consider any matter, which the external auditors believe should be brought to the attention of the directors or shareholders;

- 4.5 The external auditors are invited to attend meetings as and when necessary;

- 4.6 Other Board Members and employees may attend meetings only upon the invitation of the Audit Committee.

- 4.7 The Audit Committee should meet with the external auditors without the Executive Board Members and Management present at least twice in a financial year;

- 4.8 A resolution in writing, signed by all the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Committee members.

- 4.9 The Audit Committee shall regulate its own procedure, in particular:

- a) the calling of meetings
- b) the notice to be given of such meetings
- c) the voting and proceedings of such meetings
- d) the keeping of minutes; and
- e) the custody, production and inspection of such minutes.

## 5. AUTHORITY

The Audit Committee shall, in accordance with the procedures determined by the Board of Directors and at the cost of the Company:

- a) have authority to investigate any matter within its terms of reference;
- b) have the resources which are required to perform its duties. The Committee can obtain outside legal or other independent professional advice it considers necessary;
- c) have full and unrestricted access to any information pertaining to the Group; and
- d) have direct communication channels with external auditors and internal auditors and shall be able to convene meetings with the external auditors, internal auditors or both without the presence of Executive Directors and employees of the Company, whenever deemed necessary.

# AUDIT COMMITTEE REPORT

(CONTINUED)

## 6. FUNCTIONS

6.1 The functions of the Audit Committee shall be:

- a) to review
  - i) with the external auditors, the audit scope and plan;
  - ii) with the external auditors, their evaluation of the system of internal controls;
  - iii) with the external auditors, their audit report;
  - iv) the assistance given by the employees to the external auditors;
  - v) the independence and objectivity of the external auditors and their services, including non-audit services and their professional fees, so as to ensure a proper balance between objectivity and value for money.

The Committee should consider the following in assessing the performance of the external auditors and its independence:

- a) the external auditor's ability to meet deadlines in providing services and responding to the Company in a timely manner as contemplated in the external audit plan;
  - b) the nature of the non-audit services provided by the external auditor and fees paid for such services relative to the audit fee; and
  - c) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of the non-audit services or tenure of the external auditor.
- vi) the appointment/re-appointment and performance of the external auditors, the audit fee and any question of resignation or dismissal and to carry out annual assessment on the performance and the suitability of the external auditors. In considering the appointment/re-appointment of the external auditor, the Committee to consider among others:
- a) the adequacy of the experience and resources of the accounting firm;
  - b) the persons assigned to the audit;
  - c) the accounting firm's audit engagements;
  - d) the size and complexity of the listed issuer's group being audited; and
  - e) the number and experience of supervisory and professional staff assigned to the particular audit.

vii) the quarterly results and year end financial statements prior to the approval by the board of directors, focusing particularly on:

- any changes in or implementation of major accounting policies and practices;
- significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are addressed;
- the going concern assumptions; and
- compliance with accounting standards and other legal requirements;

viii) any related party transactions and conflict of interests situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions or management integrity; and

ix) with the Head of Enterprise Risk Management, the risk profile of the Group and risk management practices and procedures;

b) to assess the effectiveness of internal controls by conducting the following:

- i) review the adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work ;
- ii) review the internal audit programme, internal audit reporting and communication flow and the results of the internal audit process and investigations, where necessary, and ensure that appropriate action is taken on the recommendations of the internal audit function or whether concerns, if any, identified by the internal audit in its report were addressed during the financial year;
- iii) review any appraisal or assessment of the performance of the internal auditors; and
- iv) ensure that the internal audit function is independent of the works it audits.

c) take cognisance of resignations of internal audit staff members and provide the resigning staff members an opportunity to submit his/her reasons for resigning; and

d) to perform any other functions/responsibilities/duties as may be imposed upon them by Bursa Securities or any other relevant authorities from time to time together with such other functions as may be agreed to by the Audit Committee and the Board of Directors.

The Chairman of the Committee shall engage on a continuous basis with senior management, the head of internal audit and the external auditors in order to be kept informed of matter affecting the Company and group.

# ADDITIONAL COMPLIANCE INFORMATION

## OTHER INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

### 1. Audit and Non-Audit Fees

The amount of audit fees and non-audit fees paid or payable to the External Auditors by the Company and the Group for the financial year ended 31 December 2016 are as follows:

	Group (RM)	Company (RM)
Audit fees	1,085,113	205,500
Non-audit fees	413,069	52,076
<b>Total</b>	<b>1,498,182</b>	<b>257,576</b>

### 2. Material Contracts

During the financial year, there were no material contracts entered into by the Group involving directors' and major shareholders' interests.

### 3. Utilisation of Proceeds

The Company did not implement any fund raising exercise during the year.

### 4. Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

Details of RRPT undertaken by the Company and/or its subsidiaries during the financial year ended 31 December 2016 are disclosed in Note 30 of the Audited Financial Statements.

# AWARDS 2016



## PRINT



### JOHOR MEDIA AWARDS

#### Best Feature Article in the English Print Media

- Nelson Benjamin

#### Best Economic News

- Norbaiti Phaharoradzi

#### Cultural Tourism Award

- Mohd Farhaan Shah Nazaruddin

#### Best Development News

- Kathleen Ann Kili

### 15<sup>TH</sup> ASIAN MEDIA AWARDS

#### Best Feature Story

- R.AGE (Silver)

#### Best in Editorial Content

- The Star (Bronze)



### 10<sup>TH</sup> HEALTH MEDIA AWARDS 2016

#### English Newspaper Category

- Yuen Meikeng

#### Consolation Prizes

- Loh Foon Fong & Tan Shioh Chin

### THE SOCIETY OF PUBLISHERS IN ASIA (SOPA) 2016 AWARDS

#### The Scoop Award

- P. Aruna & Farik Zolkepli (Award for Excellence)



# AWARDS 2016

(CONTINUED)



PRINT



## SPARK AWARDS FOR MEDIA EXCELLENCE 2016

### Best Media Solution

- The Star (Bronze)



## HUMAN RIGHTS AWARD 2016

### Print Media Award

- Stephen Then

## WORLD CHINESE ECONOMIC SUMMIT (WCES)

### Lifetime Achievement Award

- Datuk Leanne Goh



## PENANG GREEN JOURNALISM AWARD 2016

### The Excellent Award in Hard News

- Royce Tan

### Excellent Award in Features Writing (English category)

- Christina Chin

### Special Award in Features Writing

- Royce Tan

### Photojournalism Category

- Chan Boon Kai (Bronze)



## AWARDS 2016

(CONTINUED)



### DIGITAL



#### ASIAN DIGITAL MEDIA AWARDS

##### Best New Product

- R.AGE

#### SPARK AWARDS FOR MEDIA EXCELLENCE 2016

##### Best Launch/Re-Launch by a Media Owner

- R.AGE TV (Gold)

##### Best Event by a Media Owner

- Anugerah Pilihan Online (APO) 2016 (Silver)



#### 2016 KOTA KINABALU INTERNATIONAL FILM FESTIVAL

##### Kinabalu Award

- R.AGE (Silver)



### BRAND AND MARKETING

#### PUTRA BRAND AWARDS 2016

##### Media Networks

- The Star (Silver)



## AWARDS 2016

(CONTINUED)



### HUMAN CAPITAL

#### HUMAN RESOURCES EXCELLENCE AWARDS

##### Employer of the Year

- Leaderonomics (Silver)

##### HR Specialist of the Year Award

- Leaderonomics (Bronze)



#### MIHRM HR AWARDS 2016

##### SME Best Employer Award

- Leaderonomics (Gold)



#### HR VENDOR EXCELLENCE AWARDS 2016

##### Best Leadership Development Consultant

- Leaderonomics (Gold)

##### Best Learning Management System

- Leaderonomics (Silver)

##### Best Management Training Provider

- Leaderonomics (Gold)



#### 50 MALAYSIA BEST EMPLOYER BRAND AWARDS

- Star Media Group Berhad

# HIGHLIGHTS 2016



## PRINT



### THE STAR NEWSPAPER HITS RECORD-BREAKING READERSHIP FIGURES

*The Star* newspaper continues to be the people's favourite choice among English dailies, now even more so among youths, as it hits an all-time high readership of 1.7 million. The daily readership of *The Star* grew to 1.4 million readers from July 2015 to June 2016.

\*Source: Nielsen Consumer & Media View



### 45<sup>TH</sup> ANNIVERSARY LAUNCH VIDEO

Star Media Group celebrated its 45<sup>th</sup> anniversary by kicking off an attention-grabbing video titled *Fast, Fresh and Furious*. The video, which captured the spirit of *The Star* was shot at Publika shopping mall and featured a host of the country's familiar and fresh faces, such as national gymnast Farah Ann Abdul Hadi, model Amber Chia, Chef Wan, as well as funny man Harith Iskander and his adorable family. Other people included home-grown heroes of the Fire and Rescue Department, cutting-edge dancers, parkour exponents and some cast members of popular movie "Ola Bola".

## HIGHLIGHTS 2016

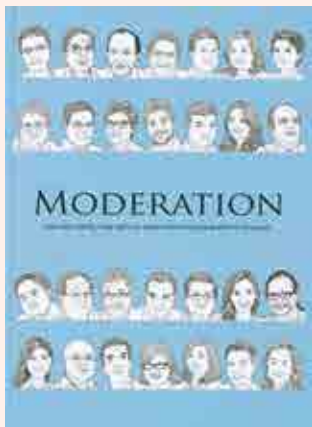
(CONTINUED)



PRINT



In conjunction with Star Media Group's 45<sup>th</sup> Anniversary, *The Star* organised the *Win With Words 2016* contest, a word game where participants collect letters of the English alphabet published in *The Star* to form English words and score points. Participants won prizes worth more than RM480,000, comprising of cash prizes and two cars. *Win With Words 2016* received an overwhelming response – 95 thousand entries from across the nation.



### LAUNCH OF MODERATION BOOK

The writings of prominent Malaysians and journalists have been published in a book titled *Moderation*, which features a collection of 28 essays presenting diverse views on the concept of moderation in Malaysia, a campaign spearheaded by *The Star*.

Among the book's notable writers are, Tan Sri Ramon Navaratnam, Tan Sri Johan Jaaffar, Datuk Seri Idris Jala, Datuk Seri Azman Ujang, Datuk Dr Shad Saleem Faruqi, Azmi Sharom, Wan Saiful Wan Jan, and Sharyn Shufiyan.

*The Star Online* editor Philip Golingai along with journalists Dina Murad and Michelle Tam also contributed essays to the book. The book was launched by Datuk Seri Nazir Razak.

The book was edited by the late Mr Soo Ewe Jin, who was instrumental to the completion of the book and played an integral part in the launch.

## HIGHLIGHTS 2016

(CONTINUED)

### DIGITAL & OTT



*The Star Online* continues to deliver award-winning digital journalism, attracting an average of 5.18 million unique visitors and regular pageviews of 49 million per month\* in 2016.

\*Source: Google Analytics (January-December 2016)

#### THE STAR ONLINE TWITTER MASSES THE HIGHEST NUMBERS OF FOLLOWERS AMONG ENGLISH NEWS PORTALS

*The Star Online* also registered a million followers on Twitter, making it the English news portal in Malaysia with the largest audience on the micro-blogging site.

*The Star Online's* Twitter was Star Media Group's first push in connecting with our readers on a more meaningful level. This initiative to better connect with readers also saw the portal and its sister publication Star iPad conducting live "On The Spot" Q&A sessions with prominent Malaysian personalities such as actress Lisa Surihani, singer-songwriter Liyana Fizi, human rights activist and lawyer Edmund Bon and Transport Minister Datuk Seri Liow Tiong Lai.



## R. AGE

#### THE LAST SURVIVORS

R.AGE launched *The Last Survivors* online video campaign to document the stories of Malaysia's WWII survivors. The campaign also hoped to encourage young people to document WWII stories from their own communities, especially through the memories of survivors. The campaign website featured an

interactive map that points to the exact locations of all the survivors' stories, so that anyone can visit them and add to the narrative. One of the videos featured former first lady Tun Dr Siti Hasmah Mohd Ali, who shared her memories of WWII with her granddaughter Ineza Roussille.

## HIGHLIGHTS 2016

(CONTINUED)



### DIGITAL & OTT



## R.AGE

### R.AGE ON LOCATION

R.AGE introduced a new series called *R.AGE On Location*, which follows the team's travels around the world from Penang to Manila and Siem Reap.



### PREDATOR IN MY PHONE

An original documentary series and a joint effort with Unicef, *Predator in My Phone* documents the undercover operations of R.AGE journalists to find out more about sex predators, in hopes of raising awareness about child sexual exploitation through mobile chat apps.

R.AGE also launched the *MPs Against Predators* nationwide online campaign, via Facebook livestream, to push for legislation against child sexual crimes. The campaign, an extension of the series, aims to enlist the public's help in lobbying Members of Parliament (MPs) to support the proposed Child Sexual Crimes Bill.

The launch saw the release of brand new content, including an interview with a victim of sexual grooming, conducted by campaign ambassador actress Lisa Surihani. Other personalities who made an appearance included Datin Paduka Marina Mahathir, Syed Azmi Alhabshi, Jin Lim of JinnyboyTV and Marianne Tan.

## HIGHLIGHTS 2016

(CONTINUED)



### DIGITAL & OTT

"The next part of the journey continues our strategy into digital entertainment within the over-the-top (OTT) sphere. This is a big leap for us in transforming our business and preparing us for the future."

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

#### Dimsum Launch



**dimsum**



### RADIO

#### PLANET RADIO

On 17 August 2016 at Multimedia University, Cyberjaya, Star Media Radio Group championed Planet Radio 2016. In its fifth year, Planet Radio 2016 provided an overview of the exciting multi-discipline career opportunities which the radio industry offers, encompassing areas of voice talents, marketing, sales, engineering, legal, finance and more, making it perfect for graduates who are considering radio as a viable career option.

**Star**  
RADIO



#### EYE IN THE SKY

Star Media Radio Group collaborated with Royal Malaysian Police (PDRM) Air Wing Unit to provide road users a bird's-eye view report of the traffic situation, complete with tips on alternate routes to avoid the traffic. *Eye in the Sky* was launched by the Inspector General of Police Tan Sri Khalid Abu Bakar at Putrajaya International Convention Centre.

## HIGHLIGHTS 2016

(CONTINUED)



### RADIO



#### 988

988 retained a strong 1.7 million fellowship with 41% loyal listeners, and maintained more than 40% in exclusive listenership for more than 2 consecutive sweeps. One of the Chinese morning show with more than a million listenership, 988 morning show is one of the most engaging with the highest time spent listening among Chinese stations. 988 also has the highest ratio in the Northern region in 2016 with 38% listenership making them No. 1 in Perak.

In conjunction with Chinese New Year, 988 released an album consisting of original soundtracks and a short film, "House of Happiness". A album promotion tour in Penang, Ipoh and Klang Valley was also carried out.

\*Source: GFK Surveys (24 July 2016 - 3 September 2016).

#### SURIA

Suria organised carnival Bangkit Suria last April 2016 that went to 3 locations (Johor, Kedah & Kuantan) as a reward to their loyal listeners for their endless support as well as to broaden Suria's target audience. A theme song titled *Bangkit* by Hazama, Dayang Nurfaizah featuring rapper Aman Ra and its music video was released on Suria's website, YouTube, Facebook as well as *StarTV*. The Suria Tour was held at 5 different locations around Klang Valley, Northern and Southern region, giving out exclusive merchandise and performances from guest artists. Suria also launched Suria Wheel Pantai Timur in collaboration with Tati Skincare around East Coast Malaysia.

Suria reaches out to 2.2 million listeners weekly. *Suria Cinta*, a late evening show hosted by DJ Lin, has maintained the highest time spent listening among all the Malay radio stations in the country.

\*Source: GFK Surveys (24 July 2016 - 3 September 2016).



## HIGHLIGHTS 2016

(CONTINUED)



### TELEVISION



*TheStarTV* debuted the Bahasa Malaysia “Lensa” and Mandarin “Pop News” to its online video platform, reaching out to wider demographics. *TheStarTV* also launched a new service called (“Cuppa News”) – daily updates covering news, sports, politics, and business.

*TheStarTV* programme Asean Now: Weekly Wrap went through a revamp and unveiled a new look, with Star Media Group journalists presenting highlights from countries in the lower Asean region, and counterparts from The NationTV in Bangkok present updates from the upper Asean region.

A new fortnightly segment called “Money Today” gives information on stock-investing, as well as insights into the capital markets and the corporate world. Other business-oriented programmes on *TheStarTV* include “Bizproperty,” a fortnightly programme on property issues, challenges, and upcoming launches; and “The Spotlight,” a monthly programme on analysis of current trends and issues in the world of business and the economy.



**Life Inspired**

#### LIFE INSPIRED

Life Inspired produced the highest record of original content in 2016. These original content includes Lifestyle Advocates, Tastemakers 2016, Tales of Time Baselworld 2016 and Inspiring Homes and also secured top regional Branded Content project.

In 2016, Savour Australia was awarded in “Best Event or Experiential Marketing Campaign” in The Dragons of Malaysia 2016 awards, Promotion Marketing Campaign awards amongst the media agency.

In May 2016, Life Inspired expanded across the region into South Korea where two branded block under CENTRAL MULTI BROADCASTING (CMB) was launched - Extreme Fun Channel and TV Asia Channel, with a potential reach of 21 million subscribers.



## HIGHLIGHTS 2016 (CONTINUED)



## EVENTS & EXHIBITIONS



### 45<sup>th</sup> Anniversary Celebrations

A number of giveaways were also carried out as a way to thank our readers for their continuous support. Some of the prizes included dashboard cameras, air flight tickets, prescription glasses for those in need, an intimate showcase with artiste Greyson Chance as well as a chance to feast on a meal prepared by Tunku Abdul Rahman's former cook.

## HIGHLIGHTS 2016

(CONTINUED)



### EVENTS & EXHIBITIONS



The Avengers S.T.A.T.I.O.N. (Scientific Training and Tactical Intelligence Operative Network) was exhibited at Esplanade de La Défense in Paris, France. The attraction's launch coincided with the release of "Captain America: Civil War," the third instalment of the Captain America films. The next exhibitions were held at held at Treasure Island Hotel and Casino, Las Vegas. It also made its debut in Southeast Asia in Singapore, with the Avengers S.T.A.T.I.O.N. spanning more than 2,000 square metres.

## HIGHLIGHTS 2016

(CONTINUED)



### EVENTS & EXHIBITIONS



#### starproperty.my AWARDS 2016

The inaugural *StarProperty.my Awards* was held at Saujana Hotel Kuala Lumpur and was graced by Sultan of Selangor Sultan Sharafuddin Idris Shah. The awards show aims to recognise organisations that have left a significant impact on the real estate industry with outstanding developments. The event attracted more than 50 participants.

Projects from all the award-winning developers have been compiled into a book titled “Rising To Prominence, Celebrating Malaysia’s Most Inspiring Property Developments”.



#### carsifu EDITORS' CHOICE AWARDS 2016

The inaugural *CarSifu Editors' Choice Awards* was held at The Royale Chulan Damansara hotel. The awards, organised by Star Media Group, recognises the automotive industry as one of the key pillars of the economy and the brands which have become its driving force. The awards highlight was the announcement of the “Car of the Year,” which was selected from one of the winners of 22 categories up for grabs. Some 50 vehicles were nominated for the awards. The winning cars, along with several newly launched vehicles, were presented at the *Carsifu Auto Show 2016* held at 1Utama Shopping Centre from 26 October until 30 October 2016.

## HIGHLIGHTS 2016

(CONTINUED)



### EVENTS & EXHIBITIONS



*mStar Online* and *Suria* joined forces to hold the inaugural Anugerah Pilihan Online (APO) 2016 people's choice awards. APO 2016 aimed to honour personalities in Malaysia's local entertainment, sports, business, and fashion and beauty fields who have made a name for themselves through the use of digital and social media.

A total of 18 awards were presented to individuals under three categories, namely entertainment, sports and lifestyle. The main award, "The Ultimate Celebrity APO 2016" was presented to the nominee with the highest individual scores across all categories. The awards show was broadcast live on local television channel TV2.



The *Star Outstanding Business Awards (SOBA)* 2016, in its seventh year, introduced two new broad categories – one for enterprises with a turnover of more than RM25 million and the other for those that have generated less than RM25 million per annum.

SOBA 2016 saw a total of 186 entries and 127 companies participating as compared to 132 entries and 81 companies in 2015.

