世界華文媒體 MEDIA CHINESE

# Annual Report 2016/17

世界華文媒體有限公司
Media Chinese International Limited

明報 MING PAO DAILY NEWS
星洲日報 SIN CHEW DAILY
南洋商報 NANYANG SIANG PAU
中國報 CHINA PRESS
光明日報 Guang Ming Daily

Malaysia Company No. : 995098-A Malaysia Stock Code : 5090 Hong Kong Stock Code : 685

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# Corporate Information

## EXECUTIVE DIRECTORS

Tan Sri Datuk Sir TIONG Hiew King
*(Group Executive Chairman)*
Mr TIONG Kiew Chiong
*(Group Chief Executive Officer)*
Mr NG Chek Yong
Mr LEONG Chew Meng

## NON-EXECUTIVE DIRECTORS

Dato' Sri Dr TIONG Ik King
Ms TIONG Choon

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr YU Hon To, David
Datuk CHONG Kee Yuon
Mr KHOO Kar Khoon

## GROUP EXECUTIVE COMMITTEE

Mr NG Chek Yong *(Chairman)*
Mr TIONG Kiew Chiong
Mr LEONG Chew Meng
Mr NG Kait Leong
Mr YII Hua Tung

## AUDIT COMMITTEE

Mr YU Hon To, David *(Chairman)*
Datuk CHONG Kee Yuon
Mr KHOO Kar Khoon

## REMUNERATION COMMITTEE

Datuk CHONG Kee Yuon *(Chairman)*
Mr YU Hon To, David
Mr KHOO Kar Khoon
Mr TIONG Kiew Chiong
Mr NG Chek Yong

## NOMINATION COMMITTEE

Mr KHOO Kar Khoon *(Chairman)*
Mr YU Hon To, David
Datuk CHONG Kee Yuon

## JOINT COMPANY SECRETARIES

Ms LAW Yuk Kuen
Ms TONG Siew Kheng

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
RHB Bank Berhad

## AUDITOR

PricewaterhouseCoopers

## STOCK CODE

| | |
|---|---|
| The Stock Exchange of Hong Kong Limited | 685 |
| Bursa Malaysia Securities Berhad | 5090 |

## WEBSITE

www.mediachinesegroup.com

## HONG KONG HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

15th Floor, Block A
Ming Pao Industrial Centre
18 Ka Yip Street
Chai Wan
Hong Kong
Tel: (852) 2595 3111
Fax: (852) 2898 2691

## MALAYSIA HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

No. 19, Jalan Semangat
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel: (603) 7965 8888
Fax: (603) 7965 8689

## REGISTERED OFFICE IN BERMUDA

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda
Tel: (441) 295 1443
Fax: (441) 292 8666

## REGISTERED OFFICE IN MALAYSIA

Level 8, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel: (603) 7841 8000
Fax: (603) 7841 8199

## PRINCIPAL REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda
Tel: (852) 2978 5656
Fax: (852) 2530 5152

## HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2810 8185

## MALAYSIA BRANCH REGISTRAR AND TRANSFER OFFICE

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

Customer Service Centre:
Unit G–3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

# Profile of Board of Directors


**Executive Directors**
**執行董事**
1. Tan Sri Datuk Sir TIONG Hiew King
   *(Group Executive Chairman)*
   丹斯里拿督張曉卿爵士（*集團執行主席*）
2. Mr TIONG Kiew Chiong
   *(Group Chief Executive Officer)*
   張裘昌先生（*集團行政總裁*）
3. Mr NG Chek Yong
   黃澤榮先生
4. Mr LEONG Chew Meng
   梁秋明先生

**Non-executive Directors**
**非執行董事**
5. Dato' Sri Dr TIONG Ik King
   拿督斯里張翼卿醫生
6. Ms TIONG Choon
   張聰女士

**Independent Non-executive Directors**
**獨立非執行董事**
7. Mr YU Hon To, David
   俞漢度先生
8. Datuk CHONG Kee Yuon
   拿督張啟揚
9. Mr KHOO Kar Khoon
   邱甲坤先生

**Tan Sri Datuk Sir TIONG Hiew King**
***Group Executive Chairman and Executive Director***
*Malaysian, male, aged 82*

Tan Sri Datuk Sir TIONG Hiew King was appointed as the Chairman of Media Chinese International Limited (the "Company") on 20 October 1995. He was also appointed as the Chairman of One Media Group Limited ("One Media"), a subsidiary of the Company listed on the main board of The Stock Exchange of Hong Kong Limited (the "HK Stock Exchange"), on 1 April 2012. Tan Sri Datuk Sir TIONG is the Executive Chairman of Rimbunan Hijau Group, a large diversified conglomerate in Malaysia comprising timber harvesting, processing and manufacturing of timber products, plantations and other businesses around the world. He has extensive experience in a number of industries, including media and publishing, timber, oil palm plantations and mills, oil and gas, mining, fishery, information technology and manufacturing.