## HIGHLIGHTS 2016

(CONTINUED)



### EVENTS & EXHIBITIONS



**POWER  
TALKS**  
BUSINESS SERIES



The *Power Talks: Business Series* is not only our way of connecting with our readers but also a chance for us to give back to our fellow Malaysians.

From inspiring company philosophies to compelling views and insights by captains of industries, *Power Talks* covers various topical matters on business. It features an exciting line-up of powerhouse speakers who are high profile business leaders who have contributed to the resounding success in their various fields.

The first *Power Talks* featured Eco World Development Group Bhd. chairman Tan Sri Liew Kee Sin, who gave an insight on how to weather the storm in the property market. Other renowned speakers included Tan Sri Tony Fernandes, Tan Sri Jeffrey Cheah, Datuk Seri Nazir Razak and many more. The *Power Talks* session featuring Tan Sri Jeffrey Cheah attracted over 1,000 guests.

## HIGHLIGHTS 2016

(CONTINUED)



### EVENTS & EXHIBITIONS



#### StarLIVE

*StarLIVE* in May 2016 was presented by Nestle. Entitled “Nutrition Guide: Eating Your Way to a Healthy Heart”, the talk was complemented by cholesterol checks during the session. Nestle’s next *StarLIVE* session was held at the Star Media Hub in Bukit Jelutong and involved both children and their parents. The event was part of Nestle’s *Healthy Kids Programme (NHKP)*, a global initiative to raise awareness on nutrition, health and wellness as well as to promote physical activity among schoolchildren around the world.

Other themes for *StarLIVE* included how to cope to grief and featured psychotherapist Dr Edmund Ng, who specialises in handling grief. His talk titled “Beyond Grief: A Guide for Recovering from the Loss of a Loved One” attracted some 200 participants. This *StarLIVE* event was in conjunction with the launch of *StarCherish.com* - an online platform to remember and commemorate our departed loved ones.

In November, topics revolved around finance while *StarLIVE* in December elaborated on career opportunities in the Global Business Services (GBS) industry.



## HIGHLIGHTS 2016

(CONTINUED)



### EVENTS & EXHIBITIONS



### perfect livin<sup>®</sup>

Star Media Group Berhad's subsidiary I.Star Ideas Factory Sdn. Bhd. organised the *Perfect Livin' '16* home and lifestyle exhibition at Mid Valley Exhibition Centre. The three-day fair, which featured new attractions and better bargains, attracted close to 80,000 visitors. Held in Johor, Kuala Lumpur and Pahang, a total of six (6) fairs were carried out in 2016.



*CHEER 2016*, Malaysia's premier inter-school cheerleading competition, was held at the Main Atrium in Tropicana City Mall, Petaling Jaya. *CHEER 2016* was organised by R.AGE and supported by the Youth and Sports Ministry and Education Ministry.

## HIGHLIGHTS 2016

(CONTINUED)



### EVENTS & EXHIBITIONS



The *Star Education Fair 2016* held at the Kuala Lumpur Convention Centre featured over 100 exhibitors and attracted some 64,000 visitors over the two-day event. Higher Education Minister Datuk Seri Idris Jusoh opened the fair. *The Star Education Fair 2016* was carried out in Penang, Johor and Kuala Lumpur.

*The Star Education Fund* offered 241 scholarships worth RM11.4 million with its 26 partners-in-education in 2016.



Some 200,000 people visited the first *StarProperty.my Fair* of 2016 at Aman Central Mall in Alor Setar, Kedah, with Zeon Properties as the event partner. Nine developers showcased about RM16.8 billion worth of property during the fair. A total of 12 fairs were organised across the states throughout 2016.



*FitForLife KL 2016* was attended by around 57,000 visitors over three (3) days while *FitForLife Penang 2016* attended by around 19,000 visitors over three (3) days. Highlights of the exhibition included free health checks, informative health talks, as well as product offers and discounts. *FitForLife 2016* was also held in Johor and Malacca.

## HIGHLIGHTS 2016

(CONTINUED)



### EVENTS & EXHIBITIONS

#ANAK ANAK  
**MALAYSIA**  
WALK  
FOR UNITY, HARMONY & TOLERANCE



## HIGHLIGHTS 2016

(CONTINUED)



### EVENTS & EXHIBITIONS



About 15,000 people participated in *Starwalk Ipoh 2016*, which was flagged off by Perak Menteri Besar Datuk Seri Dr Zambry Abd Kadir. The 13<sup>th</sup> edition of the annual *Starwalk Ipoh* was organised by Star Media Group Berhad in collaboration with Ipoh City Council, Perak Education Department and Perak Athletics Association.



This year's *Starwalk Penang* saw a record turnout of 22,000 participants, with Yang di-Pertua Negeri Tun Abdul Rahman Abbas, who flagged off the walk at Penang Times Square. The 7 km route included landmarks like Komtar, City Hall, Fort Cornwallis, St George's Church, Goddess of Mercy Temple, Sri Mahamariamman Temple, Kapitan Keling Mosque and Khoo Kongsi.

## HIGHLIGHTS 2016

(CONTINUED)



### EVENTS & EXHIBITIONS



#### Euro Extravaganza

The grand finale for the *European Extravaganza 2016* contest was held at Movida Sunway Giza. The competition was held in conjunction with the start of the UEFA Euro Championship and the launch of *The Star's* special UEFA Euro 2016 pullout. The grand prize included two semi-final tickets with flight and accommodation as well as a money-can't-buy experience with UEFA Euro legends while in France.



### TRAINING



*Leaderonomics Digital Learning Platform* for SMEs was launched. The new e-learning platform for human resource development provides easily accessible, localised and up-to-date content, with the option to complement with traditional (face-to-face) learning, in collaboration with CourseNetworking. A CEO learning session titled "The SME Gamechanger: Revolutionise Your Business" was held in conjunction with the launch.

*Leaderonomics* also published its first Bahasa Malaysia Leadership "Kembara Kepimpinan". This effort to "democratise leadership" in our native language received encouraging positive feedback and reviews. *Leaderonomics* also published the Leadership Nuggets book highlighting great articles from [www.leaderonomics.com](http://www.leaderonomics.com).



**Leaderonomics**  
The Science of Building Leaders

In the youth space, Leaderonomics Club has been established in 20 schools across Klang Valley driving over 11 M.A.D. (Making A Difference) projects. The first LEAD (Leadership Exploration And Development) Convention was also organised, seeing leaders from over six (6) schools collaboratively organised the convention. Their campus efforts have also seen a huge leap this year, marking their presence in 25 local and private higher institutions, developing 3,888 undergraduates across various faculties.

# CORPORATE RESPONSIBILITY

**OVER THE YEARS, STAR MEDIA GROUP HAS GROWN FROM A SINGLE PRODUCT COMPANY INTO A MULTI-CHANNEL MEDIA GROUP. THIS YEAR SAW OUR TRANSITION TOWARDS THE DIGITAL SPHERE AND AS WE EMBRACE THE DIGITAL FUTURE, ONE MISSION HAS REMAINED THE SAME – TO PLAY AN ACTIVE ROLE IN COMMUNITY DEVELOPMENT AND NATION BUILDING AS A CORPORATE CITIZEN. THIS HAS TRANSLATED INTO INITIATIVES AND EFFORTS FOCUSED ON THESE AREAS.**

During the year under review, the Group recognises the need for an active on-ground engagement and to ensure long-term value creation through actionable initiatives to serve the needs of all stakeholders. In 2016, Star Media Group continued its commitment in promoting racial harmony and unity through Star Golden Hearts Award. These awards programme recognises everyday Malaysians who perform extraordinary acts of kindness and heroism that go beyond race, culture and religion. 2016 has been a year of engaging people internally and externally through improved and enhanced engagement in the workplace and community. Identifying these as key focus areas, we continue to show our commitment in fulfilling our role as a caring and responsible media group.

## MARKETPLACE

### Consumers and Clients

As a leading media organisation, we are conscious of our responsibility to manage and develop content that is relevant, reliable and factually accurate. Our user statistics (whether it is readership, circulation, listenership, viewership or unique visitors online) prove that we remain a reliable source of information and intelligence. We endeavor not to do anything that may compromise our integrity and reputation, and we always take a balanced approach towards every action or decision.

### Shareholders and Investors

In our effort to provide both the investment community and the public a more convenient access to the Management, and to live up to our principles of transparency, integrity and good corporate governance, the Group arranges regular communication sessions with analysts, fund managers and shareholders through quarterly result briefings, annual general meeting, discussions and meetings throughout the year. Aside from these meetings, our corporate website aims to deliver comprehensive information in compliance with the relevant guidelines, rules and regulations, enabling our stakeholders to gain a better understanding of the Group's performance.

### Ethical Procurement

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

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 ("FSC") certified/accredited or equivalent, and produce their newsprint from well-managed forests or sustainable sources. The FSC is an international body which accredits certification to organisations to guarantee the authenticity of their claims. The goal of FSC is to promote environmentally responsible, socially beneficial and economically viable management of the world's forests.

## CORPORATE RESPONSIBILITY

(CONTINUED)

### WORKPLACE

The Group prioritises employee safety, employee rights and work-life balance. Most importantly is professional development to enable employees to achieve their highest potential within the organisation.



#### Employee Engagement

The Group's HR organised its yearly HR Open Day, also known as HR4U. It serves as a one-stop centre for employees to enjoy the convenience of government services within the comforts of the workplace. HR4U was held in a collaboration with various government and non-government agencies. Among the participating agencies were Road Transport Department (JPJ), Selangor Zakat Board, Pos Malaysia Berhad and many more.

The response was overwhelming as more than 1,000 employees visited the various booths and counters. They were able to carry out identity card renewals, Zakat account registration, EPF account updates and enjoy complimentary health screenings, among others. Feedback was very positive from employees as well as the participating government and non-governmental entities.

On top of HR4U day, the Group's HR organised two tournaments in 2016 – the Group Futsal Tournament and the Group Bowling Tournament. The tournaments were well received and brought employees of the various platforms together to compete and have a fun day out. Presentation of trophies to the winners was carried out during the Group's 45th anniversary celebrations.

#### Rewarding Long Service and Loyalty

In conjunction with the company's 45th Anniversary, a total of 73 employees were awarded the Long Service Award. Of these, 45 received awards for their 15 years of service while the other 28 employees were awarded for 25 years of service.



#### Talent Development & Succession Planning

Attracting and developing talents has and always will be the Group's critical human capital initiatives' primary focus. Other than serving the present needs of the Group, it also serves to establish a viable successions plan pipeline. Over the years, the Group has won awards for leadership development and graduate development programs.

With a well-defined internship programme, the Company has attained Talent Corp's SIP (Structured Internship Program) certification.

Over the years, the Group has also maintained its effort in attracting graduates via multiple award-winning graduate trainee program - StarTRACK 3.0. In 2016, we recruited 8 fresh young talents straight out of the tertiary institutions and put them into a year-long rotation through the various entities within the Group, with the aim of moulding them into a well-rounded media talent. Each rotation spans two months,

# CORPORATE RESPONSIBILITY

(CONTINUED)



with the objective of the StarTRACKers understanding daily operations, processes and product specialties within the Group. In addition, the trainees undergo leadership training and are assigned live projects to determine adept trainees who will eventually be offered positions within the Group.

Internally, we launched the Young Talent Program, selecting a total of 15 young talents from across the Group and placing them in a 8-month long programme. The programme is aimed at enhancing leadership skills of our junior ranks to accelerate their growth and career progression.

## Industrial Relations

The cornerstone of any successful major organisation would be sustaining of good industrial relations, through which the management and employee groups are able to work together harmoniously towards a common goal.

Despite the challenging economic scenario in 2016, the company successfully signed two collective agreements in quick succession – one with the National Union of Newspaper Workers in May and the other with the National Union of Journalists Malaysia in July. The focus of the collective agreements this time around was to ensure employees in the lower income group are compensated with adequate salary adjustments to help them wade through the increases in living costs.

The successful completion of the two collective agreements in an amicable manner is a testament to the strong and healthy industrial relations at work in the company.

## ENVIRONMENT

The Group acknowledges the importance of playing our role in safeguarding the environment by minimising our own environmental impacts across our operations and through public advocacy. This year, the Group is committed to protect the environment and minimize our carbon footprint by promoting energy efficiency, green energy and sustainable waste management.

### Energy Efficiency - New Chiller Retrofit Project

Since December 2015, a single 389.5RT, 0.517kW/RT Trane Chiller was put in operation replacing the outdated existing water cooled and air cooled chillers at Star Media Hub. With the improved overall chiller plant efficiency from 1.41kW/RT to 0.61kW/RT, the said retrofit had successfully enhanced cost efficiencies for the Group and saved a total of RM883,773 (58.3%) from the benchmark.

Month	Actual Measured and Verified kWh Consumed by The Chiller Plant (kWh)
Jan-16	127,550
Feb-16	108,147
Mar-16	130,453
Apr-16	122,107
May-16	131,936
Jun-16	119,835
Jul-16	132,839
Aug-16	126,112
Sep-16	121,236
Oct-16	117,854
Nov-16	114,889
Dec-16	112,265
Total kWh for 2016 (Post)	1,465,223
Pre Retrofit (Benchmark)	3,520,509

From the above savings, a total of 1523 tons of CO<sub>2</sub> was reduced from Tenaga Nasional Berhad grid system

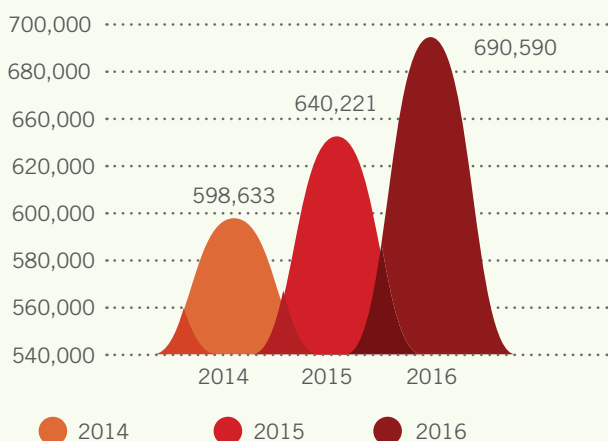
## CORPORATE RESPONSIBILITY

(CONTINUED)

### Green Energy - Solar Generation

The Group has remain steadfast in our commitment to consume and promoting energy efficiency responsibly. Our pledge in this area from 2014 has yielded positive results in the form of savings for the Group. From 2014 to 2016, Star Media Group has sold a total of 1,633,461 kWh of solar energy to TNB from its 500kWp rooftop solar plant. As a result, the solar plant has generated total gross revenue of RM 1,929,444 for the Group. On the green front, Star Media Group has contributed to the reduction of approximately 1210 Tons of CO<sub>2</sub> emission to the earth from TNB grid system.

Solar Yield 2014 to 2016



CO<sub>2</sub> emission is calculated using Greentech Malaysia online carbon calculator: 1MWh = 741 kgCO<sub>2</sub>

### Sustainable Waste Management

As our core business revolves around production of newspapers, we regularly exercise feasible and sustainable measures in minimising our impact on the environment. Sustainable waste management practised at our printing plants emphasizes on reduction, recycle and reuse of waste in order to minimize landfill/incineration.

Domestic wastes are generally disposed by licensed contractors. Other domestic waste such as used printing plates, press spoilages, newsprint brown wrapper/side covers, end cores, paper stripping and test run spoilages are sent to appointed contractors for recycling.

Scheduled waste is collected, stored and disposed off by the Department of Environment (DOE) licensed contractors namely, Kualiti Alam Sdn. Bhd., Kualiti Kitar Alam Sdn. Bhd., 3RQ Sdn. Bhd., Sage Promaster Sdn. Bhd. and A&C

Technology Waste Oil Sdn. Bhd. Current scheduled waste produced at Star printing plants consists of:

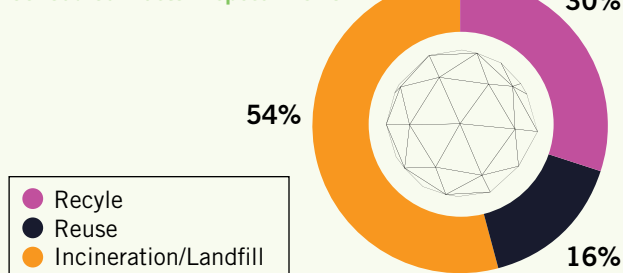
1. Used electrical/electronic waste (SW 110)
2. Sludge from Wastewater Treatment Plant, WWTP (SW 204)
3. Spent Lubricating Oil (SW 305)
4. Spent Non Halogenated Organic Solvent (SW 322)
5. Container contaminated with schedule waste (SW 409)
6. Used rags and filters (SW 410)
7. Spent activated carbon (SW 411)
8. Ink waste (SW 417)

The contaminated rags (SW 410) are washed and returned for reuse by 3RQ Sdn. Bhd. Ink and sludge are sent to Sage Promaster for recycling into fuel product. Other scheduled wastes are generally disposed to respective licensed contractors for either recycling (spent lubricating oil – SW 305) or for incineration/landfills. Inventory details of all schedule waste are updated monthly.

Scheduled Waste Disposal 2016

No	Category	Quantity (MT)	Recycle	Reuse	Incineration/ Landfill
1	SW 110	0.19			√
2	SW 204	3.88		√	
3	SW 305	0.83	√		
4	SW 322	25.53			√
5	SW 409	0.56		√	
6	SW 410	14.56	√		
7	SW 411	1.90			√
8	SW 417	3.45		√	
Total (MT)			15.39	7.89	27.62
Percentage (%)			30.24	15.50	54.26

Scheduled Waste Disposal 2016



### Environmental Air Quality

We perform periodic monitoring on Dust Collector based on Department of Environment (DOE) requirements. Dust concentration monitoring for Flue Gas Sampling are in accordance with Isokinetic Sampling Technique (Ref : MS 1596 : 2003)

## CORPORATE RESPONSIBILITY (CONTINUED)

### COMMUNITY

Star Media Group has a long history of being part of the community. Since our inception in 1971, the Group is entrenched into society and is constantly appreciative of the unending support from the people in making us who we are today. As a group, our way of giving back to society goes beyond pure philanthropy as we strive to deliver meaningful initiatives with lasting outcomes to a diverse group of beneficiaries.



#### Charity body gets shot in arm



**STAR**  
**FOUNDATION**  
"On Humanitarian Grounds"

#### Star Foundation

Star Foundation is a charitable arm of Star Media Group aimed at raising, receiving and administering funds for various causes as set by the foundation charter. In 2016, the foundation donated a total of RM763,600 to 24 non-profit organisations nationwide. Financial contributions were provided to assist organisations in their operating expenses, upgrading of facilities and running of existing programmes. Since it was set up in 2004, the foundation has donated RM15 million to various NGOs. Star Foundation has extended help across the nation which includes the northern, southern, central and east coast regions.



**"WE ALWAYS BELIEVE IN CONTRIBUTING BACK TO SOCIETY AND WILL CONTINUE WITH OUR STANCE TO CHAMPION MODERATION AND FOSTER UNITY AND HARMONY AMONG ALL RACES. THIS IS ALSO IN LINE WITH OUR MOTTO OF BEING THE PEOPLE'S PAPER."**

- Dato' Fu Ah Kiow, Chairman of Star Media Group Berhad & Star Foundation

## CORPORATE RESPONSIBILITY

(CONTINUED)



### Star Golden Hearts Award 2016

For Star Media Group, our everyday interactions with the community as a media company have brought us closer to the people at a grassroots level. In reinforcing our stance on promoting a moderate, harmonious and united nation, Star Golden Hearts Award was first 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.

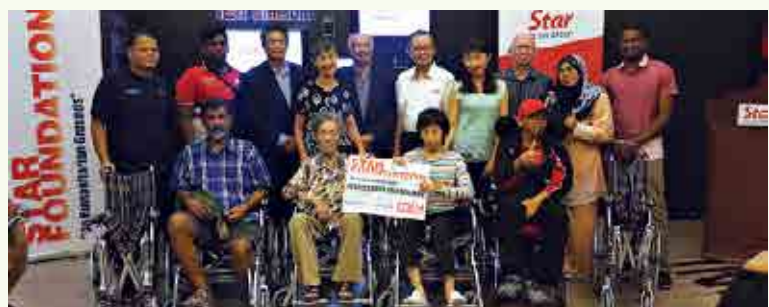
In 2016, a total of ten awards were given out to people from all walks of life, who demonstrated great commitment to charity work, built bridges between communities and promoted racial harmony and unity. A judging committee was formed to assist in selecting the nominee. Tan Sri Lee Lam Thye headed the awards of judging committee. Datuk Seri Liow Tiong Lai, Minister of Transport, launched the event and handed out the awards, in recognition of the winners' noble deeds and efforts to help others, regardless of race or background.