丹斯里拿督張曉卿爵士於1995年10月20日獲委任為世界華文媒體有限公司(「本公司」)主席，他亦於2012年4月1日獲委任為萬華媒體集團有限公司(「萬華媒體」)之主席。萬華媒體為本公司之附屬公司，於香港聯合交易所有限公司(「香港聯交所」)主板上市。丹斯里拿督張曉卿爵士為馬來西亞大型多元化綜合企業常青集團的執行主席，該集團在全球擁有採伐、加工及製造木材產品、林業及其他業務。他在多個行業均有豐富經驗，包括傳媒及出版、木材、油棕林業、氣油、礦業、漁業、資訊科技及製造業等。

He is the founder of *The National*, an English newspaper in Papua New Guinea and is currently the President of The Chinese Language Press Institute Limited. He was bestowed the Knight Commander of the Most Excellent Order of the British Empire (K.B.E.) by Queen Elizabeth II of the United Kingdom in June 2009 in recognition of his contribution to commerce, community and charitable organisations. In 2010, he was awarded the "Malaysia Business Leadership Award 2010 — The Lifetime Achievement Award" by Kuala Lumpur Malay Chamber of Commerce in recognition of his entrepreneurship achievements and contribution to the country.

他是在巴布亞新畿內亞出版的英文報章《*The National*》之創辦人，也是世界中文報業協會有限公司的現任會長。他於2009年6月獲英女皇伊利沙伯二世冊封爵級司令勳章(K.B.E.)，以嘉許他對商界、社會及慈善機構的貢獻。他也於2010年榮獲吉隆坡馬來商聯會頒授「2010年度馬來西亞商業領袖大獎 — 終生成就獎」，以表揚他的企業成就及對國家的貢獻。

Tan Sri Datuk Sir TIONG is the Executive Chairman of Sin Chew Media Corporation Berhad ("Sin Chew"), a wholly-owned subsidiary of the Company in Malaysia. He currently serves as an executive director of Rimbunan Sawit Berhad, a listed company in Malaysia and as the Executive Chairman of RH Petrogas Limited, a listed company in Singapore. He is a trustee of Yayasan Sin Chew and sits on the board of a number of subsidiaries of the Company.

丹斯里拿督張曉卿爵士是本公司馬來西亞全資附屬公司星洲媒體集團有限公司(「星洲媒體」)的執行主席。他現任馬來西亞上市公司常青油棕有限公司之執行董事及新加坡上市公司常青石油及天然氣有限公司之執行主席。他是星洲日報基金會信託人，同時也出任本公司多間附屬公司的董事。

He is the father of Ms TIONG Choon, a brother of Dato' Sri Dr TIONG Ik King and a distant relative of Mr TIONG Kiew Chiong, all of whom are directors of the Company. In addition, both Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr TIONG Ik King are substantial shareholders of the Company.

丹斯里拿督張曉卿爵士是張聰女士的父親、拿督斯里張翼卿醫生的胞兄及張裘昌先生的遠房親戚，他們均為本公司董事。此外，丹斯里拿督張曉卿爵士及拿督斯里張翼卿醫生均為本公司的主要股東。

**Mr TIONG Kiew Chiong**

***Executive Director and Group Chief Executive Officer***

*Malaysian, male, aged 57*

Mr TIONG Kiew Chiong was appointed as an executive director of the Company on 2 May 1998. He is the Group Chief Executive Officer, a member of the Group Executive Committee and Remuneration Committee of the Company. Mr TIONG is also the Deputy Chairman of One Media, a subsidiary of the Company which has been listed on the main board of the HK Stock Exchange since October 2005. Mr TIONG also sits on the board of a number of subsidiaries of the Company. He has extensive experience in media and publishing business and is also one of the founders of *The National*, an English newspaper in Papua New Guinea launched in 1993. Mr TIONG obtained his Bachelor Degree of Business Administration (Honours) from York University, Toronto, Canada in 1982.

張裘昌先生於1998年5月2 日獲委任為本公司執行董事。他是集團行政總裁、本公司的集團行政委員會及薪酬委員會成員。張裘昌先生也是萬華媒體的副主席。該公司是本公司附屬公司，自2005年10月起在香港聯交所主板上市。他亦出任本公司多間附屬公司之董事。他在傳媒及出版業擁有豐富經驗。他於1993年在巴布亞新畿內亞參與創辦英文報章《*The National*》。張裘昌先生於1982年畢業於加拿大多倫多約克大學，獲頒工商管理學士(榮譽)學位。

He is a distant relative of Tan Sri Datuk Sir TIONG Hiew King, Dato' Sri Dr TIONG Ik King and Ms TIONG Choon, all of whom are directors of the Company. In addition, both Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr TIONG Ik King are substantial shareholders of the Company.

他是丹斯里拿督張曉卿爵士、拿督斯里張翼卿醫生及張聰女士之遠房親戚。他們均為本公司董事。此外，丹斯里拿督張曉卿爵士及拿督斯里張翼卿醫生均為本公司的主要股東。

# Profile of Board of Directors

**Mr NG Chek Yong**
***Executive Director and Chairman of the Group Executive Committee***
*Malaysian, male, aged 60*

Mr NG Chek Yong was appointed as an executive director of the Company on 1 March 2012. He is the Chairman of the Group Executive Committee, a member of the Remuneration Committee of the Company and the Managing Director of Sin Chew. Mr NG also sits on the board of a number of subsidiaries of the Company. He obtained his Cambridge Higher School Certificate from St. Patrick School, Kuching, Sarawak, Malaysia. He began his career as a reporter/feature writer with *See Hua Daily News* in 1979. In 1988, he joined *TO-DAY News Sabah* as the Chief Reporter. He then took up the position of a reporter in Sin Chew on 1 August 1988. From 1980 to 1988, he was the Secretary-General and Chairman of Sarawak Constellation Poetical Society. Moreover, he was the President of Federation of Sarawak Journalists Association as well as the President of Kuching Division Journalists Association in Malaysia from 1990 to 1991.

黃澤榮先生於2012年3月1日獲委任為本公司執行董事。他是集團行政委員會主席、本公司薪酬委員會成員及星洲媒體的董事總經理。黃先生亦出任本公司多間附屬公司的董事。他於馬來西亞砂拉越古晉省St. Patrick School考獲高級劍橋文憑。他於1979年加入《*詩華日報*》當記者／專題作者，於1988年加入《*沙巴今日新聞*》擔任首席記者，其後他於1988年8月1日加入星洲媒體當記者。於1980年至1988年期間出任砂拉越星座詩社秘書及主席。此外，他於1990年至1991年期間出任馬來西亞砂拉越新聞從業員協會主席及古晉省新聞從業員協會主席。

**Mr LEONG Chew Meng**
***Executive Director***
*Malaysian, male, aged 61*

Mr LEONG Chew Meng was appointed as a non-executive director of the Company on 14 April 2008 and was re-designated as an executive director of the Company on 31 March 2013. He is a member of the Group Executive Committee and an executive director of Sin Chew. He obtained his Bachelor of Commerce and Administration Degree majoring in accountancy from Victoria University of Wellington in New Zealand. He is a Chartered Accountant of the Malaysian Institute of Accountants and qualified as an Associate Chartered Accountant of the Institute of Chartered Accountants, New Zealand. He is an accountant by profession with extensive working experience of more than 35 years in Malaysia. In his professional roles, he was previously the financial controller and finance director of several foreign-owned multinational companies in the manufacturing, trading and retail sectors, and he subsequently diversified into the commercial sector as a business consultant and financial advisor to both private entities and public listed companies. Included in his diverse experience was a period of more than 10 years' business exposure in main stream media corporations.

梁秋明先生於2008年4月14日獲委任為本公司非執行董事，其後於2013年3月31日獲調任為執行董事。他是集團行政委員會成員及星洲媒體之執行董事。他在紐西蘭威靈頓維多利亞大學取得商管學學士學位，主修會計。他是馬來西亞會計師公會之特許會計師及紐西蘭特許會計師公會之特許會計師。他是一名專業會計師，在馬來西亞擁有超過35年之豐富工作經驗。在他的專業範疇中,他曾於數間經營製造業、貿易及零售業之外資跨國公司出任財務主管及財務總監，其後晉身商界，出任私人公司及上市公司之商業諮詢顧問及財務顧問，當中亦包括逾10年主流媒體機構之豐富商業經驗。

**Dato' Sri Dr TIONG Ik King**
***Non-executive Director (Non-independent)***
*Malaysian, male, aged 66*

Dato' Sri Dr TIONG Ik King was appointed as an executive director of the Company on 20 October 1995 and was re-designated as a non-executive director of the Company on 1 April 2017. He has extensive experience in media and publishing, information technology, timber, plantations, oil palm and manufacturing industries. Dato' Sri Dr TIONG graduated from the National University of Singapore with an M.B.B.S. Degree in 1975 and became a member of the Royal College of Physicians, United Kingdom (M.R.C.P.) in 1977. He was conferred the datukship title of Dato' Sri by the Sultan of Pahang, Malaysia on 24 October 2008 in recognition of his contribution to the country.

拿督斯里張翼卿醫生於1995年10月20日獲委任為本公司執行董事，其後於2017年4月1日調任為非執行董事。他在傳媒及出版、資訊科技、木材、林業、油棕及製造業等領域均擁有豐富經驗。拿督斯里張翼卿醫生於1975年畢業於新加坡國立大學，獲頒醫學學士學位，並於1977年取得英國皇家內科醫師學會會員資格。他於2008年10月24日獲馬來西亞彭亨州蘇丹頒授拿督斯里封號，以表揚他對國家的貢獻。

Dato' Sri Dr TIONG currently sits on the board of Jaya Tiasa Holdings Berhad, a listed company in Malaysia and RH Petrogas Limited, a listed company in Singapore. He also sits on the board of a subsidiary of the Company.

他現任馬來西亞上市公司常成控股有限公司及新加坡上市公司常青石油及天然氣有限公司的董事。他亦出任本公司一間附屬公司之董事。

He is a brother of Tan Sri Datuk Sir TIONG Hiew King, an uncle of Ms TIONG Choon and a distant relative of Mr TIONG Kiew Chiong, all of whom are directors of the Company. In addition, both Dato' Sri Dr TIONG Ik King and Tan Sri Datuk Sir TIONG Hiew King are substantial shareholders of the Company.

他是丹斯里拿督張曉卿爵士的胞弟、張聰女士的叔父及張裘昌先生的遠房親戚，他們均為本公司董事。此外，拿督斯里張翼卿醫生及丹斯里拿督張曉卿爵士均為本公司的主要股東。

**Ms TIONG Choon**
***Non-executive Director (Non-independent)***
*Malaysian, female, aged 48*

Ms TIONG Choon was appointed as a non-executive director of the Company on 31 March 2013. She has started her career with Rimbunan Hijau Group since 1991 and served in various managerial and senior positions in plantation and hospitality sectors. She holds a Bachelor of Economics Degree from Monash University, Australia. She is currently a non-independent non-executive director of Jaya Tiasa Holdings Berhad, a listed company in Malaysia.