### 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 its latest initiative – Wheelchair Programme.

In conjunction with Star Media Group's 45th Anniversary, a total of twenty wheelchairs were distributed to individuals who are in need of a wheelchair with a monthly household income of less than RM3,000 and whose families are unable to provide or contribute any means of financial support.



## CORPORATE RESPONSIBILITY

(CONTINUED)

### Child with heart defect aspires to save lives

By CAVINA LIM

cavina@thestar.com.my

**AMOR SETABE** After surviving two surgeries to fix her congenital heart defect, there is only one thing Nurysyafiqah Shahril Shamizam wants to be when she grows up:

"A doctor," the 12-year-old said, in a shy yet determined voice. She wants to save those who are unwell and in pain.

"I know the suffering of heart patients and what they go through. So, I will study hard, become a doctor and save them," she said when met at the home of her grandfather Md Noor Hashim, 63, at Kampung Bahru Tepi Laut, near Senggang, Kedah, about 20km from here.

The SK Ayer Hitam pupil, the eldest of three siblings, underwent two procedures - cardiac catheterisation and ASD (atrial septal defect) occlusion - at the National Heart Institute (IHS) which referred her case to Star Foundation last December.

In the same month her case was brought forward, Star Foundation donated the RM17,500 needed for the surgeries.

Founded in 2004, the foundation is the charity arm of Star Media Group and is charged with helping those in need.

Its board of trustees manages funds - a far poorer coming from The Star - for charity, social and research purposes, with a special commitment to lighten the financial burdens of charity organisations.

Born with pulmonary atresia,



**Happy family:** Nurysyafiqah (seated) with her mother Nurysyafiqah. Looking on are (from left) grandmother Saadah Tahir, 62, Md Noor Hashim, 63, Nurysyafiqah's father Nurul An Shahid Shamizam, nine, and brother Faridul Haziq Shahril Shamizam, six. Star Foundation donated RM17,500 for Nurysyafiqah's surgeries.

Nurysyafiqah's life before her successful operations was a regiment of check-ups at IJN.

Any sport was out of the question, as she would turn blue and gasp for air after physical exertion.

"At first the check-ups were every three months, then every six months. I don't allow her to carry heavy things or play sports," said

her father, Shahril Shamizam Azim, 35, who earns about RM600 a month as a fisherman.

Shahril and wife, Norhidayah Md Noor, 30, were grateful in expressing their gratitude to those who helped their daughter.

They included Nurysyafiqah's "guardian angel" English teacher, Zalina Ishak, 40.

"I only knew of her heart defect when I taught her English last August. And I found out she had her first surgery when she was three months old," said Zalina.

She said the school and its parents teachers association set up a fund to help Nurysyafiqah and her family with the travel and accommodation expenses for her

**At first the check-ups were every three months, then every six months. I don't allow her to carry heavy things or play sports.**

Shahril Shamizam Azim

regular check-ups.

Zalina accompanied Nurysyafiqah and her family to IJN for the surgery.

"Our school is thankful to the doctors and officers from IJN and Star Foundation," said Zalina, who was accompanied by fellow teacher Rahsiah Fakhrah Ahmad, 37, at the interview.

The aid for Nurysyafiqah came from Star Foundation's Medical Fund Programme.

It supports the underprivileged who suffer from chronic illnesses by sponsoring one-off medical treatment and care, especially for those in need of urgent or costly treatment.

All Malaysians who face no other financial support and cannot afford treatment themselves are eligible.

Benefactors may also make tax-exempted contributions to the fund.

For details, visit <http://www.starfoundation.org.my/starfoundation/medical-fund-programme> or call Star Foundation at 03-2957 1388.



#### Medical Fund Programme

Star Foundation Medical Fund Programme is diligently governed by a Board of Trustees. We are entrusted to manage public funds on top of contributions from Star Media Group Berhad.

Since our inception in 2004, Star Foundation has been committed in helping non-profit organisations keep up with operation costs as they take in old folks, orphaned children and the special needs community that are rapidly increasing by numbers. In an effort to extend the reach in helping more individuals and families who are in dire need of financial assistance and medical attention, the Medical Fund Programme was established.

This Medical Fund Programme looks out for those needing urgent medical care especially when it comes at a very hefty cost. This fund will also enable the public to be actively involved and engaged in supporting needy individuals and families by responding to their plights highlighted in The Star newspaper.

In December 2016, Star Foundation contributed RM17,500 to Norshafiqah Sharill who then successfully underwent a cardiac catheterization procedure. In addition, Star Foundation played the role of a mediator in referring medical cases to various prominent health care providers. Among the cases, one worth noting is Matthew Wong Xian Liang's who suffered from transposition of the great arteries (TGA), double outlet right ventricle (DORV), ventricular septal defect (VSD) and severe coarctation of the aorta (CO-AO). He was placed in the good hands of Institute Jantung Negara (IJN) doctors who performed his surgery in August 2016.

# 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 2016.

## 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	116,909	92,640
Attributable to:		
Owners of the parent	109,911	92,640
Non-controlling interests	6,998	-
	116,909	92,640

## 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 2015:	
Second interim single tier dividend of 9.0 sen per ordinary share, paid on 18 April 2016	66,416
In respect of the financial year ended 31 December 2016:	
First interim single tier dividend of 9.0 sen per ordinary share, paid on 18 October 2016	66,416
	132,832

Subsequent to the financial year, on 27 February 2017, the Directors declared a second interim single tier dividend of 9.0 sen per ordinary share, which amounted to RM66,416,000 in respect of financial year ended 31 December 2016. The dividend is payable on 18 April 2017 to the shareholders whose names appear in the Record of Depositors at the close of business on 31 March 2017.

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.

## DIRECTORS' REPORT

(CONTINUED)

### 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.

No shares were repurchased from the open market by the Company during the financial year.

### DIRECTORS

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

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. Lew Weng Ho  
 Dato' Yip Kum Fook (retired on 23 May 2016)

### 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 2016 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	Number of ordinary shares of RM1.00 each			
	Balance as at 1.1.2016	Bought	Sold	Balance as at 31.12.2016
<b>Shares in the Company</b>				
<i><b>Direct interests</b></i>				
Datin Linda Ngiam Pick Ngoh	274,000	-	(91,000)	183,000
Datuk Seri Wong Chun Wai	20,000	-	-	20,000
<i><b>Indirect interests</b></i>				
Datin Linda Ngiam Pick Ngoh	287,000	-	-	287,000

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' REPORT

(CONTINUED)

### 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 30 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.

### OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

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

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, 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.

#### (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.

## DIRECTORS' REPORT

(CONTINUED)

### OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

#### (II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT (continued)

(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 SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The significant event subsequent to the end of the reporting period is disclosed in Note 34 to the financial statements.

### AUDITORS

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

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

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

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

Petaling Jaya  
 27 March 2017

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 96 to 181 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act, 1965 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 2016 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 36 to the financial statements on page 182 has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

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

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

Petaling Jaya  
 27 March 2017

## 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 96 to 182 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 )  
 27 March 2017 )

.....  
**Ragesh Rajendran**

Before me:

**RAYMOND CHA KAR SIANG**  
 (No. B362)  
 Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

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

## Report on 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 2016 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 96 to 181.

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 2016, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 1965 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 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) *Revenue recognition*

The Group has two (2) major revenue streams in the event, exhibition, interior and thematic segment, being revenue from contracts to provide services and licensing fee from exhibition agreements as disclosed in Note 4 and Note 22 to the financial statements.

# INDEPENDENT AUDITORS' REPORT

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

## Key Audit Matters (continued)

### a) *Revenue recognition (continued)*

When the Group enters into long-term contracts with customers to provide services, revenue is recognised based on the percentage of completion method. We focused our audit on these types of contracts due to the high level of management estimation involved, in particular, estimating the total contract revenue and contract costs and determining the stage of completion.

The licensing fee of the Group is derived from the intellectual property rights to hold exhibitions in various countries for a specific duration of time. The recognition of licensing fee is an area of complexity and requires significant judgement as the contractual terms vary for each exhibition agreement. Management has performed detailed assessment, including assessing the terms and conditions, the remaining obligations to perform and other pertinent factors included in each of the exhibition agreements signed between the Group and the exhibition promoters.

#### *Audit response*

The audit procedures, with the involvement of the component auditors included the following:

For revenue from contracts to provide services, we have assessed the reasonableness of management's estimated total contract revenue, estimated total contract costs and the stage of completion during the financial year by:

- (i) inspecting the initial contract revenue to the letter of award of the contract, and verifying variation orders to acceptance and approval by customers;
- (ii) verifying the actual costs incurred to date and assessed estimated costs to complete; and
- (iii) verifying the revenue computed to certifications by architects acknowledged by customers or certifications by external quantity surveyors.

For licensing fee, we have challenged management's timing of revenue recognition by considering the substance of the exhibition agreements and assessed the reasonableness of management's interpretation of these contractual terms, evaluated significant contract terms for the conditions that underpin revenue recognition, verified that management could demonstrate that persuasive evidence existed at the point of revenue recognition and where applicable, obtained correspondences from the legal advisor of the Group to corroborate key judgement applied by management.

### b) *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 exhibition services (Singapore subsidiaries) with a net carrying amount of RM87,306,000 as disclosed in Note 7(a) to the financial statements.

The Group has impaired goodwill of RM18,461,000 and RM1,366,000 in respect of exhibition services (Malaysian subsidiary) and online portal respectively. As for the remaining two (2) CGUs, there was no further impairment loss on goodwill recorded in the current financial year.

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) (CONTINUED)

## Key Audit Matters (continued)

### b) *Impairment assessment of the carrying amounts of goodwill (continued)*

#### *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 and controls;
- (iii) compared short-term cash flow projections against recent performance, and assessed and challenged the assumptions in projections to available external industry sources of data;
- (iv) verified budgeted operating profit margins and growth rates to support the assumptions in projections and corroborated the findings from other areas of our audit;
- (v) verified pre-tax discount rate for each CGU by comparing to the market data, 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.

### c) *Recoverability of trade receivables*

As at 31 December 2016, trade receivables that had been past due not impaired and more than 90 days were RM20,785,000. The details of trade receivables and its credit risk have been disclosed in Note 11 to the financial statements.

Management recognised impairment losses on trade receivables based on specific known facts or circumstances or customers' abilities to pay.

The determination of whether trade receivables are recoverable involves significant management judgement.

#### *Audit response*

Our audit procedures, with involvement of the component auditors included the following:

- (i) evaluated and tested the credit process in place to assess and manage the recoverability of trade receivables by the Group;
- (ii) challenged assessment of management that no further impairment loss was required based on analysis of customer creditworthiness, past historical payment trends and expectation of repayment patterns;
- (iii) critically assessed recoverability of debts that were past due but not impaired with reference to the historical bad debt expense, credit profiles of the counter parties and past historical repayment trends; and
- (iv) assessed cash receipts subsequent to the end of the reporting period for its effect in reducing amounts outstanding as at the end of the reporting period.

# INDEPENDENT AUDITORS' REPORT

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

## 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 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, 1965 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:

- 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.
- 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 Group's and the Company's internal control.
- 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) (CONTINUED)

## Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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.
- 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.
- 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, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements, being accounts that have been included in the consolidated accounts.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**INDEPENDENT AUDITORS' REPORT**

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

**Other Reporting Responsibilities**

The supplementary information set out in Note 36 of the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 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

27 March 2017

Kuala Lumpur

**Tang Seng Choon**

2011/12/17 (J)

Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	571,180	500,350	425,002	440,616
Investment properties	6	134,945	105,668	134,945	105,668
Intangible assets	7	126,270	136,795	486	1,111
Investments in subsidiaries	8	-	-	153,725	147,682
Investments in associates	9	819	1,160	-	-
Other investments	10	38,464	44,686	36,025	41,994
Other receivables	11	1,563	2,990	-	-
Deferred tax assets	12	128	324	-	-
<b>Total non-current assets</b>		<b>873,369</b>	<b>791,973</b>	<b>750,183</b>	<b>737,071</b>
<b>Current assets</b>					
Inventories	13	41,072	49,899	38,712	49,261
Derivative assets	14	416	164	416	164
Trade and other receivables	11	230,450	243,128	143,198	171,092
Current tax assets		4,504	4,045	-	-
Cash and bank balances	15	499,590	632,872	354,499	495,517
<b>Total current assets</b>		<b>776,032</b>	<b>930,108</b>	<b>536,825</b>	<b>716,034</b>
<b>TOTAL ASSETS</b>		<b>1,649,401</b>	<b>1,722,081</b>	<b>1,287,008</b>	<b>1,453,105</b>

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016 (CONTINUED)

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	16	<b>738,564</b>	738,564	<b>738,564</b>	738,564
Treasury shares	16	<b>(1,633)</b>	(1,633)	<b>(1,633)</b>	(1,633)
Reserves	17	<b>391,724</b>	408,344	<b>321,321</b>	361,513
		<b>1,128,655</b>	1,145,275	<b>1,058,252</b>	1,098,444
Non-controlling interests		<b>109,627</b>	61,191	-	-
<b>TOTAL EQUITY</b>		<b>1,238,282</b>	1,206,466	<b>1,058,252</b>	1,098,444
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Medium term notes	18	<b>100,000</b>	100,000	<b>100,000</b>	100,000
Borrowings	19	<b>905</b>	2,997	-	-
Deferred tax liabilities	12	<b>55,000</b>	54,493	<b>51,980</b>	51,170
<b>Total non-current liabilities</b>		<b>155,905</b>	157,490	<b>151,980</b>	151,170
<b>Current liabilities</b>					
Trade and other payables	21	<b>151,271</b>	180,145	<b>75,226</b>	95,714
Medium term notes	18	-	100,000	-	100,000
Borrowings	19	<b>100,831</b>	69,861	-	-
Current tax liabilities		<b>3,112</b>	8,119	<b>1,550</b>	7,777
<b>Total current liabilities</b>		<b>255,214</b>	358,125	<b>76,776</b>	203,491
<b>TOTAL LIABILITIES</b>		<b>411,119</b>	515,615	<b>228,756</b>	354,661
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,649,401</b>	1,722,081	<b>1,287,008</b>	1,453,105

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 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	22	<b>932,115</b>	1,019,020	<b>539,572</b>	636,328
Cost of sales and services	23	<b>(455,434)</b>	(472,845)	<b>(219,635)</b>	(222,677)
Gross profit		<b>476,681</b>	546,175	<b>319,937</b>	413,651
Other income		<b>101,737</b>	44,530	<b>78,391</b>	60,369
Distribution costs		<b>(136,116)</b>	(148,700)	<b>(124,986)</b>	(141,023)
Administrative and other expenses		<b>(286,496)</b>	(260,420)	<b>(150,973)</b>	(163,356)
Finance costs	24	<b>(9,239)</b>	(11,557)	<b>(6,403)</b>	(9,300)
		<b>146,567</b>	170,028	<b>115,966</b>	160,341
Share of (loss)/profit of associates, net of tax	9	<b>(361)</b>	45	-	-
Profit before tax	25	<b>146,206</b>	170,073	<b>115,966</b>	160,341
Tax expense	26	<b>(29,297)</b>	(39,464)	<b>(23,326)</b>	(34,251)
Profit for the financial year		<b>116,909</b>	130,609	<b>92,640</b>	126,090
<b>Other comprehensive income</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Foreign currency translations		<b>7,395</b>	12,963	-	-
Reclassification of foreign exchange translation reserve to profit and loss on deregistration of foreign subsidiaries		<b>(21,073)</b>	-	-	-
Total comprehensive income, net of tax		<b>103,231</b>	143,572	<b>92,640</b>	126,090
Profit attributable to:					
Owners of the parent		<b>109,911</b>	132,956	<b>92,640</b>	126,090
Non-controlling interests		<b>6,998</b>	(2,347)	-	-
		<b>116,909</b>	130,609	<b>92,640</b>	126,090

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 2016 (CONTINUED)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total comprehensive income attributable to:					
Owners of the parent		<b>91,582</b>	141,108	<b>92,640</b>	126,090
Non-controlling interests		<b>11,649</b>	2,464	-	-
		<b>103,231</b>	143,572	<b>92,640</b>	126,090

Earnings per ordinary share attributable to equity holders of the Company (sen):

- Basic and diluted	27	<b>14.89</b>	18.02
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The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

← Attributable to equity holders of the Company →

Group	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 2015	738,564	(1,633)	24,107	817	380,665	1,142,520	33,807	1,176,327
Profit for the financial year	-	-	-	-	132,956	132,956	(2,347)	130,609
Foreign currency translations, net of tax	-	-	7,505	647	-	8,152	4,811	12,963
Total comprehensive income, net of tax	-	-	7,505	647	132,956	141,108	2,464	143,572
<b>Transactions with owners</b>								
Additional investments in subsidiaries	-	-	-	-	(5,280)	(5,280)	408	(4,872)
Additional non-controlling interests arising from rights issue by a quoted indirect subsidiary	-	-	-	-	(241)	(241)	25,428	25,187
Transfer of share option reserve	-	-	-	(938)	938	-	-	-
Dividends paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	(916)	(916)
Dividends paid (Note 28)	-	-	-	-	(132,832)	(132,832)	-	(132,832)
Total transactions with owners	-	-	-	(938)	(137,415)	(138,353)	24,920	(113,433)
Balance as at 31 December 2015	738,564	(1,633)	31,612	526	376,206	1,145,275	61,191	1,206,466

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

Group	Attributable to equity holders of the Company							
	Share capital	Treasury shares	Foreign exchange translation reserve	Share option reserve	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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.

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Company	Note	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000
Balance as at 1 January 2015		738,564	(1,633)	368,255	1,105,186
Profit for the financial year		-	-	126,090	126,090
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income, net of tax		-	-	126,090	126,090
<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 2015		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

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		<b>146,206</b>	170,073	<b>115,966</b>	160,341
Adjustments for:					
Accretion of contingent considerations		-	225	-	-
Accretion of non-current other receivables		-	(3,150)	-	(3,150)
Amortisation of intangible assets		<b>10,932</b>	7,713	<b>1,100</b>	1,201
Bad debts written off		<b>5</b>	1	-	-
Depreciation of:					
- investment properties	6	<b>246</b>	246	<b>246</b>	246
- property, plant and equipment	5	<b>53,198</b>	43,377	<b>38,549</b>	35,766
Fair value (gain)/loss on:					
- derivative assets		<b>(252)</b>	(164)	<b>(252)</b>	(164)
- other investments		<b>1,718</b>	832	<b>1,778</b>	828
Gain on dissolution of a joint venture		-	(1,025)	-	(659)
(Gain)/Loss on disposal of:					
- intangible assets		<b>(75)</b>	-	-	-
- investment in a subsidiary	8(e)	<b>(40,257)</b>	-	<b>(38,880)</b>	-
- investment in an associate	9(c)	<b>(150)</b>	-	-	-
- other investments		<b>12</b>	176	<b>12</b>	176
- property, plant and equipment		<b>28</b>	(272)	<b>52</b>	(277)
Impairment losses on:					
- amounts owing by subsidiaries		-	-	<b>2,071</b>	12,997
- equity loan	8(c)	-	-	<b>19,456</b>	6,551
- goodwill	7(a)	<b>19,827</b>	-	-	-
- investments in subsidiaries	8(c)	-	-	<b>4,878</b>	5,072
- other receivables		-	6	-	6
- trade receivables	11(g)	<b>1,533</b>	1,775	<b>651</b>	686
Intangible assets written off	7(d)	<b>40</b>	-	-	-
Interest expense	24	<b>9,239</b>	11,557	<b>6,403</b>	9,300
Interest income		<b>(4,565)</b>	(5,644)	<b>(3,210)</b>	(6,221)
Investment income		<b>(13,588)</b>	(15,058)	<b>(13,501)</b>	(15,006)
Property, plant and equipment written off	5	<b>164</b>	416	<b>15</b>	115
Reclassification of foreign exchange translation reserve to profit and loss on deregistration of foreign subsidiaries	8(d)	<b>(21,073)</b>	-	-	-
Reversal of impairment losses on:					
- amounts owing by subsidiaries		-	-	<b>(4,753)</b>	(9,600)
- trade receivables	11(g)	<b>(1,086)</b>	(1,658)	<b>(683)</b>	(242)
Share of loss/(profit) of associate, net of tax	9(g)	<b>361</b>	(45)	-	-
Unrealised (gain)/loss on foreign exchange		<b>(3,936)</b>	1,142	<b>(2,213)</b>	3,285
Waiver of debt		-	-	<b>6</b>	-
Waiver of interest from a subsidiary		-	-	-	(11,347)
Operating profit before working capital changes		<b>158,527</b>	210,523	<b>127,691</b>	189,904

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

		Group	Company		
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>(continued)</b>					
Operating profit before working capital changes (continued)		158,527	210,523	127,691	189,904
Changes in working capital:					
Inventories		8,839	47,593	10,549	47,199
Trade and other receivables		(12,934)	(12,508)	8,811	4,917
Trade and other payables		(25,326)	6,961	(20,769)	(1,914)
Cash generated from operations		129,106	252,569	126,282	240,106
Tax paid		(35,827)	(49,357)	(28,980)	(41,168)
Tax refunded		1,474	846	237	-
<b>Net cash from operating activities</b>		<b>94,753</b>	<b>204,058</b>	<b>97,539</b>	<b>198,938</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisitions of subsidiaries, net of cash acquired	8(g)	-	(30,865)	-	-
Acquisitions of additional interests in:					
- subsidiaries	8(f)	-	(4,872)	(20,000)	(4,872)
Withdrawals from/(Deposits placed with) licensed banks with original maturity of more than three (3) months		36,466	(19,439)	29,732	(9,904)
Interest received		4,130	4,031	3,642	4,610
Investment in an associate		-	(1,111)	-	-
Investment income received		13,588	15,058	13,501	15,006
Net advances to subsidiaries		-	-	(18,016)	(25,746)
Other investment redeemed upon maturity		400	5,000	-	5,000
Proceeds from deregistration of subsidiaries		-	-	302	-
Proceeds from disposals of:					
- a subsidiary	8(e)	40,380	-	40,380	-
- investment in an associate	9(c)	150	-	-	-
- intangible assets		171	-	-	-
- other investments		5,000	74	5,000	74
- property, plant and equipment		1,656	848	824	682
Proceeds from disposal of shares in a quoted indirect subsidiary		25,018	-	-	-
Proceeds from dissolution of a joint venture		-	1,168	-	1,168
Purchases of:					
- intangible assets		(19,422)	(5,128)	(475)	(257)
- other investments		(908)	(3,481)	(821)	(786)
- property, plant and equipment	5(d)	(120,753)	(34,875)	(23,826)	(18,846)
<b>Net cash (used in)/from investing activities</b>		<b>(14,124)</b>	<b>(73,592)</b>	<b>30,243</b>	<b>(33,871)</b>

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid	28	(132,832)	(132,832)	(132,832)	(132,832)
Dividends paid to non-controlling interests of a subsidiary		(218)	(916)	-	-
Drawdowns of bank loans		104,481	41,674	-	-
Interest paid		(9,239)	(11,557)	(6,403)	(9,300)
Proceeds from ordinary shares issued pursuant to:					
- ESOS of a quoted indirect subsidiary		4,441	-	-	-
- rights issue of a quoted indirect subsidiary, which were subscribed by its non-controlling interests		-	321	-	-
- shares placement of a quoted indirect subsidiary		32,176	-	-	-
Repayments of:					
- bank loans		(76,611)	(47,764)	-	-
- hire purchase and finance lease liabilities		(1,793)	(1,355)	-	(1)
- Medium Term Note		(100,000)	-	(100,000)	-
<b>Net cash used in financing activities</b>		<b>(179,595)</b>	<b>(152,429)</b>	<b>(239,235)</b>	<b>(142,133)</b>
Net (decrease)/increase in cash and cash equivalents		(98,966)	(21,963)	(111,453)	22,934
Effects of exchange rate changes on cash and cash equivalents		2,150	14,042	167	-
Cash and cash equivalents at beginning of financial year		585,127	593,048	459,613	436,679
<b>Cash and cash equivalents at end of financial year</b>	15(f)	<b>488,311</b>	<b>585,127</b>	<b>348,327</b>	<b>459,613</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 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 2016 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 27 March 2017.

## 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, 1965 in Malaysia.

However, Note 36 to the financial statements set out on page 182 has been prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants (“MIA Guidance”) and the directive of Bursa Malaysia Securities Berhad.

The new MFRSs and amendments to MFRSs adopted during the financial year are set out in Note 35.1 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 4. OPERATING SEGMENTS

Star Media Group Berhad and its subsidiaries in Malaysia are principally engaged in publication of print, digital and broadcasting. Two (2) of its subsidiaries in Malaysia and Singapore are principally engaged in the provision of event organising management and provision of design, build and construction of exhibition related services. Its subsidiaries in Singapore is 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.

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 2016 (CONTINUED)

## 4. OPERATING SEGMENTS (continued)

The following table provides an analysis of the revenue, results, assets, liabilities and other information by business segments of the Group:

2016	Print and digital RM'000	Broadcasting RM'000	Event, exhibition, interior and thematic RM'000	Television channel RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>							
Sales to external customers	549,604	42,201	315,354	13,461	11,495	-	932,115
Inter-segment sales	1,184	1,397	37	-	360	(2,978)	-
Total revenue	550,788	43,598	315,391	13,461	11,855	(2,978)	932,115
<b>Results</b>							
Segment results	80,541	(3,232)	26,274	(7,076)	41,146	-	137,653
Finance costs	(6,403)	(164)	(1,585)	(1)	(1,086)	-	(9,239)
Interest income	3,079	1,089	302	-	95	-	4,565
Investment income	13,501	-	-	-	87	-	13,588
Share of loss of associate	-	-	(361)	-	-	-	(361)
Profit before tax	90,718	(2,307)	24,630	(7,077)	40,242	-	146,206
Tax expense							(29,297)
Profit for the financial year							116,909
<b>Assets</b>							
Segment assets	1,114,069	71,511	406,924	18,460	37,618	-	1,648,582
Investments in associates	-	-	819	-	-	-	819
Total assets							1,649,401
<b>Liabilities</b>							
Segment liabilities	227,563	6,173	149,822	3,845	23,716	-	411,119

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 4. OPERATING SEGMENTS (continued)

The following table provides an analysis of the revenue, results, assets, liabilities and other information by business segments of the Group (continued):

	Print and digital	Broadcasting	Event, exhibition, interior and thematic	Television channel	Others	Elimination	Consolidated
2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Other segment information</b>							
Capital expenditure	35,329	253	96,349	7,893	351	-	140,175
Depreciation	38,979	2,783	11,241	142	299	-	53,444
Amortisation	2,259	68	2,769	5,783	53	-	10,932
Gain on disposal of a subsidiary	-	-	-	-	40,257	-	40,257
Gain on disposal of an associate	-	-	-	-	150	-	150
Impairment losses on goodwill	-	-	-	-	19,827	-	19,827
Reclassification of foreign exchange translation reserve to profit and loss on deregistration of foreign subsidiaries	-	-	-	-	21,073	-	21,073
Non-cash expenses other than depreciation and amortisation	1,080	135	1,113	104	34	-	2,466

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 4. OPERATING SEGMENTS (continued)

The following table provides an analysis of the revenue, results, assets, liabilities and other information by business segments of the Group (continued):

	Print and digital RM'000	Broadcasting RM'000	Event, exhibition, interior and thematic RM'000	Television channel RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>2015</b>							
<b>Revenue</b>							
Sales to external customers	646,696	48,580	301,141	12,019	10,584	-	1,019,020
Inter-segment sales	2,276	212	195	-	448	(3,131)	-
Total revenue	648,972	48,792	301,336	12,019	11,032	(3,131)	1,019,020
<b>Results</b>							
Segment results	162,289	(1,038)	8,595	(7,975)	(988)	-	160,883
Finance costs	(9,300)	-	(802)	(14)	(1,441)	-	(11,557)
Interest income	3,887	3	229	-	1,525	-	5,644
Investment income	15,006	-	-	-	52	-	15,058
Share of profit of associate	-	-	45	-	-	-	45
Profit before tax	171,882	(1,035)	8,067	(7,989)	(852)	-	170,073
Tax expense							(39,464)
Profit for the financial year							130,609
<b>Assets</b>							
Segment assets	1,275,202	76,189	322,120	12,444	34,966	-	1,720,921
Investments in associates	-	-	1,160	-	-	-	1,160
Total assets							1,722,081
<b>Liabilities</b>							
Segment liabilities	349,186	7,578	110,460	4,103	44,288	-	515,615

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 4. OPERATING SEGMENTS (continued)

The following table provides an analysis of the revenue, results, assets, liabilities and other information by business segments of the Group (continued):

	Print and digital	Broadcasting	Event, exhibition, interior and thematic	Television channel	Others	Elimination	Consolidated
2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Other segment information</b>							
Accretion of non-current other receivables	(3,150)	-	-	-	-	-	(3,150)
Capital expenditure	19,134	1,149	14,427	4,784	728	-	40,222
Depreciation	35,961	3,442	3,860	108	252	-	43,623
Amortisation	2,059	45	552	5,025	32	-	7,713
Non-cash expenses other than depreciation and amortisation	1,484	998	1,322	78	44	-	3,926

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 4. OPERATING SEGMENTS (continued)

### 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Malaysia	627,768	770,563	1,244,600	1,437,022
Singapore	83,483	126,978	75,151	154,134
China	55,703	27,129	36,949	26,307
Brunei	34,022	1,198	1,967	1,132
Middle East	30,624	59,962	60,142	80,909
India	22,420	1,187	15,192	163
United States of America	19,445	3,016	175,187	9,411
Others	58,650	28,987	40,213	13,003
	<b>932,115</b>	<b>1,019,020</b>	<b>1,649,401</b>	<b>1,722,081</b>

### 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 2016 (CONTINUED)

## 5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Freehold buildings	Long term leasehold land	Leasehold buildings	Plant and machinery	Furniture, fittings and equipment, renovations and motor vehicles	Exhibition services assets	Plant and building under construction	Total
2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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(e))	-	-	-	-	(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
<b>At 31 December</b>	<b>46,447</b>	<b>127,096</b>	<b>4,801</b>	<b>21,966</b>	<b>637,520</b>	<b>165,095</b>	<b>139,073</b>	<b>40,004</b>	<b>1,182,002</b>
<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(e))	-	-	-	-	(622)	-	-	-	(622)
Written off	-	-	-	-	(701)	(3,489)	(108)	-	(4,298)
Exchange adjustments	-	-	-	-	5	437	913	-	1,355
<b>At 31 December</b>	<b>-</b>	<b>37,441</b>	<b>1,392</b>	<b>6,688</b>	<b>405,532</b>	<b>132,631</b>	<b>25,147</b>	<b>-</b>	<b>608,831</b>
<b>Accumulated impairment</b>									
At 1 January	-	-	-	-	936	7	1,026	-	1,969
Exchange adjustments	-	-	-	-	1	-	21	-	22
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>937</b>	<b>7</b>	<b>1,047</b>	<b>-</b>	<b>1,991</b>
<b>Carrying amount</b>									
<b>At 31 December</b>	<b>46,447</b>	<b>89,655</b>	<b>3,409</b>	<b>15,278</b>	<b>231,051</b>	<b>32,457</b>	<b>112,879</b>	<b>40,004</b>	<b>571,180</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land	Freehold buildings	Long term		Plant and machinery	Furniture, fittings and equipment, renovations and motor	Exhibition services assets	Plant and building under construction	Total
			leasehold land	Leasehold buildings		vehicles			
2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost									
At 1 January	46,447	127,096	4,801	21,877	638,301	149,477	16,264	20	1,004,283
Additions	-	-	-	89	1,824	5,511	1,519	26,151	35,094
Acquisition of a subsidiary (Note 8(g))	-	-	-	-	-	-	32,716	-	32,716
Disposals	-	-	-	-	-	(1,898)	-	-	(1,898)
Written off	-	-	-	-	(2,872)	(5,302)	(946)	-	(9,120)
Exchange adjustments	-	-	-	-	40	2,203	2,426	(126)	4,543
At 31 December	46,447	127,096	4,801	21,966	637,293	149,991	51,979	26,045	1,065,618
Accumulated depreciation									
At 1 January	-	32,359	1,286	5,788	347,110	127,449	11,845	-	525,837
Charge for the financial year	-	2,541	53	449	29,504	8,725	2,105	-	43,377
Disposals	-	-	-	-	-	(1,322)	-	-	(1,322)
Written off	-	-	-	-	(2,619)	(5,293)	(792)	-	(8,704)
Exchange adjustments	-	-	-	-	33	1,951	2,127	-	4,111
At 31 December	-	34,900	1,339	6,237	374,028	131,510	15,285	-	563,299
Accumulated impairment									
At 1 January	-	-	-	-	929	6	890	-	1,825
Exchange adjustments	-	-	-	-	7	1	136	-	144
At 31 December	-	-	-	-	936	7	1,026	-	1,969
Carrying amount									
At 31 December	46,447	92,196	3,462	15,729	262,329	18,474	35,668	26,045	500,350

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Freehold land	Freehold buildings	Long term leasehold land	Leasehold buildings	Plant and machinery	Furniture, fittings and equipment, renovations and motor vehicles	Plant and building under construction	Total
2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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 2016 (CONTINUED)

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Freehold land	Freehold buildings	Long term leasehold land	Leasehold buildings	Plant and machinery	Furniture, fittings and equipment, renovations and motor vehicles	Plant and building under construction	Total
2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>								
At 1 January	46,447	127,096	4,801	21,877	608,694	114,320	20	923,255
Additions	-	-	-	89	1,115	2,755	14,887	18,846
Disposals	-	-	-	-	-	(1,415)	-	(1,415)
Control transferred in (Note 30)	-	-	-	-	-	52	-	52
Written off	-	-	-	-	(1,375)	(4,750)	-	(6,125)
At 31 December	46,447	127,096	4,801	21,966	608,434	110,962	14,907	934,613
<b>Accumulated depreciation</b>								
At 1 January	-	32,359	1,286	5,788	326,219	99,599	-	465,251
Charge for the financial year	-	2,541	53	449	27,640	5,083	-	35,766
Disposals	-	-	-	-	-	(1,010)	-	(1,010)
Written off	-	-	-	-	(1,323)	(4,687)	-	(6,010)
At 31 December	-	34,900	1,339	6,237	352,536	98,985	-	493,997
<b>Carrying amount</b>								
At 31 December	46,447	92,196	3,462	15,729	255,898	11,977	14,907	440,616

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) All items of property, plant and equipment are initially recorded at cost. After initial recognition, property, plant and equipment 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) The title of a freehold building of the Group and of the Company with carrying amount of RM38,050,000 (2015: RM39,145,000) respectively has yet to be issued by the relevant authorities.
- (d) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Purchase of property, plant and equipment	120,753	35,094	23,826	18,846
Financed by hire purchase and finance lease arrangements	-	(219)	-	-
Cash payments on purchase of property, plant and equipment	120,753	34,875	23,826	18,846

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

- (e) The carrying amounts of the property, plant and equipment of the Group under hire purchase or finance lease at the end of the reporting period were as follows:

	Group	
	2016	2015
	RM'000	RM'000
Plant and machinery	1,427	3,075
Furniture, fittings and equipment, renovations and motor vehicles	291	1,317
	1,718	4,392

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 20 to the financial statements.

## 6. INVESTMENT PROPERTIES

	Group and Company	
	2016	2015
	RM'000	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	(2,341)	(2,095)
Depreciation charge for the financial year	(246)	(246)
Balance as at 31 December	(2,587)	(2,341)
	7,265	7,511

### Investment property under construction

<b>Cost</b>		
Balance as at 1 January	98,157	45,973
Additions	29,523	52,184
Balance as at 31 December	127,680	98,157
<b>Carrying amount</b>	134,945	105,668

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 6. INVESTMENT PROPERTIES (continued)

- (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 principal depreciation period for the investment properties ranges between thirty (30) and fifty (50) years.

- (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 RM22,950,000 (2015: RM19,750,000). The fair value is determined by the Directors based on market values for similar properties in the same vicinity obtained from property agencies.
- (d) The following are recognised in the statements of profit or loss and other comprehensive income in respect of investment properties:

	Group and Company	
	2016	2015
	RM'000	RM'000
Rental income	795	714
Direct operating expenses incurred on:		
- income generating investment properties	141	134
- non-income generating investment properties	5	5

## 7. INTANGIBLE ASSETS

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
Goodwill on consolidation	a	87,306	106,850	-	-
Radio licences	b	-	-	-	-
Television programmes rights	c	15,745	6,142	-	-
Computer software	d	1,006	1,799	486	1,111
Film rights	e	-	-	-	-
Internet portal	f	302	907	-	-
Exhibition license	g	21,911	21,097	-	-
		126,270	136,795	486	1,111

After initial recognition, intangible assets, excluding goodwill are stated at cost less any 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 2016 (CONTINUED)

## 7. INTANGIBLE ASSETS (continued)

### (a) Goodwill on consolidation

The carrying amounts of goodwill allocated to the cash-generating unit ("CGU") of the Group are as follows:

	Group	
	2016	2015
	RM'000	RM'000
<b>Cost</b>		
Balance as at 1 January		
- Radio broadcasting - CGU 1	21,932	21,932
- Education operation - CGU 2	5,187	5,187
- Human capital resources - CGU 3	2,022	2,022
- Exhibition services (Singapore subsidiaries) - CGU 4	58,940	50,183
- 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>165,140</b>	<b>156,383</b>
Acquisition of a subsidiary		
- Exhibition services (Singapore subsidiaries) - CGU 4 (Note 8(g))	-	8,757
	-	<b>8,757</b>
Deregistration of subsidiaries		
- Education operation - CGU 2	(5,187)	-
	<b>(5,187)</b>	-
Balance as at 31 December		
- 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>	<b>165,140</b>
Exchange differences	3,496	3,198
	<b>163,449</b>	<b>168,338</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 7. INTANGIBLE ASSETS (continued)

### (a) Goodwill on consolidation (continued)

The carrying amounts of goodwill allocated to the cash-generating unit ("CGU") of the Group are as follows (continued):

	Group	
	2016	2015
	RM'000	RM'000
<b>Accumulated impairment losses</b>		
Balance as at 1 January		
- Education operation - CGU 2	5,187	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
	<b>61,122</b>	<b>61,122</b>
Impairment losses recognised during the year		
- Exhibition services (Malaysia subsidiary) - CGU 7	18,461	-
- Online portal - CGU 8	1,366	-
	<b>19,827</b>	<b>-</b>
Deregistration of subsidiaries		
- Education operation - CGU 2	(5,187)	-
	<b>(5,187)</b>	<b>-</b>
Balance as at 31 December		
- 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>	<b>61,122</b>
Exchange differences	381	366
	<b>76,143</b>	<b>61,488</b>
<b>Carrying amount</b>	<b>87,306</b>	<b>106,850</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 7. INTANGIBLE ASSETS (continued)

### (a) Goodwill on consolidation (continued)

The carrying amounts of goodwill allocated to the cash-generating unit ("CGU") of the Group are as follows (continued):

	Group	
	2016	2015
	RM'000	RM'000
<b>Carrying amounts as at 31 December represents</b>		
- Radio broadcasting - CGU 1	21,932	21,932
- Education operation - CGU 2	-	-
- Human capital resources - CGU 3	722	722
- Exhibition services (Singapore subsidiaries) - CGU 4	28,660	28,660
- Television channel - CGU 5	-	-
- Exhibition services (Malaysia subsidiary) - CGU 7	24,410	42,871
- Online portal - CGU 8	8,467	9,833
Exchange differences	3,115	2,832
	<b>87,306</b>	<b>106,850</b>

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:

- The value-in-use calculations apply discounted cash flow projections prepared and approved by management, covering a 5-year period.
- Cash flows are projected based on management's expectations of revenue growth, operating cost and margins based on their recent experience.
- 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.
- 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 8.10%.

Based on the annual impairment testing undertaken by the Group, the carrying amounts of goodwill for CGU 7 and CGU 8 were determined to be lower than their recoverable amounts by RM18,461,000 and RM1,366,000 respectively. Accordingly, impairment losses amounting to RM18,461,000 and RM1,366,000 relating to 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 2016 (CONTINUED)

## 7. INTANGIBLE ASSETS (continued)

### (b) Radio licences

	Group	
	2016	2015
	RM'000	RM'000
<b>Cost</b>		
Balance as at 1 January/31 December	25,192	25,192
<b>Accumulated amortisation</b>		
Balance as at 1 January/31 December	20,842	20,842
<b>Accumulated impairment losses</b>		
Balance as at 1 January/31 December	4,350	4,350
<b>Carrying amount</b>	-	-

Amortisation of radio licenses is calculated using the straight-line method to allocate the cost of the licenses over their estimated useful lives of five (5) years.