張聰女士於2013年3月31日獲委任為本公司非執行董事。她於1991年加入常青集團開展其職業歷程，於林業及酒店服務業擔任管理層及高級主管之職務。她持有澳洲莫納什大學經濟學學士學位。張女士現為馬來西亞上市公司常成控股有限公司之非獨立非執行董事。

Ms TIONG is a daughter of Tan Sri Datuk Sir TIONG Hiew King, a niece of Dato' Sri Dr TIONG Ik King and a distant relative of Mr TIONG Kiew Chiong, all of whom are directors of the Company. In addition, both Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr TIONG Ik King are substantial shareholders of the Company.

張女士為丹斯里拿督張曉卿爵士的女兒、拿督斯里張翼卿醫生的侄女及張裘昌先生的遠房親戚，他們均為本公司的董事。此外，丹斯里拿督張曉卿爵士及拿督斯里張翼卿醫生均為本公司的主要股東。

# Profile of Board of Directors

**Mr YU Hon To, David**
***Independent Non-executive Director***
*Chinese, male, aged 69*

Mr YU Hon To, David was appointed as an independent non-executive director of the Company on 30 March 1999. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of the Company. He is also an independent non-executive director of One Media, a subsidiary of the Company which has been listed on the main board of the HK Stock Exchange since October 2005 and Ming Pao Holdings Limited, a wholly-owned subsidiary of the Company. Mr YU is a Fellow of the Institute of Chartered Accountants in England and Wales and an Associate of the Hong Kong Institute of Certified Public Accountants. He was formerly a partner of an international accounting firm with extensive experience in corporate finance, auditing and corporate management.

俞漢度先生於1999年3月30日獲委任為本公司獨立非執行董事。他是本公司的審核委員會主席，以及薪酬委員會及提名委員會成員。另外，他也是萬華媒體及本公司全資附屬公司明報集團有限公司的獨立非執行董事。萬華媒體是本公司附屬公司，自2005年10月起於香港聯交所主板上市。俞先生為英格蘭及威爾斯特許會計師公會資深會員及香港會計師公會會員。他是一間國際會計師事務所的前合夥人，擁有豐富的企業融資、審核及企業管理經驗。

Mr YU is an independent non-executive director of China Renewable Energy Investment Limited, China Resources Gas Group Limited, Haier Electronics Group Co., Limited, Keck Seng Investments (Hong Kong) Limited, New Century Asset Management Limited (the manager of New Century Real Estate Investment Trust which is listed on the HK Stock Exchange), Playmates Holdings Limited and Synergis Holdings Limited, which are listed companies in Hong Kong. In the past three years preceding 31 March 2017, Mr YU had been an independent non-executive director of Bracell Limited (formerly known as Sateri Holdings Limited), Crown International Corporation Limited (formerly known as VXL Capital Limited) and Great China Holdings Limited. Bracell Limited was privatised and the shares of which were withdrawn from the HK Stock Exchange on 24 October 2016.

俞先生是中國再生能源投資有限公司、華潤燃氣控股有限公司、海爾電器集團有限公司、激成投資(香港)有限公司、開元產業投資信託基金(於香港聯交所上市)之管理人 — 開元資產管理有限公司、彩星集團有限公司及新昌管理集團有限公司的獨立非執行董事，該等公司為香港上市公司。於2017年3月31 日止前三年期間，俞先生曾任Bracell Limited(前稱賽得利控股有限公司)、皇冠環球集團有限公司(前稱卓越金融有限公司)及大中華集團有限公司之獨立非執行董事。Bracell Limited已於2016年10月24日被私有化，其股份亦於同日在香港聯交所撤銷。

**Datuk CHONG Kee Yuon**
***Independent Non-executive Director***
*Malaysian, male, aged 51*

Datuk CHONG Kee Yuon was appointed as an independent non-executive director of the Company on 1 April 2016. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company. He graduated from the University of Wisconsin, Madison in the United States in 1989 with a Bachelor of Business Administration. Datuk CHONG has over 25 years of experience in the field of education and corporate training. He is the managing director of Erican Education Group, an education provider engaging in tertiary education, early education, language training and corporate training. He is also the president of Branding Association of Malaysia and an Advisor of Secretariat for the Advancement of Malaysian Entrepreneurs under the Prime Minister's Department of Malaysia.

拿督張啟揚於2016年4月1日獲委任為本公司獨立非執行董事。他也是本公司薪酬委員會主席，以及審核委員會及提名委員會成員。他於1989年畢業於美國威斯康辛大學麥迪遜分校，持有工商管理學位。拿督張啟揚擁有逾25年教育及企業培訓之經驗。他是Erican Education Group的董事總經理。該教育機構主要從事高等教育、早期教育、語言培訓及企業培訓等業務。他也是馬來西亞品牌協會會長及馬來西亞總理內閣部轄下之馬來西亞中小企業拓展中心之顧問。

**Mr KHOO Kar Khoon**
***Independent Non-executive Director***
*Malaysian, male, aged 52*

Mr KHOO Kar Khoon was appointed as an independent non-executive director of the Company on 23 June 2016. He is the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Company. He has extensive experience in the media and advertising industry and is an Associate Member of the Chartered Institute of Management Accountants, United Kingdom. Mr KHOO started his career with Coopers & Lybrand in 1990 after graduation. He built his career in the advertising industry and joined Bates Advertising during 1991 to 1995, holding the position of Cost Accountant. He was one of the key founders of Zenith Media, which was established in 1995 and is the first and one of the largest media specialists in Malaysia, principally engages in providing advertising and marketing services in Malaysia. Mr KHOO then joined Nestle Products Sdn Bhd in 2000 as Media Manager. During 2009 and up to June 2016, he was promoted and acted as the Communications Director of the company.