### (c) Television programmes rights

	Group	
	2016	2015
	RM'000	RM'000
<b>Cost</b>		
Balance as at 1 January	26,177	17,498
Additions	15,616	4,621
Exchange differences	1,115	4,058
Balance as at 31 December	42,908	26,177
<b>Accumulated amortisation</b>		
Balance as at 1 January	20,035	11,842
Charge for the financial year	6,156	4,934
Exchange differences	972	3,259
Balance as at 31 December	27,163	20,035
<b>Carrying amount</b>	15,745	6,142

Amortisation of television programmes rights is calculated using the straight-line method to allocate the cost of television programmes rights over their estimated useful lives of one (1) to five (5) years.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 7. INTANGIBLE ASSETS (continued)

(d) Computer software

	Group		Company	
	2016	2015	2016	2015
Cost	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January	13,515	12,917	11,640	11,383
Additions	750	507	475	257
Disposal	(276)	-	-	-
Written off	(70)	(13)	-	-
Exchange differences	22	104	-	-
Balance as at 31 December	13,941	13,515	12,115	11,640
<b>Accumulated amortisation</b>				
Balance as at 1 January	11,716	10,049	10,529	9,328
Charge for the financial year	1,405	1,628	1,100	1,201
Disposal	(180)	-	-	-
Written off	(30)	(13)	-	-
Exchange differences	24	52	-	-
Balance as at 31 December	12,935	11,716	11,629	10,529
<b>Carrying amount</b>	<b>1,006</b>	<b>1,799</b>	<b>486</b>	<b>1,111</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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 7. INTANGIBLE ASSETS (continued)

### (e) Film rights

	Group and Company	
	2016	2015
	RM'000	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 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	
	2016	2015
	RM'000	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	1,510	906
Charge for the financial year	605	604
Balance as at 31 December	2,115	1,510
<b>Carrying amount</b>	302	907

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 7. INTANGIBLE ASSETS (continued)

(g) Exhibition license

	Group	
	2016	2015
	RM'000	RM'000
<b>Cost</b>		
Balance as at 1 January	21,683	-
Additions	3,056	-
Acquisition of a subsidiary (Note 8(g))	-	21,683
Exchange differences	579	-
Balance as at 31 December	25,318	21,683
<b>Accumulated amortisation</b>		
Balance as at 1 January	586	-
Charge for the financial year	2,766	547
Exchange differences	55	39
Balance as at 31 December	3,407	586
<b>Carrying amount</b>	<b>21,911</b>	<b>21,097</b>

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.

## 8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016	2015
	RM'000	RM'000
Unquoted shares - at cost	116,390	116,322
Equity loans	106,686	96,455
	223,076	212,777
Less: Accumulated impairment losses		
- Unquoted shares	(40,418)	(58,544)
- Equity loans	(28,933)	(6,551)
	(69,351)	(65,095)
	153,725	147,682

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 RM77,753,000 (2015: RM89,904,000) 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 8. INVESTMENTS IN SUBSIDIARIES (continued)

- (a) Investments in subsidiaries are stated in the separate financial statements at cost less impairment losses.

For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

- (b) The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company	Subsidiary	2016	2015	
Star Papyrus Printing Sdn. Bhd.	Malaysia	99%	99%	-	-	Inactive
Star Publications (Singapore) Pte. Ltd. <sup>(1)</sup>	Singapore	100%	100%	-	-	Advertising and commission agent
Excel Corporation (Australia) Pty. Ltd. <sup>(1) #</sup>	Australia	-	100%	-	-	Investment of assets held
Star Media Radio Group Sdn. Bhd.	Malaysia	100%	100%	-	-	Investment holding
Asian Center For Media Studies Sdn. Bhd. <sup>@</sup>	Malaysia	100%	100%	-	-	Inactive
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. <sup>@</sup>	Malaysia	100%	100%	-	-	Inactive
Capital FM Sdn. Bhd. <sup>^</sup>	Malaysia	-	100%	-	-	Operating a wireless radio broadcasting station
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
Venus Agency Sdn. Bhd. <sup>@</sup>	Malaysia	100%	100%	-	-	Inactive
Jana Multimedia Sdn. Bhd.	Malaysia	100%	100%	-	-	Inactive
Star Online Sdn. Bhd. <sup>*</sup>	Malaysia	100%	-	-	-	Providing on-demand internet streaming media

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 8. INVESTMENTS IN SUBSIDIARIES (continued)

(b) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2016	2015	2016	2015	
<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%	Designing and developing software applications and platforms and providing interactive marketing services
<b>Subsidiaries of Ocision Sdn. Bhd.</b>						
iBilik Sdn. Bhd.	Malaysia	-	-	100%	100%	E-commerce activities/ online portal
Propwall Sdn. Bhd.	Malaysia	-	-	100%	100%	Online property portal
Carsifu Sdn. Bhd.	Malaysia	-	-	100%	100%	Online car portal
Ocision Pte. Ltd.	Singapore	-	-	100%	100%	Developing and provision of e-commerce activities and services
<b>Subsidiary of I. Star Sdn. Bhd.</b>						
Star Online Sdn. Bhd.	Malaysia	-	-	-	100%	Providing on-demand internet streaming media
<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 Excel Corporation (Australia) Pty. Ltd.</b>						
AIUS Pty. Ltd. <sup>(1) #</sup>	Australia	-	-	-	100%	Inactive

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 8. INVESTMENTS IN SUBSIDIARIES (continued)

(b) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2016	2015	2016	2015	
<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
Leaderonomics Good Monday Sdn. Bhd.	Malaysia	-	-	75%	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%	65%	Investment holding
<b>Subsidiaries of Cityneon Holdings Limited</b>						
Wonderful World Pte. Ltd. <sup>(1)</sup>	Singapore	-	-	100%	100%	Provision of design and build services for museums and visitor galleries, interior architecture and shop fit-outs
Dayspring Entertainment Pte. Ltd. <sup>(1)</sup>	Singapore	-	-	100%	100%	Provision of event organising, management and event marketing services

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 8. INVESTMENTS IN SUBSIDIARIES (continued)

(b) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company	Subsidiary	2016	2015	
Subsidiaries of Cityneon Holdings Limited (continued)						
Comprise Electrical (S) Pte. Ltd. <sup>(1)</sup>	Singapore	-	-	100%	100%	Provision of electrical services for exhibitions and event management industries
Cityneon Contracts Sdn. Bhd. <sup>(2)</sup>	Malaysia	-	-	100%	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%	100%	Provision of management, projects, logistics and ownership service for events and festivals
Themewerks Pte. Ltd. <sup>(1)</sup>	Singapore	-	-	100%	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%	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%	100%	Provision of design and build services for custom-built exhibition pavilions and roadshows
Cityneon Exhibition Services (Vietnam) Co., Ltd. <sup>(1)</sup>	Socialist Republic of Vietnam	-	-	100%	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%	100%	Provision of business and management consulting services

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 8. INVESTMENTS IN SUBSIDIARIES (continued)

(b) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2016	2015	2016	2015	
Subsidiaries of Cityneon Holdings Limited (continued)						
Cityneon Management Services Pte. Ltd. <sup>(1)</sup>	Singapore	-	-	100%	100%	Provision of management, human resource and general office administration services
Cityneon Exhibition Services Pte. Ltd. <sup>(1)</sup>	Singapore	-	-	30%	30%	Provision of exhibition services including rental of reusable modules, furnishings and furniture
Victory Hill Exhibition (Shanghai) Pte. Ltd. (formerly known as Cityneon Shanghai Co. Ltd.) <sup>o</sup>	People's Republic of China	-	-	100%	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%	100%	Provision of project management services (other than for construction) and to engage in the installation, assembly, building completion and finishing works
Cityneon Shelter Events (Shenzhen) Pte. Ltd. <sup>(2)\$</sup>	People's Republic of China	-	-	-	100%	Home and abroad exhibitions information consultation, economic information and enterprise management consultation (excluding securities, insurance, fund, financing employment agency service and other restricted projects), exhibition and event activities display design management, enterprise image and marketing management, stage design management, exhibition etiquette consultant, showroom display design management service
Interbuild Construction Company Sdn. Bhd. <sup>(2)</sup>	Brunei Darussalam	-	-	90%	90%	Provision of general, civil engineering and building contractors
Bahrain Cityneon Co. W.L.L. <sup>(2)</sup>	Kingdom of Bahrain	-	-	100%	100%	Interior design for offices and homes, and third grade décor contracts

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 8. INVESTMENTS IN SUBSIDIARIES (continued)

(b) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
2016	2015	2016	2015			
Subsidiaries of Cityneon Holdings Limited (continued)						
Cityneon Myanmar Company Limited <sup>(2)</sup>	Republic of the Union of Myanmar	-	-	100%	100%	Provision of interior fit-out services, exhibition and event services
Victory Hill Exhibitions Pte. Ltd. <sup>(1)</sup>	Singapore	-	-	100%	100%	Exhibition producer and intellectual property
Cityneon Creations India Private Limited <sup>(2)</sup>	India	-	-	50%	50%	Provision of interior designing
Cityneon Holdings Limited & Cityneon Creations Pte. Ltd. & Cityneon DAG India Private Limited - Joint Venture <sup>(2)</sup>	India	-	-	50%	50%	Provision of interior designing
Cityneon Hong Kong Company Limited <sup>+</sup>	Hong Kong	-	-	100%	-	Provision of interior designing
Subsidiaries of Cityneon Creations Pte. Ltd.						
Cityneon Creations India Private Limited <sup>(2)</sup>	India	-	-	40%	40%	Provision of interior designing
Cityneon Holdings Limited & Cityneon Creations Pte. Ltd. & Cityneon DAG India Private Limited - Joint Venture <sup>(2)</sup>	India	-	-	40%	40%	Provision of interior designing
Subsidiary of Comprise Electrical (S) Pte. Ltd.						
Cityneon Exhibition Services Pte. Ltd. <sup>(1)</sup>	Singapore	-	-	70%	70%	Provision of exhibition services including rental of reusable modules, furnishings and furniture

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 8. INVESTMENTS IN SUBSIDIARIES (continued)

(b) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
2016	2015	2016	2015			
<b>Subsidiaries of Cityneon</b>						
<b>Exhibition Services Pte. Ltd.</b>						
Shanghai Cityneon Exhibition Services Co., Ltd. <sup>(2)</sup>	People's Republic of China	-	-	100%	100%	Designer and provider of services for trade fairs, exhibitions and displays
E-Graphics Displays Pte. Ltd. <sup>(1)</sup>	Singapore	-	-	60%	60%	Designer and production of environmental graphic materials including banners, posters, billboards and general signages for event and exhibition venues
<b>Subsidiary of Cityneon (Middle East) W.L.L.</b>						
C.N. Overseas Services W.L.L. <sup>(2)</sup>	Kingdom of Bahrain	-	-	100%	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>						
Artsapes Themewerks Pte. Ltd. <sup>(1)</sup>	Singapore	-	-	65%	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%	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%	100%	Provision of worldwide administrative function, supporting the activities of affiliates
Victory Hill Exhibitions (UK) Limited <sup>(2)</sup>	United Kingdom	-	-	100%	100%	Exhibition producer and intellectual property

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 8. INVESTMENTS IN SUBSIDIARIES (continued)

(b) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2016	2015	2016	2015	
<b>Subsidiaries of Victory Hill Exhibitions Pte. Ltd. (continued)</b>						
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

<sup>(1)</sup> Audited by member firms of BDO International.

<sup>(2)</sup> Not audited by BDO or member firms of BDO International.

# Details of deregistration of foreign subsidiaries during the financial year are disclosed in Note 8(d) to the financial statements.

^ Details of disposal of subsidiary during the financial year are disclosed in Note 8(e) to the financial statements.

\* Details of acquisition of subsidiary during the financial year are disclosed in Note 8(f) to the financial statements.

@ These subsidiaries have been placed under Members' Voluntary Winding-Up pursuant to Section 254(1)(b) of the Companies Act, 1965. The voluntary winding up of these subsidiaries is not expected to have any material impact to the Group.

& Interest of the Group in Cityneon Holdings Limited has decreased from 64.97% to 52.51% during the financial year ended 31 December 2016 due to disposal of 15,000,000 shares of Cityneon Holdings Limited and issuance of 20,000,000 new ordinary shares by Cityneon Holdings Limited which the Group did not subscribe for.

% This subsidiary has been consolidated based on management accounts for the financial year ended 31 December 2016. The financial statements of this subsidiary are not required to be audited in its country of incorporation.

\$ This subsidiary has been struck off on 31 July 2016 and the effect of striking off is immaterial to the Group.

+ The effects of these incorporations are immaterial to the Group.

(c) Impairment losses on investments in subsidiaries and equity loans amounting to RM4,878,000 (2015: RM5,072,000) and RM19,456,000 (2015: RM6,551,000) 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 8. INVESTMENTS IN SUBSIDIARIES (continued)

- (d) Deregistration of subsidiaries - Excel Corporation (Australia) Pty. Ltd. ("Excel") and its subsidiary

On 5 April 2016, 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 have been reclassified to profit and loss. The said deregistration was part of the corporate restructuring exercise.

- (e) Disposal of a subsidiary - Capital FM Sdn. Bhd. ("Capital FM")

On 30 December 2016, 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 during the financial year is as follows:

	2016	
	Group	Company
	RM'000	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)

- (f) Acquisition of a subsidiary - Star Online Sdn. Bhd. ("Star Online")

On 24 May 2016, I.Star Sdn. Bhd., had disposed off its entire equity interests in Star Online to the Company, for a total cash consideration of RM2, which represents the entire paid-up share capital of Star Online of 2 ordinary shares of RM1.00 each. Subsequently on 27 December 2016, Star Online 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 Star Online for a total consideration of RM19,999,998.

The acquisition of Star Online did not have any effect to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 8. INVESTMENTS IN SUBSIDIARIES (continued)

### (g) Acquisition of a subsidiary - Victory Hill Exhibitions Pte. Ltd. ("VHE")

In the previous financial year, on 1 April 2015, Cityneon Holdings Limited ("Cityneon") entered into a sales and purchase agreement with Philadelphia Investment Ltd. ("the Seller") to acquire 100% equity interest in VHE. The acquisition was completed on 30 September 2015 and VHE became a subsidiary of the Group.

The fair value of the identifiable assets and liabilities of VHE as at the date of acquisition were as follows:

	2015 RM'000
Property, plant and equipment (Note 5)	32,716
Intangible assets (Note 7(g))	21,683
Receivables	5,363
Deferred tax (Note 12(a))	(2,834)
Borrowings	(4,290)
Total identifiable net assets	52,638
Goodwill arising from acquisition (Note 7(a))	8,757
Total cost of acquisition	61,395

Total cost of acquisition of VHE consists of the following:

	2015 RM'000
Purchase consideration in cash	30,865
Purchase consideration paid in quoted shares of Cityneon	24,306
Contingent consideration	6,224
Total cost of acquisition	61,395

#### *Contingent consideration*

As part of the sales and purchase agreement, a contingent consideration arrangement had been agreed. In the event (i) VHE's profit after tax for the 12-month period ended 30 June 2016 as set out in the audited financial statements for the same period ("2015/2016 PAT") was equal to or greater than SGD2,800,000 (equivalent to RM8,642,000) ("Year 1 Profit Guarantee") and (ii) provided that the Guarantor was in compliance in all material respects with the terms of his Management Agreement from 30 September 2015 to 30 June 2016, the Seller should be entitled to the following from the Company:

- (i) the sum of SGD2,000,000 (equivalent to RM6,173,000) ("deferred payment") in cash; and
- (ii) a sum in cash, equivalent to 30% of the amount by which the 2015/2016 PAT exceeded the Year 1 Profit Guarantee ("incentive payment").

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 8. INVESTMENTS IN SUBSIDIARIES (continued)

(g) Acquisition of a subsidiary - Victory Hill Exhibitions Pte. Ltd. ("VHE") (continued)

### *Contingent consideration (continued)*

During the financial year, the Year 1 profit guarantee was met and the guarantor complied in all material respects with the terms of his Management Agreement from 30 September 2015 to 30 June 2016.

The terms of the sales and purchase agreement further provides for the following:

- (iii) where (i) VHE's profit after tax for the 12-month period ending 30 June 2017 as set out in the audited management accounts for the same period ("2016/2017 PAT") is equal to or greater than SGD4,500,000 (equivalent to RM13,889,000) ("Year 2 Profit Target") and (ii) the Guarantor is in compliance in all material respects with the terms of his Management Agreement from 30 September 2015 to 30 June 2017, the Seller shall be entitled to the sum in cash equivalent to 30% of the amount by which the 2016/2017 PAT exceeds the Year 2 Profit Target from the Company, no later than 31 July 2017; and
- (iv) where (i) VHE's profit after tax for the 12-month period ending 30 June 2018 as set out in the audited management accounts for the same period ("2017/2018 PAT") is equal to or greater than SGD5,500,000 (equivalent to RM16,976,000) ("Year 3 Profit Target") and (ii) the Guarantor is in compliance in all material respects with the terms of his Management Agreement from 30 September 2015 to 30 June 2018, the Seller shall be entitled to the sum in cash equivalent to 30% of the amount by which the 2017/2018 PAT exceeds the Year 3 Profit Target from the Company, no later than 31 July 2018.

The effects of the acquisition of VHE on cash flows were as follows:

	<b>2015</b> <b>RM'000</b>
Total consideration for the business and assets acquired	61,395
Less: Non-cash consideration	(30,530)
Consideration settled in cash	30,865
Less: Cash and cash equivalents of subsidiary acquired	-
Net cash outflow of the Group on acquisition	30,865

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 8. INVESTMENTS IN SUBSIDIARIES (continued)

(h) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

	Cityneon Holdings Limited	Leadero- nomics Sdn. Bhd.	Other individual immaterial subsidiaries	Total
<b>2016</b>				
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
<b>2015</b>				
NCI percentage of ownership interest and voting interest	35.03%	49.00%		
Carrying amount of NCI (RM'000)	54,730	4,264	2,197	61,191
Profit/(Loss) allocated to NCI (RM'000)	676	134	(3,157)	(2,347)

The NCI of all other subsidiaries that are not wholly-owned by the Group are deemed to be immaterial.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 8. INVESTMENTS IN SUBSIDIARIES (continued)

- (i) 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:

	Cityneon Holdings Limited RM'000	Leaderonomics Sdn. Bhd. RM'000
<b>2016</b>		
<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)
<b>2015</b>		
<b>Assets and liabilities</b>		
Non-current assets	83,789	3,661
Current assets	186,406	7,008
Non-current liabilities	(3,407)	(2)
Current liabilities	(112,404)	(1,964)
Net assets	154,384	8,703
<b>Results</b>		
Revenue	278,078	11,032
Profit for the financial year	2,401	274
Total comprehensive income	5,470	274
Cash flows from operating activities	8,329	756
Cash flows used in investing activities	(42,824)	(3,795)
Cash flows from financing activities	33,166	375
Net decrease in cash and cash equivalents	(1,329)	(2,664)

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 9. INVESTMENTS IN ASSOCIATES

	Group	
	2016	2015
	RM'000	RM'000
At cost:		
- Unquoted equity shares	4,211	5,211
- Share of post-acquisition losses, net of dividends received	(899)	(538)
Less: Impairment losses	(2,517)	(3,517)
Exchange differences	24	4
	819	1,160

(a) Investments in associates are measured at cost in the separate financial statements of the Company.

(b) The details of the associates are as follows:

Name of Company	Country of incorporation	Interest in equity held by subsidiary		Principal activities
		2016	2015	
Voxy Labs Sdn. Bhd. <sup>(1)</sup>	Malaysia	49%	49%	Advisors, consultants and development for information technology related activities
Loanstreet Sdn. Bhd. <sup>(1)</sup>	Malaysia	-	20%	Agents to undertake and perform sub-contracts
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%	30%	Event organisers

<sup>(1)</sup> Not audited by BDO or member firms of BDO International.

All the above associates are accounted for using the equity method in the consolidated financial statements.

(c) On 27 September 2016, 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 during the financial year. This disposal has no material financial effect to the Group for the financial year ended 31 December 2016.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 9. INVESTMENTS IN ASSOCIATES (continued)

- (d) In the previous financial year, on 28 April 2015, Cityneon Holdings Limited ("Cityneon"), an indirect subsidiary of the Company had subscribed for 360 ordinary shares in Poh Wah Event Scaffolding Pte. Ltd. ("Poh Wah") for a total consideration SGD360 (equivalent to RM1,110), which represented 30% of the issued and paid up capital of Poh Wah. Subsequently on 4 June 2015, Poh Wah increased its issued and paid-up share capital from 1,200 ordinary shares to 1,200,000 ordinary shares by an allotment of 1,198,800 ordinary shares. Cityneon subscribed for 359,640 ordinary shares in Poh Wah for a total consideration of SGD359,640 (equivalent to RM1,110,000) ("Subscription of Shares"). The remaining 839,160 ordinary shares were subscribed by the other investor for a cash consideration of SGD839,160 (equivalent to RM2,590,000). Following the Subscription of Shares, the equity interest of the Group via Cityneon in Poh Wah remained at 30%. The Subscription of Shares did not have any material financial effect to the Group.
- (e) 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 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and 31 December 2016.
- (f) The summarised financial information of the associates are as follows:

	Poh Wah Event Scaffolding Pte. Ltd. RM'000	Other individually immaterial associates RM'000
<b>2016</b>		
<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)

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 9. INVESTMENTS IN ASSOCIATES (continued)

(f) The summarised financial information of the associates are as follows (continued):

	Poh Wah Event Scaffolding Pte. Ltd. RM'000	Other individually immaterial associates RM'000
<b>2015</b>		
<b>Assets and liabilities</b>		
Non-current assets	2,476	155
Current assets	1,480	1,240
Current liabilities	(90)	(300)
Net assets	3,866	1,095
<b>Results</b>		
Revenue	1,155	499
Profit/(Loss) for the financial year	152	(925)
Total comprehensive income/(loss)	152	(925)
Cash flows used in operating activities	(138)	(1,071)
Cash flows used in investing activities	(2,312)	(15)
Cash flows from financing activities	3,455	1,404
Net increase in cash and cash equivalents	1,005	318

(g) The reconciliation of net assets of Poh Wah Event Scaffolding Pte. Ltd. to the carrying amount of the investments in associates is as follows:

	2016 RM'000	2015 RM'000
<b>As at 31 December</b>		
Share of net assets	819	1,160
Goodwill	-	-
Carrying amount in the statements of financial position	819	1,160
<b>Share of results for the financial year</b>		
Share of profit or loss	(361)	45
Share of other comprehensive income	-	-
Share of total comprehensive (loss)/income	(361)	45

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 2016 (CONTINUED)

## 10. OTHER INVESTMENTS

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>Non-current</b>				
Financial assets at fair value through profit or loss				
Within Malaysia				
- Quoted investment funds	35,947	40,114	33,508	37,422
- Quoted equity investments	2,517	3,041	2,517	3,041
	38,464	43,155	36,025	40,463
Outside Malaysia				
- Unquoted equity investment	-	1,531	-	1,531
Total non-current other investments	38,464	44,686	36,025	41,994

- (a) All regular way purchase or sale of financial assets is 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	Level 2	Level 3	Total
Group	RM'000	RM'000	RM'000	RM'000
<b>2016</b>				
<b>Other investments</b>				
- Quoted investment funds	35,947	-	-	35,947
- Quoted equity investments	2,517	-	-	2,517
<b>2015</b>				
<b>Other investments</b>				
- Quoted investment funds	40,114	-	-	40,114
- Quoted equity investments	3,041	-	-	3,041
- Unquoted equity investment	-	-	1,531	1,531
<b>Company</b>				
<b>2016</b>				
<b>Other investments</b>				
- Quoted investment funds	33,508	-	-	33,508
- Quoted equity investments	2,517	-	-	2,517

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 10. OTHER INVESTMENTS (continued)

(c) The fair value of other investments of the Group and of the Company are categorised as follows (continued):

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Company</b>				
<b>2015</b>				
<b>Other investments</b>				
- Quoted investment funds	37,422	-	-	37,422
- Quoted equity investments	3,041	-	-	3,041
- Unquoted equity investment	-	-	1,531	1,531

### Sensitivity analysis of quoted investment funds and quoted equity investments

As the Group neither has the intention, nor historical trend of active trading in these financial instruments, the Directors are of the opinion that the Group is not subject to significant exposure to price risk and accordingly, no sensitivity analysis is being presented at the end of each reporting period.

(d) The following table shows a reconciliation of Level 3 fair values of other investments:

	Group and Company	
	2016	2015
Financial assets at fair value through profit or loss	RM'000	RM'000
Balance at 1 January	1,531	1,531
Fair value loss recognised in profit or loss	(1,531)	-
Balance at 31 December	-	1,531

(e) The significant unobservable input used in determining the fair value measurement of Level 3 other investment as well as the relationship between key unobservable inputs and fair value, are detailed in the table below.

Financial instrument	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair values
<u>Other investment</u>		
Unquoted equity investment	Discounted industry price to book ratio (2016: 0.1; 2015: 2.61).	The higher the price to book ratio, the higher the fair value of the unquoted shares would be.

The fair value of this unquoted equity investment is estimated based on the price to book valuation model. Management obtained the industry price to book ratio from observable market data, discounted the price to book ratio for illiquidity, and multiplied the discounted price to book ratio with the book value per share of the investee to derive the estimated fair value. Management believes that the estimated fair value resulting from this valuation model is reasonable and the most appropriate at the end of each reporting period.

Sensitivity analysis for unquoted equity investment is not disclosed as it is not material to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>Non-current</b>				
Other receivables	1,563	2,990	-	-
<b>Current</b>				
<b>Trade</b>				
Third parties	126,154	116,048	52,063	61,885
Subsidiaries	-	-	106	131
Related parties	930	697	930	697
Amounts due from customers for contract works	40,058	21,316	-	-
	167,142	138,061	53,099	62,713
Less: Impairment losses				
- Third parties	(4,459)	(4,232)	(812)	(1,111)
	162,683	133,829	52,287	61,602
<b>Non-trade</b>				
Third parties	35,471	85,898	13,060	42,406
Amounts owing by subsidiaries	-	-	104,603	104,027
Amounts owing by related parties	-	182	-	-
	35,471	86,080	117,663	146,433
Less: Impairment losses				
- Third parties	(3,504)	(3,504)	(3,456)	(3,456)
- Subsidiaries	-	-	(35,999)	(46,263)
	31,967	82,576	78,208	96,714
Sundry deposits and other receivables	5,968	5,832	1,760	1,793
<b>Loans and receivables</b>	<b>200,618</b>	<b>222,237</b>	<b>132,255</b>	<b>160,109</b>
<b>Prepayments</b>				
Prepayments	29,832	20,891	10,943	10,983
	<b>230,450</b>	<b>243,128</b>	<b>143,198</b>	<b>171,092</b>

- (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 RM6,819,000 (2015: RM36,343,000), 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 (2015: 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 2016 (CONTINUED)

## 11. TRADE AND OTHER RECEIVABLES (continued)

(d) Amounts due from/(to) customers for contract works

	Group	
	2016	2015
	RM'000	RM'000
Aggregate costs incurred to date	138,369	272,810
Add: Attributable profits	104,623	79,952
	242,992	352,762
Less: Progress billings	(206,969)	(334,413)
	36,023	18,349
Represented by:		
Amounts due from customers for contract works	40,058	21,316
Amounts due to customers for contract works (Note 21)	(4,035)	(2,967)
	36,023	18,349

As at 31 December 2016, retention monies held by customers for contract works amounted to RM4,351,000 (2015: RM11,906,000).

(e) Amounts owing by subsidiaries are in respect of advances, which are unsecured, interest free and payable upon demand in cash and cash equivalents except for RM11,027,000 (2015: RM10,803,000), which is subject to interest at a rate of 3.80% (2015: 3.80%) per annum.

(f) The ageing analysis of trade receivables of the Group and of the Company are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Neither past due nor impaired	141,898	113,438	49,906	58,706
Past due, not impaired				
90 to 120 days	16,130	19,012	1,186	2,019
121 to 180 days	1,610	725	922	652
More than 181 days	3,045	654	273	225
	20,785	20,391	2,381	2,896
Past due and impaired	4,459	4,232	812	1,111
	167,142	138,061	53,099	62,713

### 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 2016 (CONTINUED)

## 11. TRADE AND OTHER RECEIVABLES (continued)

- (f) The ageing analysis of trade receivables of the Group and of the Company are as follows (continued):

### 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	
	Individually impaired		Individually impaired	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Trade receivables, gross	4,459	4,232	812	1,111
Less: Impairment losses	(4,459)	(4,232)	(812)	(1,111)
	-	-	-	-

- (g) The reconciliation of movements in the impairment losses on trade receivables is as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
At 1 January	4,232	3,864	1,111	667
Charge for the financial year (Note 25)	1,533	1,775	651	686
Written off	(267)	(1)	(267)	-
Reversal of impairment losses on trade receivables (Note 25)	(1,086)	(1,658)	(683)	(242)
Disposal of a subsidiary	(34)	-	-	-
Exchange differences	81	252	-	-
At 31 December	4,459	4,232	812	1,111

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 2016 (CONTINUED)

## 11. TRADE AND OTHER RECEIVABLES (continued)

(h) The currency exposure profiles of trade and other receivables (excluding prepayments) are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	84,362	125,632	69,371	99,552
Singapore Dollar	61,281	61,196	62,739	60,171
United States Dollar	27,508	3,776	142	352
Bahraini Dinar	15,372	14,944	-	-
Vietnamese Dong	5,192	1,664	-	-
Omani Rial	4,089	12,742	-	-
Chinese Renminbi	3,522	5,002	-	9
British Pound	3	11	3	14
Euro	-	9	-	11
Others	852	251	-	-
	<b>202,181</b>	<b>225,227</b>	<b>132,255</b>	<b>160,109</b>

(i) Sensitivity analysis of Ringgit Malaysia ("RM") against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>Effects of 3% changes to RM against foreign currencies</b>				
Profit after tax				
- Singapore Dollar	1,393	1,453	1,430	1,354
- United States Dollar	761	56	3	8
- Bahraini Dinar	344	292	-	-
- Chinese Renminbi	88	123	-	-

The exposure to the other currencies are not significant, hence the effect of the changes in the exchange rates are not explained.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 11. TRADE AND OTHER RECEIVABLES (continued)

- (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:

	2016		Group		2015
	RM'000	% of total	RM'000	% of total	
<b>By country</b>					
Malaysia	89,845	55%	85,063	64%	
Asia Pacific (including Australia)	18,207	11%	2,962	2%	
Singapore	16,940	11%	18,718	14%	
China	14,789	9%	10,436	8%	
Middle East	9,731	6%	14,289	11%	
Europe	8,756	5%	553	*	
Hong Kong	3,896	3%	1,808	1%	
Others	519	*	-	-	
	<b>162,683</b>	<b>100%</b>	<b>133,829</b>	<b>100%</b>	
<b>By industry sectors</b>					
Event, exhibition, interior and thematic	98,361	60%	60,357	45%	
Print and digital	53,841	33%	65,240	49%	
Broadcasting	3,695	3%	4,123	3%	
Television channel	3,896	2%	1,808	1%	
Others	2,890	2%	2,301	2%	
	<b>162,683</b>	<b>100%</b>	<b>133,829</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 48% (2015: 34%) 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 reporting period was not presented as fixed rate instruments are not affected by changes in interest rates.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 12. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January	54,169	61,812	51,170	62,482
Recognised in profit or loss (Note 26)	469	(10,505)	810	(11,312)
Acquisition of a subsidiary (Note 8(g))	-	2,834	-	-
Exchange differences	234	28	-	-
Balance as at 31 December	54,872	54,169	51,980	51,170

Presented after appropriate offsetting:

Deferred tax assets, net	(128)	(324)	-	-
Deferred tax liabilities, net	55,000	54,493	51,980	51,170
	54,872	54,169	51,980	51,170

(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	Accrual for staff costs	Other temporary differences	Set-off of tax	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
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)
At 1 January 2015	(601)	(6,313)	(68)	6,361	(621)
Recognised in profit or loss	(115)	112	(6,130)	6,431	298
Exchange differences	-	-	(1)	-	(1)
At 31 December 2015	(716)	(6,201)	(6,199)	12,792	(324)

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 12. DEFERRED TAX (continued)

- (b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (continued):

### 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 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
At 1 January 2015	68,780	14	(6,361)	62,433
Recognised in profit or loss	(4,355)	-	(6,431)	(10,786)
Acquisition of a subsidiary (Note 8(g))	2,834	-	-	2,834
Exchange differences	12	-	-	12
At 31 December 2015	67,271	14	(12,792)	54,493

### 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 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
At 1 January 2015	68,128	(5,646)	-	62,482
Recognised in profit or loss	(4,893)	33	(6,452)	(11,312)
At 31 December 2015	63,235	(5,613)	(6,452)	51,170

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 12. DEFERRED TAX (continued)

- (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	
	2016	2015
	RM'000	RM'000
Other temporary differences	18,964	20,969
Unabsorbed capital allowances	8,757	9,962
Unused tax losses	67,244	54,162
	<b>94,965</b>	<b>85,093</b>

The deductible temporary differences do not expire under current tax legislation except for unused tax losses of Cityneon Vietnam Company Limited ("Cityneon Vietnam"). 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.

		Group	
		2016	2015
Year incurred	Year of expiry	RM'000	RM'000
2011	2016	489	479
2012	2017	34	34
2013	2018	1,492	1,461
2014	2019	1,769	1,733
2015	2020	2,363	-
		<b>6,147</b>	<b>3,707</b>

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	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>At cost</b>				
Newsprint	38,701	49,234	38,701	49,234
Other raw materials and consumables	2,371	665	11	27
	<b>41,072</b>	<b>49,899</b>	<b>38,712</b>	<b>49,261</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 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 RM70,331,000 (2015: RM86,528,000) and RM69,307,000 (2015: RM85,162,000).

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 14. DERIVATIVE ASSETS

	Group and Company			
	2016		2015	
	Contract amount RM'000	Financial assets RM'000	Contract amount RM'000	Financial assets RM'000
Forward currency contracts	7,398	416	11,210	164

- (a) During the financial year, the Group and the Company entered into seven (7) currency forward contracts (2015: five (5)) 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 gain of RM252,000 (2015: RM164,000) 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>2016</b>				
<b>Derivative assets</b>				
- Forward currency contracts	416	-	-	416
<b>2015</b>				
<b>Derivative assets</b>				
- Forward currency contracts	164	-	-	164

- (f) The notional amount and maturity date of the forward currency contracts outstanding as at 31 December 2016 and 31 December 2015 are as follows:

Group and Company	Contractual amount in Foreign Currency (FC'000)	Equivalent amount in Ringgit Malaysia (RM'000)	Expiry date
<b>2016</b>			
United States Dollar	1,244	5,236	04.01.2017 - 28.02.2017
British Pound	35	202	13.01.2017
Swiss Franc	441	1,960	13.01.2017
<b>2015</b>			
United States Dollar	924	3,906	29.01.2016 - 29.02.2016
Swiss Franc	1,725	7,304	29.02.2016 - 28.06.2016

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 15. CASH AND BANK BALANCES

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	156,862	124,825	60,822	32,125
Deposits placed with licensed banks	342,728	508,047	293,677	463,392
	499,590	632,872	354,499	495,517

- (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	
	2016	2015	2016	2015
<b>Weighted average effective interest rate</b>				
- Fixed rates	3.51%	4.16%	3.60%	4.25%

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 181 days (2015: 7 days to 365 days).
- (c) Included in the cash and cash equivalents of the Group is an amount of RM21,900,000 (2015: RM13,966,000) held by subsidiaries in the People's Republic of China ("PRC"), which are 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 are authorised to conduct foreign exchange business.
- (d) The currency exposure profiles of cash and bank balances are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	419,549	555,497	354,033	495,143
Chinese Renminbi	20,509	13,254	-	5
Bahraini Dinar	20,273	11,277	-	-
Singapore Dollar	14,882	12,912	442	345
United States Dollar	14,764	20,889	19	19
Qatari Rial	8,391	2,199	-	-
Omani Rial	466	11,427	-	-
Euro	422	4,353	-	-
Brunei Dollar	132	731	-	-
British Pound	5	5	5	5
Australian Dollar	-	3	-	-
Others	197	325	-	-
	499,590	632,872	354,499	495,517

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 15. CASH AND BANK BALANCES (continued)

- (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	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>Effects of 3% changes to RM against foreign currencies</b>				
Profit after tax				
- Chinese Renminbi	511	330	-	-
- Bahraini Dinar	505	288	-	-
- Singapore Dollar	370	320	10	8
- United States Dollar	367	484	-	-
- Qatari Rial	209	55	-	-

The exposure to the other currencies are not significant, hence the effect of the changes in the exchange rates are not explained.

- (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	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	156,862	124,825	60,822	32,125
Deposits placed with licensed banks	342,728	508,047	293,677	463,392
Less:				
Deposits placed with licensed banks with original maturity of more than three (3) months	(11,279)	(47,745)	(6,172)	(35,904)
	488,311	585,127	348,327	459,613

## 16. SHARE CAPITAL AND TREASURY SHARES

	2016		Company	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of RM1.00 each:				
Authorised	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid	738,564	738,564	738,564	738,564

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 16. SHARE CAPITAL AND TREASURY SHARES (continued)

- (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.

- (b) 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
2014	412	1,050	5	2.54
	607	1,633	8	2.69

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 of RM1.00 each as at 31 December 2016, there are 607,200 ordinary shares of RM1.00 each with a cumulative total consideration amounting to RM1,633,957 held as treasury shares by the Company. The number of outstanding shares in issue after the Share Buy-Back is 737,956,402 ordinary shares of RM1.00 each as at 31 December 2016.

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-distributable:				
Share option reserve	6	526	-	-
Foreign exchange translation reserve	13,047	31,612	-	-
	13,053	32,138	-	-
Distributable:				
Retained earnings	378,671	376,206	321,321	361,513
	391,724	408,344	321,321	361,513

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 17. RESERVES (continued)

### (a) Share option reserve

The share option reserve of the Group is in respect of the equity-settled options granted to employees of the Cityneon Group. This reserve is 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 during the 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.

## 19. BORROWINGS

		Group	
	Note	2016 RM'000	2015 RM'000
<b>Non-current</b>			
Hire purchase and finance lease liabilities	20	905	2,997
<b>Current</b>			
Bank loans		99,925	68,509
Hire purchase and finance lease liabilities	20	906	1,352
		<b>100,831</b>	<b>69,861</b>
<b>Total borrowings</b>			
Bank loans		99,925	68,509
Hire purchase and finance lease liabilities	20	1,811	4,349
		<b>101,736</b>	<b>72,858</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 19. BORROWINGS (continued)

(a) The borrowings are repayable over the following periods:

Group	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>2016</b>						
Bank loans	2017	99,925	99,925	-	-	-
Hire purchase and finance lease liabilities	2020	1,811	906	618	287	-
		<b>101,736</b>	<b>100,831</b>	<b>618</b>	<b>287</b>	<b>-</b>
<b>2015</b>						
Bank loans	2016	68,509	68,509	-	-	-
Hire purchase and finance lease liabilities	2020	4,349	1,352	1,373	1,624	-
		<b>72,858</b>	<b>69,861</b>	<b>1,373</b>	<b>1,624</b>	<b>-</b>

(b) The interest rate profiles of the borrowings as at end of each reporting period are as follows:

	Group	
	2016 RM'000	2015 RM'000
Fixed rate	1,811	4,349
Floating rate	99,925	68,509
	<b>101,736</b>	<b>72,858</b>

(c) The weighted average effective interest rates of the borrowings as at the end of each reporting period are as follows:

	Group	
	2016	2015
Bank loans	3.30%	3.05%
Hire purchase and finance lease liabilities	6.74%	6.72%

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 19. BORROWINGS (continued)

- (d) Sensitivity analysis for fixed rate borrowings as at the end of the reporting period is not presented as fixed rate instruments is not affected by changes 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	
	2016	2015
	RM'000	RM'000
<b>Effects of 50bp changes to profit after tax</b>		
Floating rate instruments	415	284

- (e) Financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values, are as follows:

Group	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
Bank loans	99,925	99,925	68,509	68,509
Hire purchase and finance lease liabilities	1,811	1,626	4,349	3,788
	101,736	101,551	72,858	72,297

The carrying amounts of bank loans are reasonable approximations of fair values, either due to their short-term nature or that they are floating rate instruments that are 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.