邱甲坤先生於2016年6月23日獲委任為本公司獨立非執行董事。他是本公司提名委員會主席，以及審核委員會及薪酬委員會成員。他在媒體及廣告行業擁有豐富經驗，並為英國特許管理會計師公會會員。邱先生畢業後，於1990年在Coopers & Lybrand開始其事業。於1991年至1995年間，他於廣告行業發展，加入Bates Advertising出任成本會計師。他為Zenith Media主要創辦人之一。該公司於1995年成立，為馬來西亞首間及其中一間大型媒體專業公司，主要於馬來西亞從事提供廣告及市場推廣服務。邱先生其後於2000年加入Nestle Products Sdn Bhd出任媒體經理，並於2009年晉升為傳訊總監，直至2016年6月他仍出任該職位。

Mr KHOO is a veteran and active player in the advertising scene in Malaysia where he was also the President and Advisor to the Malaysian Advertisers Association (MAA), Executive Member of Asian Federation of Advertising Association (AFAA), Board of Advisor to School of Marketing, University Utara Malaysia (UUM), Board Member of Audit Bureau of Circulation (ABC) and Board Member of Communication and Multimedia Content Forum (CMCF) in Malaysia.

邱先生為馬來西亞廣告行業資深人士，活躍於業界。他亦曾任馬來西亞廣告商協會(MAA)會長及顧問、亞洲廣告協會聯盟(AFAA)執行委員、馬來西亞北方大學(UUM)市場學院顧問委員會成員、出版銷數公證會(ABC)董事會成員以及馬來西亞通訊與多媒體內容論壇(CMCF)董事會成員。

*Notes:*

**Conflict of interest**
Save for Tan Sri Datuk Sir TIONG Hiew King, Dato' Sri Dr TIONG Ik King, Mr TIONG Kiew Chiong and Ms TIONG Choon, who are related parties in some related party transactions with the Group, the details of which are set out in the circular dated 13 July 2017 and on pages 62 to 66 of this Annual Report, none of the other directors has any conflict of interest with the Company.

**Conviction of offences**
None of the above directors has been convicted of any offences (other than traffic offences) within the past 5 years and has not been imposed any penalty by the relevant regulatory bodies during the financial year.

**Family relationship**
Saved as disclosed, none of the other directors has any family relationship with any director and/or major shareholders of the Company.

**Record of attendance**
Record of attendance of directors for board meetings during the financial year ended 31 March 2017 is set out on page 48.

*附註：*

**利益衝突**
除丹斯里拿督張曉卿爵士、拿督斯里張翼卿醫生、張裘昌先生及張聰女士（彼等均為本集團若干關連方交易中之關連方，有關詳情載於2017年7月13日刊發之通函及本年報第62至66頁）外，概無其他董事與本公司有任何利益衝突。

**犯罪紀錄**
除交通違規外，概無任何董事於過去五年內有任何犯罪紀錄或於本財政年度內被有關監管機構施加任何處罰。

**家族成員關係**
除所披露者外，概無其他董事與本公司任何董事及／或主要股東有任何家族關係。

**會議出席記錄**
董事於截至2017年3月31日止財政年度之董事會會議出席記錄載於第48頁。

# Profile of Senior Management

**Mr NG Kait Leong**
*Malaysian, male, aged 65*

Mr NG Kait Leong joined Nanyang Press Holdings Berhad ("Nanyang") in 2007. He is an executive director of Nanyang and The China Press Berhad. He has been a member of the Malaysian Executive Committee since 4 March 2008 and is also a member of the Group Executive Committee. He graduated from London College of Printing, United Kingdom and later obtained his Advance Certificate in Graphic Reproduction from City & Guilds of London Institute, United Kingdom. He was the Production Manager of Nanyang from 1974 to 1983, was promoted to the position of Senior Production Manager in 1983 and became the General Manager (Production) from 1986 to 1989. He joined Sin Chew as Technical and Project Consultant in 1990, joined MAN Roland Asia Pacific as Regional Technical Director in 1993 and re-joined Sin Chew as Group Technical and Project Consultant from 2002 to 2006.

伍吉隆先生於2007年加入南洋報業控股有限公司(「南洋報業」)。他是南洋報業及中國報有限公司之執行董事。他自2008年3月4日成為馬來西亞行政委員會成員，他也是集團行政委員會成員。他畢業於英國倫敦印刷學院，其後獲英國城市專業學會頒發圖像複製高級證書。他於1974年至1983年期間任職南洋報業生產經理，並於1983年擢升為高級生產經理，及後於1986年至1989年期間出任生產部總經理。他於1990年加入星洲媒體擔任技術及項目顧問，於1993年轉投曼羅蘭亞太出任地區技術董事，及後於2002年至2006年期間重返星洲媒體出任集團技術及項目顧問。

**Mr YII Hua Tung**
*Malaysian, male, aged 55*

Mr YII Hua Tung joined the Group in 2009 and has been the Chief Operating Officer of MediaNet Resources Limited until December 2012. In 2014, he re-joined the Group and was appointed as a member of the Hong Kong Executive Committee on 1 December 2014. He has been a member of the Group Executive Committee and the Co-CEO of Ming Pao Enterprise Corporation Limited since 1 January 2017. He also holds directorship in various subsidiaries of the Company. He graduated from Massey University, New Zealand with a Bachelor of Science Degree majoring in computer science and obtained a Diploma in Business Studies. Mr YII has over 25 years of executive level experience in sales and marketing, general management and corporate development in the industries of digital media, e-commerce and telecommunication. He has been the President (Asia Pacific) of Brightstar Corp and Senior Vice President & General Manager of Siemens Mobile (South & Southeast Asia). Prior to his return to the Group, he was working as a consultant providing services to SMEs in the Asia region.