- (f) The currency exposure profiles of borrowings are as follows:

	Group	
	2016	2015
	RM'000	RM'000
Singapore Dollar	52,282	67,141
United States Dollar	45,671	-
Ringgit Malaysia	3,783	5,717
	101,736	72,858

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 19. BORROWINGS (continued)

- (g) 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	
	2016	2015
	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	582

- (h) One of the secured bank loans of RM22,053,000 (2015: RM43,211,000) of the Group is 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 provides a guarantee and indemnity of SGD7,000,000 (2015: SGD14,000,000) covering interest accruing and all monies payable under the facility.

The other secured bank loans of RM77,872,000 (2015: RM25,298,000) of the Group are 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.

- (i) 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>2016</b>				
Bank loans	100,920	109,600	-	210,520
Hire purchase and finance lease liabilities	997	952	-	1,949
Total undiscounted financial liabilities	101,917	110,552	-	212,469
<b>2015</b>				
Bank loans	174,415	114,400	-	288,815
Hire purchase and finance lease liabilities	1,585	3,229	-	4,814
Total undiscounted financial liabilities	176,000	117,629	-	293,629

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 20. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group	
	2016	2015
	RM'000	RM'000
Minimum lease payments:		
- not later than one (1) year		
Hire purchase	95	295
Finance leases	903	1,290
	998	1,585
- later than one (1) year but not later than five (5) years		
Hire purchase	125	563
Finance leases	826	2,666
	951	3,229
Total minimum lease payments	1,949	4,814
Less: Future interest charges		
- Hire purchase	(15)	(63)
- Finance leases	(123)	(402)
	(138)	(465)
Present value of minimum lease payments	1,811	4,349
Present value of minimum lease payments is represented by:		
Hire purchase	205	795
Finance leases	1,606	3,554
	1,811	4,349
Repayable as follows:		
Current liabilities		
- not later than one (1) year		
Hire purchase	87	265
Finance leases	819	1,087
Total current liabilities	906	1,352
Non-current liabilities		
- later than one (1) year but not later than five (5) years		
Hire purchase	118	530
Finance leases	787	2,467
Total non-current liabilities	905	2,997
	1,811	4,349

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 2016 (CONTINUED)

## 21. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>Trade payables</b>				
Third parties	30,114	34,718	1,055	2,224
Subsidiaries	-	-	3,702	4,204
Amounts due to customers for contract works (Note 11(d))	4,035	2,967	-	-
	34,149	37,685	4,757	6,428
<b>Other payables</b>				
Amounts owing to subsidiaries	-	-	4,729	4,745
Contingent consideration for business combination	-	9,844	-	-
Other payables	31,868	20,330	10,967	12,954
Deferred income	10,932	9,563	5,663	7,366
Deposits from agents, subscribers and customers	15,454	22,889	15,454	18,906
Accruals	58,868	79,834	33,656	45,315
	117,122	142,460	70,469	89,286
	151,271	180,145	75,226	95,714

- (a) Trade and other payables 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 (2015: 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) Included in other payables of the Group are amounts owing to Directors of certain subsidiaries amounting to RM375,000 (2015: RM962,000).
- (e) A reconciliation of the deferred income is as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January	9,563	6,067	7,366	4,400
Additions during the financial year	60,678	86,815	30,949	37,421
Recognised as revenue during the financial year	(59,309)	(83,319)	(32,652)	(34,455)
Balance as at 31 December	10,932	9,563	5,663	7,366

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 2016 (CONTINUED)

## 21. TRADE AND OTHER PAYABLES (continued)

- (f) Included in the accruals of the Group and the Company are payroll related accruals amounting to RM31,862,000 (2015: RM42,391,000) and RM24,165,000 (2015: RM31,299,000) respectively.
- (g) As part of the purchase agreements with the previous owners of CNM Events Marketing Sdn. Bhd. ("CNM Events Marketing") and Victory Hill Exhibitions Pte. Ltd. ("VHE"), certain contingent considerations have been agreed. These contingent considerations are dependent on the profit targets as agreed in the purchase agreements.

A reconciliation of the contingent considerations for the business combinations are as follows:

	Group	
	2016	2015
	RM'000	RM'000
At 1 January	9,844	9,175
Accretion	-	225
Acquisition of a subsidiary (Note 8(g))	-	6,224
Payment	(9,384)	(5,780)
Reversal	(460)	-
At 31 December	-	9,844

- (h) The significant unobservable input used in determining the fair value measurement of Level 3 contingent considerations for business combinations as well as the relationship between key unobservable inputs and fair value, are detailed in the table below:

Financial instrument	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair values
<u>Financial liabilities</u>		
Contingent considerations for business combinations	Estimated probabilities of achieving the profit targets as set out in the purchase agreements and discount rate	The higher the estimated probabilities, the higher the fair value of the contingent considerations for business combinations would be; the higher the discount rate, the lower the fair value of the contingent considerations for business combinations would be.

- (i) The fair value of contingent considerations of the Group is categorised as follows:

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
<b>2015</b>				
<b>Financial liabilities</b>				
<b>Other financial liabilities</b>				
- Contingent considerations for business combinations	-	-	9,844	9,844

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 21. TRADE AND OTHER PAYABLES (continued)

- (j) Reconciliation of Level 3 fair values of contingent consideration for business combination has been disclosed in Note 21(g) to the financial statements.

Sensitivity analysis for contingent considerations for business combinations is not disclosed as they are not material to the Group.

- (k) The currency exposure profiles of trade and other payables (net of deferred income) are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	72,385	90,961	65,975	83,423
Singapore Dollar	22,437	45,148	2,356	646
United States Dollar	14,762	4,450	128	169
Bahraini Dinar	8,041	17,562	-	-
Chinese Renminbi	8,005	4,403	-	-
British Pound	1,099	5,096	1,099	4,100
Euro	142	1,798	4	9
Australian Dollar	1	1	1	1
Others	13,467	1,163	-	-
	140,339	170,582	69,563	88,348

- (l) 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	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>Effects of 3% changes to RM against foreign currencies</b>				
Profit after tax				
- Singapore Dollar	430	1,060	54	15
- United States Dollar	411	111	3	4
- Bahraini Dinar	200	437	-	-
- Chinese Renminbi	200	110	-	-

The exposure to the other currencies are not significant, hence the effect of the changes in the exchange rates are not explained.

- (m) The maturity profile of the trade and other payables (excluding deferred income) of the Group and of the Company at the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one year.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 22. REVENUE

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Publication, printing and distribution of newspapers and magazines and online advertisements	<b>544,390</b>	643,271	<b>539,572</b>	636,328
Event management, exhibition services and thematic	<b>320,448</b>	304,280	-	-
Broadcasting	<b>42,201</b>	48,580	-	-
Subscription and distribution	<b>13,461</b>	12,019	-	-
Others	<b>11,615</b>	10,870	-	-
	<b>932,115</b>	1,019,020	<b>539,572</b>	636,328

### (a) Sales of goods

Revenue from sales of goods represents the invoiced value arising from the publication, printing and distribution of newspapers and 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 (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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 22. REVENUE (continued)

### (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.

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) Interest income

Interest income is recognised as it accrues, using the effective interest method.

### (e) Dividend income

Dividend income is recognised when the rights to receive payment is established.

### (f) 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.

### (g) 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Publication, printing and distribution of newspapers and magazines and digital	219,829	222,683	219,635	222,677
Event management, exhibition services and thematic	209,722	224,813	-	-
Broadcasting	9,373	10,277	-	-
Subscription and distribution	12,445	11,157	-	-
Others	4,065	3,915	-	-
	455,434	472,845	219,635	222,677

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 24. FINANCE COSTS

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Interest expenses on:				
- Medium Term Notes	6,403	9,300	6,403	9,300
- Finance lease liabilities	165	231	-	-
- Hire purchase creditors	26	35	-	-
- Bank loans	2,645	1,851	-	-
- Others	-	140	-	-
	9,239	11,557	6,403	9,300

## 25. PROFIT BEFORE TAX

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging:					
Auditors' remuneration:					
- Statutory					
- Current year		1,213	1,100	228	218
- Over provision in prior years		(5)	(1)	(5)	-
- Non-statutory					
- Current year		154	228	15	14
- Under provision in prior years		1	-	1	-
Accretion of contingent considerations		-	225	-	-
Amortisation of intangible assets		10,932	7,713	1,100	1,201
Bad debts written off		5	1	-	-
Depreciation of:					
- property, plant and equipment	5	53,198	43,377	38,549	35,766
- investment properties	6	246	246	246	246
Directors' remuneration payable to:					
- Directors of the Company					
- fees		655	700	655	700
- other emoluments	29	2,464	3,094	2,464	3,094
- Directors of subsidiaries					
- fees		923	725	-	-
- other emoluments		16,136	11,413	-	-
Fair value loss on other investments		1,718	832	1,778	828
Foreign exchange loss:					
- realised		698	-	596	-
- unrealised		-	1,142	-	3,285

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 25. PROFIT BEFORE TAX (continued)

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before tax is arrived at after charging (continued):					
Impairment losses on:					
- amounts owing by subsidiaries		-	-	2,071	12,997
- equity loan	8(c)	-	-	19,456	6,551
- goodwill	7(a)	19,827	-	-	-
- investments in subsidiaries	8(c)	-	-	4,878	5,072
- trade receivables	11(g)	1,533	1,775	651	686
- other receivables		-	6	-	6
Intangible assets written off	7(d)	40	-	-	-
Interest expense	24	9,239	11,557	6,403	9,300
Loss on disposal of:					
- other investments		12	176	12	176
- property, plant and equipment		28	-	52	-
Operating lease rental		355	385	355	385
Property, plant and equipment written off	5	164	416	15	115
Rental of equipment		8	-	-	-
Rental of premises		6,433	8,346	345	402
Rental of warehouse		2,526	36	-	-
Waiver of debt		-	-	6	-
And crediting:					
Accretion of non-current other receivables		-	3,150	-	3,150
Bad debts recovered		543	4	-	4
Fair value gain on:					
- derivative assets		252	164	252	164
Foreign exchange gain:					
- realised		-	1,179	-	1,088
- unrealised		3,936	-	2,213	-
Gain on disposal of:					
- intangible assets		75	-	-	-
- investment in a subsidiary	8(e)	40,257	-	38,880	-
- investment in an associate	9(c)	150	-	-	-
- property, plant and equipment		-	272	-	277
Gain on dissolution of a joint venture		-	1,025	-	659
Interest income		4,565	5,644	3,210	6,221
Investment income		13,588	15,058	13,501	15,006
Rental income:					
- investment properties	6(d)	795	714	795	714
- others		73	414	186	169

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 25. PROFIT BEFORE TAX (continued)

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
And crediting (continued):					
Reversal of impairment losses on:					
- amounts owing by subsidiaries		-	-	4,753	9,600
- trade receivables	11(g)	1,086	1,658	683	242
Waiver of interest from a subsidiary		-	-	-	11,347

The estimated monetary value of benefits-in-kind not included in the above received by Directors of the Company was RM165,000 (2015: RM281,000) for the Group and the Company.

## 26. TAX EXPENSE

		Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current year tax expense based on profit for the financial year					
- Malaysian income tax		29,511	51,358	25,600	47,100
- Foreign income tax		3,196	78	-	-
		32,707	51,436	25,600	47,100
Over provision in prior years					
- Malaysian income tax		(3,325)	(1,326)	(3,084)	(1,537)
- Foreign income tax		(554)	(141)	-	-
		(3,879)	(1,467)	(3,084)	(1,537)
		28,828	49,969	22,516	45,563
Deferred tax (Note 12)					
- Relating to origination and reversal of temporary differences		(5,076)	(12,805)	(4,640)	(13,430)
- Under provision in prior years		5,545	2,300	5,450	2,118
		469	(10,505)	810	(11,312)
Tax expense		29,297	39,464	23,326	34,251

(a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 26. TAX EXPENSE (continued)

- (c) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before tax	146,206	170,073	115,966	160,341
Taxation at Malaysian statutory rate of 24% (2015: 25%)	35,089	42,518	27,832	40,085
Expenses not deductible for tax purposes	15,253	1,519	9,306	5,639
Income not subject to tax	(20,410)	(7,279)	(16,178)	(9,922)
Deferred tax assets not recognised	2,976	7,435	-	-
Utilisation of previously unrecognised deferred tax assets	(607)	(2,007)	-	-
Reduction in deferred taxes as a result of reduction in tax rate	-	(2,133)	-	(2,132)
Difference in tax rates in foreign jurisdiction	(4,670)	(1,422)	-	-
	27,631	38,631	20,960	33,670
(Over)/Under provision in prior years				
- corporate tax	(3,879)	(1,467)	(3,084)	(1,537)
- deferred tax	5,545	2,300	5,450	2,118
Tax expense	29,297	39,464	23,326	34,251

- (d) Tax savings of the Group are as follows:

	Group	
	2016 RM'000	2015 RM'000
Arising from utilisation of previously unrecognised deferred tax assets	607	2,007

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 26. TAX EXPENSE (continued)

(e) Tax on each component of other comprehensive income is as follows:

	Group					
	2016			2015		
	Before tax RM'000	Tax effect RM'000	After tax RM'000	Before tax RM'000	Tax effect RM'000	After tax RM'000
<b>Items that may be reclassified subsequently to profit or loss</b>						
Foreign currency translations	7,395	-	7,395	12,963	-	12,963
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.

	2016	2015
Profit attributable to equity holders of the parent (RM'000)	109,911	132,956
Weighted average number of ordinary shares in issue ('000)	738,564	738,564
Weighted average number of treasury shares held ('000)	(607)	(607)
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share ('000)	737,957	737,957
Basic earnings per ordinary share (sen)	14.89	18.02

(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 2016 (CONTINUED)

## 28. DIVIDENDS

	Group and Company Dividend per ordinary share sen	Amount of dividend RM'000
<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>
<b>2015</b>		
2015 First interim dividend paid	9.0	66,416
2014 Second interim dividend paid	6.0	44,277
2014 Special interim dividend paid	3.0	22,139
	<b>18.0</b>	<b>132,832</b>

Subsequent to the financial year, on 27 February 2017, the Directors declared a second interim dividend of 9.0 sen per ordinary share, single tier which amounted to RM66,416,000 in respect of the financial year ended 31 December 2016. The dividend is payable on 18 April 2017 to the shareholders whose names appear in the Record of Depositors at the close of business on 31 March 2017. The financial statements for the current financial year do not reflect the proposed dividend.

## 29. EMPLOYEE BENEFITS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Salaries and wages	247,860	232,389	161,010	152,915
Defined contribution retirement plans	29,210	27,857	22,271	21,443
Others	10,186	12,135	7,155	9,854
	<b>287,256</b>	<b>272,381</b>	<b>190,436</b>	<b>184,212</b>

Included in employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM18,600,000 (2015: RM14,507,000) and RM2,464,000 (2015: RM3,094,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 30. 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.
- (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	
	2016	2015
	RM'000	RM'000
<b>Subsidiaries</b>		
Advertisement commission paid/payable	415	705
Event fees paid/payable	37	195
Interest received/receivable	412	526
Jobbing income	360	-
Management fees	3,949	2,121
Purchase of airtime	-	19
Purchase of content	3	990
Purchase of ePaper subscription	5	5
Purchase of property, plant and equipment	-	52
Rental income	32	29
Sales of advertisement space	732	1,318
Training fees paid/payable	381	433

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 30. RELATED PARTIES DISCLOSURES (continued)

- (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 (continued):

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Companies in which certain Directors deemed to have financial interests</b>				
Sales of advertisement space	18,277	21,859	18,272	21,675
Sales of services	-	159	-	-
Purchase of services	211	586	211	586

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 2016 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 and Company	
	2016 RM'000	2015 RM'000
Short term employee benefits	2,990	3,720
Contributions to defined contribution plans	294	355
	<b>3,284</b>	<b>4,075</b>

## 31. 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) Certain subsidiaries provided tender bonds and guarantees through banks to its landlord for office rental deposit amounting to RM2,137,000 (2015: RM2,461,000) and to its customers and suppliers for the tender of projects, guarantee on performance and usage of exhibition venues amounting to RM49,784,000 (2015: RM49,093,000). Certain tender bonds and guarantees are secured by bank guarantees amounting to RM131,000 (2015: RM377,000). Management is of the view that no losses are expected to arise pertaining to the aforesaid tender bonds and performance guarantees.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 31. CONTINGENT LIABILITIES (continued)

- (c) Contingent liabilities that are not carried at fair values and whose carrying amounts are not reasonable approximation of fair values, are as follows:

	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
<b>Group and Company</b>				
<b>2016</b>				
<b>Unrecognised financial liabilities</b>				
- Contingent liabilities				
- Litigations	-	1,750	-	1,750

<b>Group and Company</b>				
<b>2015</b>				
<b>Unrecognised financial liabilities</b>				
- Contingent liabilities				
- Litigations	-	2,240	-	2,240

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.

## 32. 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	
	2016	2015
	RM'000	RM'000
Not later than one (1) year	20,128	10,157
Later than one (1) year and not later than five (5) years	70,650	65,791
More than five (5) years	76,022	89,971
	166,800	165,919

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 32. COMMITMENTS (continued)

### (a) Operating lease commitments (continued)

#### (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	
	2016	2015
	RM'000	RM'000
Not later than one (1) year	650	817
Later than one (1) year and not later than five (5) years	375	386
	<b>1,025</b>	<b>1,203</b>

### (b) Capital commitments

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Authorised capital expenditure not provided for in the financial statements				
- contracted	<b>27,759</b>	55,935	<b>27,759</b>	46,677
- not contracted	<b>28,344</b>	20,059	<b>28,344</b>	20,059
	<b>56,103</b>	75,994	<b>56,103</b>	66,736
Analysed as follows:				
- Property, plant and equipment	<b>56,103</b>	72,374	<b>56,103</b>	66,736
- Investment	-	3,620	-	-
	<b>56,103</b>	75,994	<b>56,103</b>	66,736

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 33. 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 2015.

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.

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 2016 and 31 December 2015.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Loans and borrowings	<b>201,736</b>	272,858	<b>100,000</b>	200,000
Less: Cash and bank balances (Note 15(f))	<b>(156,862)</b>	(124,825)	<b>(60,822)</b>	(32,125)
Net debt	<b>44,874</b>	148,033	<b>39,178</b>	167,875
Total capital	<b>1,128,655</b>	1,145,275	<b>1,058,252</b>	1,098,444
Gearing ratio	<b>4.0%</b>	12.9%	<b>3.7%</b>	15.3%

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 2016.

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 33. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

### (b) Financial risk management (continued)

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 RM80,041,000 (2015: RM77,375,000) for the Group and RM466,000 (2015: RM374,000) 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 33. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

### (b) Financial risk management (continued)

#### (ii) Liquidity and cash flow risk (continued)

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 relates to interest-earning deposits and interest-bearing borrowings from financial institutions. The fixed-rate deposit and borrowings of the Group are 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.

#### (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 concentration 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 33. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(v) Market risk (continued)

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.

## 34. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The Companies Act, 2016 (New Act) was enacted to replace the Companies Act, 1965 and was passed by Parliament on 4 April 2016. The New Act was subsequently gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the effective date of the New Act, except for section 241 and Division 8 of Part III of the New Act, to be 31 January 2017.

Amongst the key changes introduced in the New Act, which will affect the financial statements of the Group and of the Company would include the removal of the authorised share capital, replacement of no par value shares in place of par or nominal value shares, and the treatment of share premium and capital redemption reserves.

The adoption of the New Act does not have any financial impact on the Group and the Company for the financial year ended 31 December 2016 as any accounting implications will only be applied prospectively, if applicable, and the effect of adoption mainly will be on the disclosures to the annual report and financial statements of the Group and of the Company for the financial year ending 31 December 2017.

## 35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

### 35.1 New MFRSs adopted during the financial year

On 1 January 2016, the Group and the Company adopted the following Standards that are mandatory for annual financial periods beginning on or after 1 January 2016.

Title	Effective Date
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 10, MFRS 12, MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141 <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRSs <i>Annual Improvements to MFRSs 2012 - 2014 Cycle</i>	1 January 2016

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

### 35.1 New MFRSs adopted during the financial year (continued)

There is no material impact upon the adoption of these Standard and Amendments during the financial year, other than the adoption of Amendments to MFRS 101 *Disclosure Initiative*, which resulted in the following:

- (a) Grouping together supporting information for items presented in the statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows, in the order in which each statement and each line item is presented.
- (b) Disclosures of only significant accounting policies comprising the measurement bases used in preparing the financial statements and other accounting policies that are relevant to the financial statements.

### 35.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017

The Standards that are issued but not yet effective up to the date of issuance of financial statements of the Group and of the Company are disclosed below. The Group and the Company intend to adopt these Standards, if applicable, when they become effective.

Title	Effective Date
Amendments to MFRS 12 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS 9 as issued by IASB in July 2014)</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarifications to MFRS 15	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
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</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
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

The Group and the Company is in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for future financial years.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONTINUED)

## 36. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of each reporting period may be analysed as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings of Star Media Group Berhad and its subsidiaries:				
- Realised	<b>330,150</b>	357,751	<b>371,571</b>	413,985
- Unrealised	<b>(53,029)</b>	(52,330)	<b>(50,250)</b>	(52,472)
	<b>277,121</b>	305,421	<b>321,321</b>	361,513
Total share of accumulated losses from associates:				
- Realised	<b>(899)</b>	(538)	-	-
	<b>276,222</b>	304,883	<b>321,321</b>	361,513
Consolidation adjustments	<b>102,449</b>	71,323	-	-
Total retained earnings as at 31 December	<b>378,671</b>	376,206	<b>321,321</b>	361,513

# LIST OF PROPERTIES

AS AT 31 DECEMBER 2016

Location	Tenure	Size	Description	Approximate age of buildings (years)	Net book value RM'000	Year or 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	857	1983#
No. 26A, Randolph Avenue London W9 1BL United Kingdom	Leasehold Expiry: 2086	1,440 sq. ft.	2-storey semi-detached house	56	768	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	8,171	1995
Menara Star 15, Jalan 16/11 46350 Petaling Jaya Selangor Darul Ehsan	Freehold	165,000 sq. ft.	17-storey tower block	16	38,050	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	31,406	2001
202, Jalan Sultan Azlan Shah 11900 Bayan Lepas Pulau Pinang	Freehold	12,086 sq. metres	Industrial land	N/A	11,954	1997
		19,472 sq. metres	Regional office and printing plant	15	18,721	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	179	1999
GM 4148 Lot 26198 (GM 613 Lot 6037) Mukim Bentong Pahang Darul Makmur	Freehold	3.632 hectare	Vacant residential land	N/A	2,096	1999

# LIST OF PROPERTIES

AS AT 31 DECEMBER 2016 (CONTINUED)

Location	Tenure	Size	Description	Approximate age of buildings (years)	Net book value RM'000	Year or Acquisition/ Last Revaluation#
GM 4111 Lot 26192 (GM 611 Lot 3162) Mukim Bentong Pahang Darul Makmur	Freehold	0.3655 hectare	Vacant agriculture land	N/A	1,079	2000
GM 4147 Lot 26197 (GM 612 Lot 6036) Mukim Bentong Pahang Darul Makmur	Freehold	0.3676 hectare	Vacant residential land	N/A		
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	1,247	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	1,828	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	2,196	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	3,452	2004

# LIST OF PROPERTIES

AS AT 31 DECEMBER 2016 (CONTINUED)

Location	Tenure	Size	Description	Approximate age of buildings (years)	Net book value RM'000	Year or Acquisition/ Last Revaluation#
No. 8 & 10, Lorong Chung Thye Phin 30250 Ipoh Perak Darul Ridzuan	Leasehold Expiry: 2893	1,622.53 sq. metres	Commercial land	N/A	1,378	2005
		1,978 sq. metres	Office Building	6	4,259	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	697	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	2,396	2009

# ANALYSIS OF SHAREHOLDINGS

AS AT 27 MARCH 2017

## 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 : 8,300

Size Of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares/ Securities Held	% of Issued Capital
1 - 99	84	1.012	1,591	0.000
100 - 1,000	1,622	19.542	1,391,081	0.189
1,001 - 10,000	5,088	61.301	22,428,234	3.039
10,001 - 100,000	1,319	15.892	40,172,942	5.444
100,001 - 36,897,819	184	2.217	247,820,294	33.582
36,897,820 and above	3	0.036	426,142,260	57.746
Sub Total	8,300	100.000	737,956,402	100.000
Treasury Shares			607,200	
Total			738,563,602	100.000

## THIRTY LARGEST SHAREHOLDERS/DEPOSITORS AS AT 27 MARCH 2017

(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	42.457
2.	AmanahRaya Trustees Berhad Amanah Saham Bumiputera	73,020,200	9.895
3.	Lembaga Tabung Haji	39,806,300	5.394
4.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	29,074,300	3.940
5.	AmanahRaya Trustees Berhad Amanah Saham Malaysia	27,000,000	3.659
6.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	21,363,200	2.895
7.	AmanahRaya Trustees Berhad Amanah Saham Didik	13,973,700	1.894
8.	Citigroup Nominees (Tempatan) Sdn. Bhd. Exempt An for AIA Bhd	11,913,600	1.614
9.	HSBC Nominees (Asing) Sdn. Bhd. BNP Paribas Secs SVS Jersey For Aberdeen Asian Income Fund Limited	11,060,200	1.499
10.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (Aberdeen)	9,560,500	1.296

## ANALYSIS OF SHAREHOLDINGS

AS AT 27 MARCH 2017 (CONTINUED)

No.	Name	Number of shares held	% of shareholdings*
11.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	8,849,600	1.199
12.	AmanahRaya Trustees Berhad Public Islamic Select Treasures Fund	7,411,200	1.004
13.	CIMB Group Nominees (Tempatan) Sdn. Bhd. Yayasan Hasanah (AUR-VCAM)	5,490,500	0.744
14.	AmanahRaya Trustees Berhad Public Islamic Opportunities Fund	5,425,800	0.735
15.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employee Provident Fund Board (Amundi)	5,200,000	0.705
16.	AmanahRaya Trustees Berhad Public Islamic Sector Select Fund	4,271,000	0.579
17.	AmanahRaya Trustees Berhad Amanah Saham Bumiputera 2	4,000,000	0.542
18.	Hong Leong Assurance Berhad As Beneficial Owner (Life PAR)	3,824,600	0.518
19.	Valuecap Sdn. Bhd.	3,507,500	0.475
20.	CIMB Commerce Trustee Berhad Public Focus Select Fund	2,801,500	0.380
21.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (I-VCAP)	2,767,300	0.375
22.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (AberIslamic)	2,762,500	0.374
23.	AMSEC Nominees (Tempatan) Sdn. Bhd. Aberdeen Asset Management Sdn. Bhd. for Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen)	2,599,800	0.352
24.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LSF)	2,572,500	0.349
25.	Koperasi Jayadiri Malaysia Berhad	2,334,000	0.316
26.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (VCAM Equity FD)	2,028,400	0.275
27.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY For DFA Emerging Markets Small Cap Series	2,011,100	0.273
28.	Huaren Holdings Sdn. Bhd.	1,893,600	0.257
29.	CIMB Islamic Nominees (Tempatan) Sdn. Bhd. CIMB Islamic Trustee Bhd for BIMB I Dividend Fund	1,814,100	0.246
30.	AMSEC Nominees (Tempatan) Sdn. Bhd. MTrustee Berhad For Pacific Dividend Fund (UT-PM-DIV)	1,753,400	0.238
<b>Total</b>		<b>623,406,160</b>	<b>84.479</b>

\* Excludes 607,200 Ordinary Shares bought back by the Company and held as treasury shares as at 27 March 2017.

# ANALYSIS OF SHAREHOLDINGS

AS AT 27 MARCH 2017 (CONTINUED)

## DIRECTORS' DIRECT AND INDIRECT SHAREHOLDINGS

(Based on the Register of Directors' Shareholdings as at 27 March 2017)

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	183,000	0.025	287,000 <sup>@</sup>	0.039
Mr Lew Weng Ho	-	-	-	-

## SUBSTANTIAL SHAREHOLDERS' DIRECT AND INDIRECT SHAREHOLDINGS

(Based on the Register of Substantial Shareholders as at 27 March 2017)

AMSEC Nominees (Tempatan) Sdn. Bhd.				
Malaysian Chinese Association	313,315,760	42.457	200,000 <sup>^</sup>	0.027
AmanahRaya Trustees Bhd	73,020,200	9.895	-	-
Amanah Saham Bumiputra				
Lembaga Tabung Haji	39,806,300	5.394	-	-
Employees Provident Fund Board	46,745,300 <sup>#</sup>	6.334	-	-
Aberdeen Asset Management Plc and its Subsidiaries	37,658,000 <sup>^^</sup>	5.103	-	-

### Notes:

\* Excludes 607,200 Ordinary Shares bought back by the Company and held as treasury shares as at 27 March 2017.

@ Deemed interested in shares held by her family members pursuant to Section 59(11)(c) of the Companies Act, 2016.

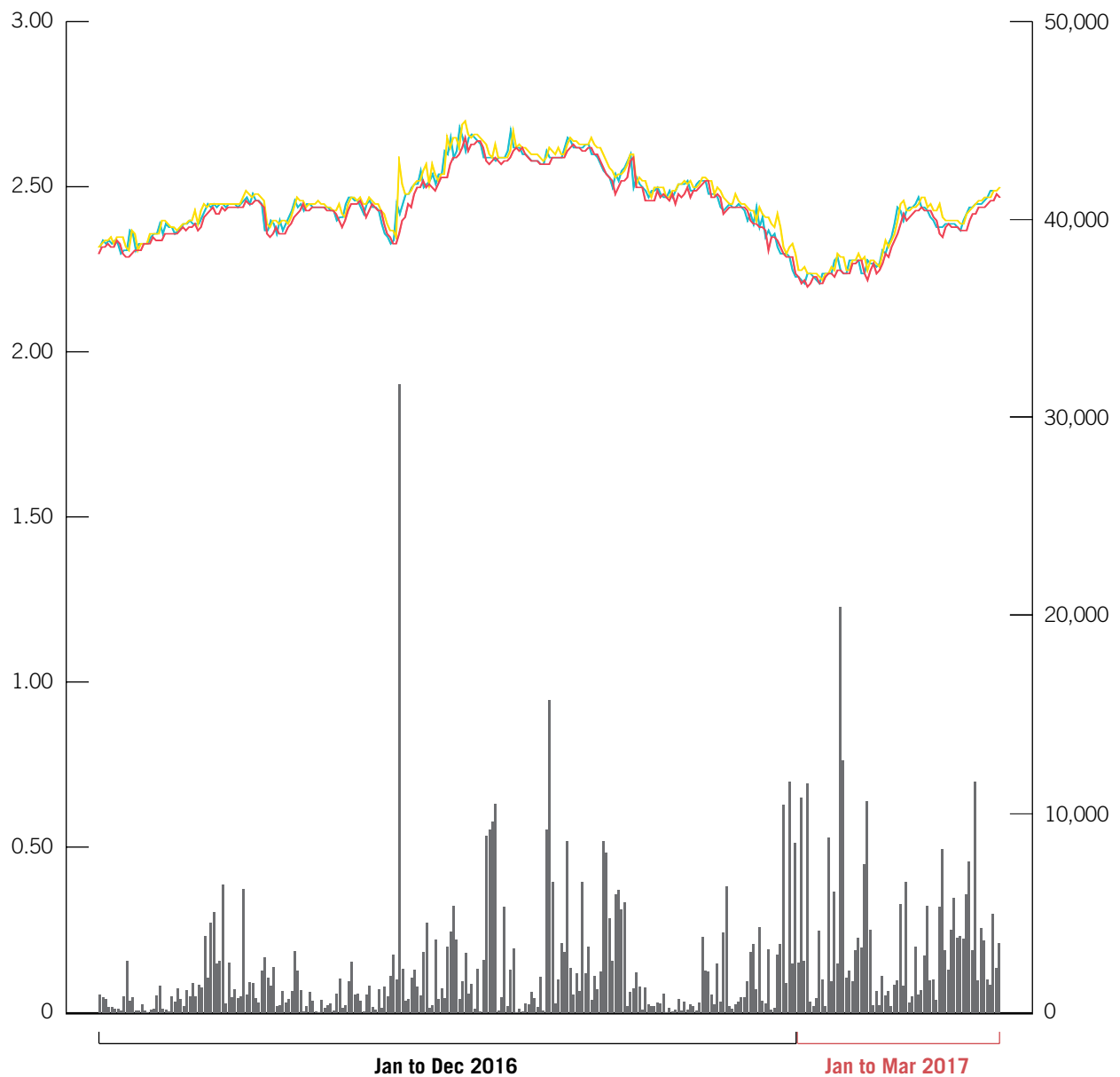
^ Held via Huaren Management Sdn Bhd.

# Held via Employees Provident Fund Board ("EPF"), Citigroup Nominees (Tempatan) Sdn Bhd - EPF, Citigroup Nominees (Tempatan) Sdn Bhd - EPF (Affin-HWG), Citigroup Nominees (Tempatan) Sdn Bhd - EPF (Nomura) and Citigroup Nominees (Tempatan) Sdn Bhd - EPF (Asian Islamic) IC.

^^ 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 2016 TO 27 MARCH 2017



Volume Traded  
Closing  
High  
Low

# CORPORATE DIRECTORY



## CORPORATE HEADQUARTERS

### MENARA STAR

15, Jalan 16/11 46350 Petaling Jaya  
Selangor Darul Ehsan, Malaysia  
Tel: +603 7967 1388  
Fax: +603 7954 1606

### STAR MEDIA HUB

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Bukit Jelutong 40150 Shah Alam  
Selangor Darul Ehsan, Malaysia  
Tel: +603 7967 1388  
Fax: +603 7845 4644

### STAR NORTHERN HUB

202, Jalan Sultan Azlan Shah 11900  
Bayan Lepas  
Pulau Pinang  
Tel: +604 647 3388  
Fax: +604 647 3371 / 647 3335

## PENINSULAR MALAYSIA

### ALOR SETAR

2, 1st Floor, Jalan Stadium  
05100 Alor Setar  
Kedah Darul Aman  
Tel: +604 731 1864 / 731 0855  
Fax: +604 733 8767

### GEORGE TOWN

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Fax: +604 261 1410

### IPOH

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30250 Ipoh, Perak Darul Ridzuan  
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Fax: +605 253 9669

### JOHOR BAHRU

65 & 65A, Jalan Maju,  
Taman Maju Jaya,  
80400 Johor Bahru  
Johor Darul Ta'zim  
Tel: +607 331 5666 /  
9745 / 2399 / 2433  
Fax: +607 333 2435 / 3251

## KLANG

35-G, 35-1, 35-2, Lebuhr Tapah,  
Bandar Klang  
41400 Klang,  
Selangor Darul Ehsan  
Tel: +603 3344 8978  
Fax: +603 3344 4584

## KOTA BHARU

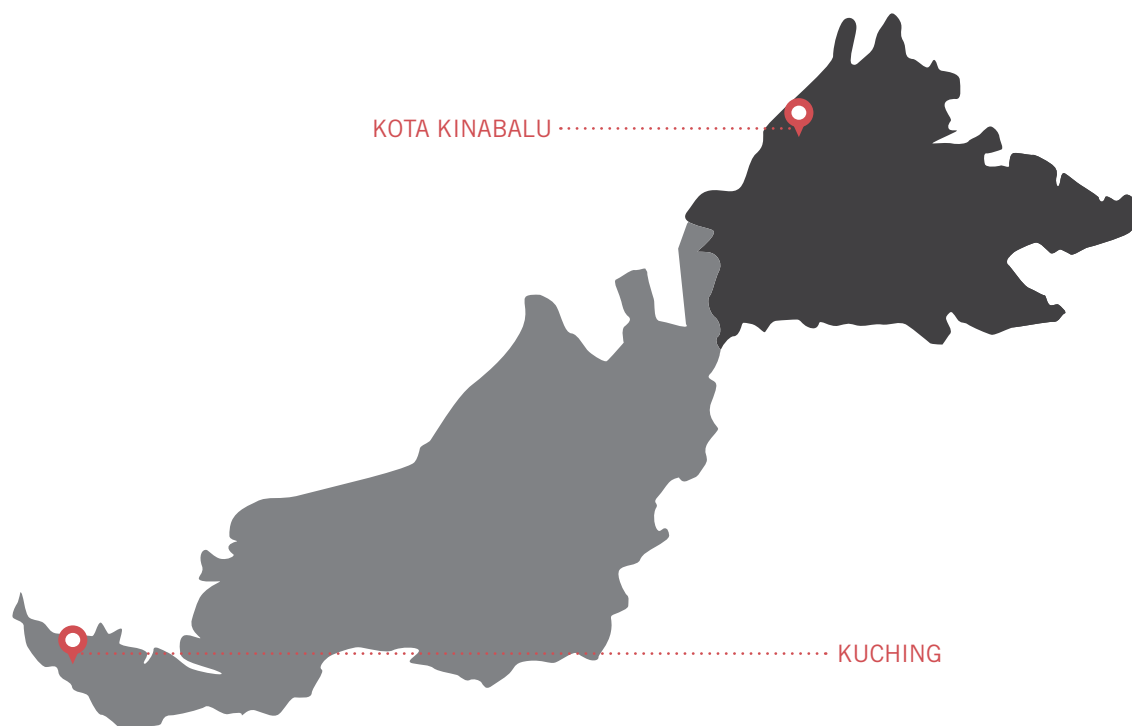
No. 2854-A, 1st Floor,  
Jalan Sultanah Zainab  
15000 Kota Bharu,  
Kelantan Darul Naim  
Tel: +609 747 8500  
Fax: +609 747 8600

## KUALA TERENGGANU

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20000 Kuala Terengganu  
Terengganu Darul Iman  
Tel: +609 622 3280  
Fax: +609 623 0025

## CORPORATE DIRECTORY

(CONTINUED)

**KUANTAN**

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25000 Kuantan,  
Pahang Darul Makmur  
Tel: +609 513 1323 /  
7415 / 515 7949  
Fax: +609 514 6276

**MELAKA**

4A, 1st Floor, Jalan Hang Tuah  
75300 Melaka  
Tel: +606 282 1909 / 283 6405  
Fax: +606 283 5352

**PUTRAJAYA**

No. T.01-06, Jalan P9E/1, Precinct 9  
62250 W.P. Putrajaya  
Tel: +603 8889 5513 / 5512  
Fax: +603 8889 5516

**SEBERANG JAYA**

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Pusat Bandar Seberang Jaya  
(Bandar Sunway)  
13700 Seberang Jaya, Pulau Pinang  
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**SEREMBAN**

49, Jalan Yam Tuan  
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Negeri Sembilan Darul Khusus  
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**SABAH & SARAWAK****KOTA KINABALU**

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Sabah  
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**KUCHING**

First Floor, Sublot 7 Song Plaza,  
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**OVERSEAS OFFICES****CHINA**

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Towers Singapore 189702  
Tel: +65 6292 7573 / 7585 / 6350  
Fax: +65 6297 2474

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**STAR MEDIA GROUP BERHAD**

(Company No. 10894 D)  
(Incorporated in Malaysia)

# PROXY FORM\*

CDS ACCOUNT NO.

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 45th 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 Monday, 22 May 2017 at 10.00 a.m. and at any adjournment thereof and to vote as indicated below:

NO	RESOLUTIONS		FOR	AGAINST
1.	To re-elect Dato' Fu Ah Kiow as Director	Resolution 1		
2.	To re-appoint Tan Sri Dato' Sri IR Kuan Peng Ching @ Kuan Peng Soon as Director	Resolution 2		
3.	To re-appoint Dato' Dr Mohd Aminuddin bin Mohd Rouse as Director	Resolution 3		
4.	To approve payment of Director' 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 and additional mandate for recurrent related party transactions of a revenue or trading nature	Resolution 9		

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.]

Number of shares held: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature/Common Seal of Member

**Notes:**

- Only members whose names appear in the General Meeting Record of Depositors of the Company as at **15 May 2017** 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, 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 Registered Office of the Company at Level 15, Menara Star, 15 Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time approved for holding the meeting or adjournment thereof. **The Form of Proxy can also be deposited in the ballot box provided at the reception counter, Ground Floor of Menara Star.**

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**Company Secretary**

**STAR MEDIA GROUP BERHAD**

(10894-D)  
Level 15, Menara Star  
15 Jalan 16/11, 46350 Petaling Jaya  
Selangor Darul Ehsan, Malaysia



starmediagroup.my

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#### RADIO



#### TELEVISION



#### EVENTS & EXHIBITIONS



#### TRAINING



#### OUT-OF-HOME



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