余華通先生於2009年加入本集團，曾任世華網絡資源有限公司的營運總監，直至2012年12月為止。2014年，他再度加入本集團，於2014年12月1日獲委任為香港行政委員會成員。他自2017年1月1日成為集團行政委員會成員及明報企業有限公司Co-CEO。他亦出任本公司多間附屬公司之董事。他畢業於新西蘭梅西大學，獲頒理學學士學位，主修計算機科學，並取得商學文憑。余先生於數碼媒體、電子商務及電訊業的銷售及市場推廣、一般管理及企業發展方面擁有超過25年行政經驗。他曾任Brightstar Corp(亞太區)總裁及Siemens Mobile(South & Southeast Asia)高級副總裁兼總經理。返回本集團前，他曾任顧問，為亞洲地區的中小企提供服務。

**Mr TAN Chee Yuen**

*Malaysian, male, aged 46*

Mr TAN Chee Yuen joined the Group in 2011 and has been a member of the Malaysian Executive Committee since 11 November 2015. He obtained his Bachelor of Jurisprudence (Honours) from University of Malaya, Master of Laws (Honours) from University of Melbourne and Bachelor of Business Accountancy from RMIT University in Australia. Mr TAN is an accountant and lawyer by profession and joined Sin Chew in 2011 as the General Manager of Legal and Corporate Services Department. In December 2014, he was promoted to the Group Chief Operating Officer of Sin Chew, overseeing the smooth running of the operation aspect of the company. He is also the alternate Trustee to Tan Sri Datuk Sir TIONG Hiew King in Yayasan Sin Chew.

陳志雲先生於2011年加入本集團。他自2015年11月11日成為馬來西亞行政委員會成員。他持有馬來亞大學法律系(榮譽)學士、墨爾本大學法律系(榮譽)碩士及澳洲墨爾本皇家理工大學商業會計學學士。陳先生為專業會計師及律師，於2011年加入星洲媒體，出任法律及企業服務部總經理。於2014年12月，他擢升為星洲媒體的集團營運總裁，監督該公司業務暢順運作。他亦擔任丹斯里拿督張曉卿爵士於星洲日報基金會的副信託人。

**Mr LIEW Sam Ngan**

*Malaysian, male, aged 59*

Mr LIEW Sam Ngan joined Nanyang in 1994. He is an executive director of Nanyang and its subsidiaries, and is currently the Group Chief Operating Officer of Nanyang cum Chief Executive Officer of The China Press Berhad. He has been a member of the Malaysian Executive Committee since 1 February 2013.

廖深仁先生於1994年加入南洋報業。他為南洋報業及其附屬公司之執行董事，現任南洋報業之集團營運總裁兼中國報有限公司之行政總裁。他自2013年2月1日起成為馬來西亞行政委員會成員。

He is a Chartered Accountant by profession, a member of the Malaysian Institute of Accountants and a Fellow of the Association of Chartered Certified Accountants, United Kingdom. He started his career in one of the major public accounting firms after graduation in 1983. He joined the media industry in 1987 and has since then gained extensive working experience in the media industry. He had worked in New Strait Times Press, Life Publishers and Nanyang. Prior to taking up operating role in *China Press* in 2001, he was the Group Financial Controller of Nanyang.

他是一名專業特許會計師、馬來西亞會計師公會會員及英國特許公認會計師公會之資深會員。他於1983年畢業後加入其中一間主要公眾會計師事務所展開工作生涯。他於1987年加入媒體行業，自此於媒體行業取得豐富經驗。他曾任職於New Strait Times Press、生活出版社及南洋報業。於2001年在《*中國報*》擔任營運角色前，他曾任南洋報業之集團財務主管。

**Mr LEUNG Heung Nam**

*Chinese, male, aged 60*

Mr LEUNG Heung Nam joined the Group in 1990 and had worked in various positions within the Editorial Department of *Ming Pao Daily News*. He left his position as Executive Chief Editor in 2005. He re-joined the Group from 2008 to 2012 and served as the News Manager responsible for overseeing the operations of mingpao.com. In 2016, Mr Leung re-joined the Group and currently is the Editor-In-Chief of *Ming Pao Daily News* and a director of Ming Pao Newspapers Limited. He has been a member of the Hong Kong Executive Committee since 1 January 2017. Mr Leung is a veteran media professional and has over 25 years of experience in journalism. He had worked in various media organisations including *Ming Pao Evening News*, TVB News and i-Cable News.

梁享南先生於1990年加入本集團，曾在《*明報*》編輯部不同部門工作，2005年離職，離職時任執行總編輯。他於2008年再度加入本集團，出任新聞經理，負責明報網站工作，2012年離職。2016年，梁先生重返本集團，現任《*明報*》總編輯及明報報業有限公司之董事。他自2017年1月1日成為香港行政委員會成員。梁先生是資深傳媒人，擁有超過25年新聞工作經驗，曾先後在《*明報晚報*》、無綫電視新聞部、有線電視新聞部等媒體機構工作。

# Profile of Senior Management

**Mr KAM Woon Ting, Keith**
*Chinese, male, aged 60*

Mr KAM Woon Ting, Keith joined the Group in 1995. He is the Chief Operating Officer of Ming Pao Holdings Limited and Yazhou Zhoukan Limited, and has been a member of the Hong Kong Executive Committee since 13 March 2001. Mr KAM has been in the advertising and media industry since 1976. Prior to joining the Group, he had held senior positions in various leading international advertising companies and a newspaper company. Mr KAM has extensive managerial experience in publishing, management, operation, business and distribution development of printed media products. He has been the Chairman of The Newspaper Society of Hong Kong since 2007.

甘煥騰先生於1995年加入本集團。他是明報集團有限公司及亞洲週刊有限公司之營運總裁。他自2001年3月13日成為香港行政委員會成員。甘先生自1976年起已從事廣告及傳媒工作。加入本集團前，他曾在多間國際知名的廣告公司及報業集團擔任高層管理職位。甘先生於印刷媒體之出版、管理、營運、業務及發行推廣均擁有豐富管理經驗。甘先生自2007年起一直擔任香港報業公會主席。

**Mr LAM Pak Cheong**
*Chinese, male, aged 48*

Mr LAM Pak Cheong joined the Group in 2000. He currently is the Head of Finance and has been a member of the Hong Kong Executive Committee since 30 April 2008. He is also the Chief Executive Officer, Editorial Director and an executive director of One Media. Mr LAM has extensive experience in corporate development, media operations, mergers and acquisitions and corporate governance. He is an Associate of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. Mr LAM obtained his Master of Business Administration in Financial Services jointly from the University of Manchester and the University of Wales, Bangor in the United Kingdom and Master of Corporate Governance from the Hong Kong Polytechnic University.

林栢昌先生於2000年加入本集團。他現為集團之財務總裁及自2008年4月30日成為香港行政委員會成員。他亦是萬華媒體之行政總裁、編務總監及執行董事。林先生在企業發展、媒體業務、合併收購及企業管治方面擁有豐富經驗。他是香港特許秘書公會以及英國特許秘書及行政人員公會會員。林先生獲英國曼徹斯特大學及威爾斯大學(班戈)聯合頒授財務服務學工商管理碩士學位，以及香港理工大學頒授公司管治碩士學位。

*Notes:*

**Conflict of interest**
Save as disclosed, none of the above Senior Management members has any conflict of interest with the Company.

**Conviction of offences**
None of the above Senior Management members has been convicted of any offences (other than traffic offences) within the past 5 years and has not been imposed any penalty by the relevant regulatory bodies during the financial year.

**Family relationship**
Saved as disclosed, none of the above Senior Management members has any family relationship with any director and/or major shareholders of the Company.

*附註：*

**利益衝突**
除所披露者外，概無任何上述之高級管理層成員與本公司有任何利益衝突。

**犯罪紀錄**
除交通違規外，概無任何上述之高級管理層成員於過去五年內有任何犯罪紀錄或於本財政年度內被有關監管機構施加任何處罰。

**家族成員關係**
除所披露者外，概無任何上述之高級管理層成員與本公司任何董事及／或主要股東有任何家族關係。

# Statement from the Board of Directors

Dear Shareholders,

The Board of Directors (the "Board") of Media Chinese International Limited (the "Company"), is pleased to present the annual results of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2017.

In the past year, the impact of technological disruptions to the media industry, the persistence of economic uncertainties and the fast pace of changing consumer habits around the world have governed the operating environment of the Group's businesses.

Our media business was fraught with multiple levels of challenges including the protracted weak consumer sentiment in the key markets that the Group operates in. The Group's printing and publishing business in Malaysia and Hong Kong had been generally affected by soft advertising spending and subdued market sentiments owing to rising cost pressure and budget constraint of the advertisers, thereby intensifying market competition amongst media companies further. As to the travel segment, the Group also struggled with a lack of enthusiasm in group tourism caused mainly by the unpredictable acts of terrorism in Europe and the threat of travel restrictions to the USA.

## FINANCIAL PERFORMANCE REVIEW

The Group's total turnover for the year was US$302,586,000, reflecting a year-on-year decline of 13.3% against last year's US$349,126,000. On the back of lower revenue and the recognition of an impairment loss of US$3,603,000, profit before income tax of the Group was weakened by 44.4% to US$20,775,000, when compared to US$37,395,000 in the previous financial year.

Nevertheless, we managed to grow the digital revenue by 37.7% year-on-year with some of our major digital categories showing extremely encouraging growth.

Basic earnings per share for the year was US0.90 cents, representing a decrease of 43.0% or US0.68 cents from US1.58 cents a year earlier.

On 24 February 2017, the Company redeemed the first tranche medium-term notes of US$50,630,000 (equivalent to RM225,000,000) issued three years ago and it was fully funded from the Group's own cash resources. As a consequence, the Group's cash and cash equivalents and short-term bank deposits as at 31 March 2017 amounted to US$90,032,000, representing a decrease of 36.1% from US$140,950,000 as at 31 March 2016.

As at 31 March 2017, the Group's net assets stood at US$197,315,000, which was 9.8% lower than the previous year's US$218,727,000, attributed mainly to exchange rate fluctuations. The Group's net gearing ratio was nil as at 31 March 2017 and 2016.

各位股東：

世界華文媒體有限公司(「本公司」)董事會(「董事會」)欣然提呈本公司及其附屬公司(「本集團」)截至2017年3月31日止財政年度之年度業績。

過去一年，科技日新月異為傳媒業帶來衝擊、經濟持續不明朗及世界各地消費習慣急速轉變影響了本集團業務之經營環境。

我們的媒體業務充滿各種各樣的挑戰，包括本集團主要營運市場之消費意慾持續疲軟。由於廣告商成本壓力不斷增加及預算緊絀，廣告開支收縮及市場情緒低迷進一步加劇媒體公司之市場競爭，本集團於馬來西亞及香港之印刷及出版業務整體因而受到影響。旅遊分部方面，本集團亦面對旅行團市道低迷之困境，此主要由於歐洲不可預測之恐怖主義活動以及美國旅遊限制威脅所致。

## 財務表現回顧

本集團本年度之總營業額為302,586,000美元，較去年之349,126,000美元按年下跌13.3%。由於收益減少及確認減值虧損3,603,000美元，本集團除所得稅前溢利減少44.4%至20,775,000美元，而上一個財政年度則為37,395,000美元。

然而，我們的數碼收益按年增長37.7%，其中部分主要數碼類別得到令人非常鼓舞之增長。

本年度每股基本盈利為0.90美仙，較去年之1.58美仙減少43.0%或0.68美仙。

於2017年2月24日，本公司贖回三年前所發行第一批中期票據，面值為50,630,000美元(相當於225,000,000馬幣)，並由本集團自有現金資源悉數撥資。因此，於2017年3月31日，本集團之現金及現金等價物及短期銀行存款為90,032,000美元，較2016年3月31日之140,950,000美元減少36.1%。

於2017年3月31日，本集團之資產淨值為197,315,000美元，較去年之218,727,000美元減少9.8%，主要由於匯率波動所致。本集團於2017年及2016年3月31日之淨資本負債比率為零。

## THE WAY FORWARD

Against all odds, the newspapers business will remain the primary revenue contributor to the Group for many years to come. However, knowing the immense challenges facing the media industry, the Group has reshaped and transformed its core media products by diversifying news contents into broader and more versatile and agile multiple platforms, and hence, serves to further consolidate and strengthen the Group's performance.

Moving forward, we shall aggressively upgrade and monetise our digital venture, and at the same time, strive hard to bring the potentialities of our established conventional platform into full play, to create greater value for the shareholders. We strongly believe that the integration of print and digital media assets will enable the Group to develop further and provide a new momentum to expand our market share. Hence, we continue to produce and deliver unique contents to enhance the audience's experience. Such a convergence exercise for our traditional and online channels is to make their multiple media elements interact and complement each other for better results.

During the year, the Group had introduced a health and wellness page in *Sin Chew Daily*, incorporating print and digital platforms for medical, health care and wellness in December 2016. This consolidation of our marketing team's resources, together with our fully integrated newsroom operations, will boost synergy by leveraging the strengths and experience of our people from various platforms. We believe that the Group's strong brands and quality contents will allow us to deliver more effective and integrated solutions to both our advertisers and business partners. In April 2017, this project had also been extended to embrace education, personal wealth and contemporary lifestyle to cater for our readers' needs.

In diversifying into other businesses, the Group had via its wholly-owned subsidiary, Sin Chew Media Corporation Berhad, together with other joint founders, launched the CO3 (COnnectivity, COllaboration and COmmunity) Social Office on 6 March 2017. This CO3 project aimed to provide a platform for the young startups, especially the white collar professionals and entrepreneurs, to work together in a trendy office space. With this new platform, we hope to create more value by providing marketing and consultancy services, particularly in relation to the Chinese-language content, to the young generation. This will also provide exclusive collaborative advertising opportunities to the Group media titles. The first CO3 social office will be launched in Kuala Lumpur's Puchong district in mid-2017, with the next target location to be in Petaling Jaya.

To develop and expand its education business, *Ming Pao Daily News* closely monitors the government's education policy in Hong Kong. In recent years, STEM (Science, Technology, Engineering, Mathematics) Education has been a major focus in many countries and the Hong Kong Government has put a lot of resources in promoting STEM since 2015. To help introduce STEM Education to teachers, students as well as the general public, *Ming Pao Daily News*, in collaboration with prestigious education institutions and prominent academics, published the first *STEM Education Special Supplement* which was well received by the schools. STEM is a curriculum aimed to strengthen students' ability to integrate and apply knowledge and skills across different STEM disciplines, and to nurture their creativity, collaboration and problem solving skills.

Despite the challenging operating environment, we are confident that we will be able to strengthen our market position in the key markets given our strong leadership of our brand titles and reputation.

## 未來路向

縱然面對種種困難，報章業務將仍然是本集團來年之主要收入來源。然而，本集團深知傳媒業正面臨巨大挑戰，透過將新聞內容變得多元化，將核心媒體產品重新塑造，於更廣闊及靈活多變的平台展示，從而進一步鞏固及改善本集團業績。

展望未來，我們將積極提升數碼業務及其營收，同時力爭將現有傳統平台之潛力充分發揮，為股東創造更高價值。我們堅信，印刷及數碼媒體資產之整合將有助本集團進一步發展，並為擴大我們的市場份額增添新動力。因此，我們繼續製作及提供具特色的的內容，以提升觀眾體驗。傳統及網上頻道之融合方式為讓兩方面之多媒體元素進行互動，互相補足，以獲得更佳效果。

年內，本集團在2016年12月於《*星洲日報*》推出健康養生版面，包含了醫療、保健及養生之印刷及數碼平台，我們透過整合營銷團隊及新聞中心的運作，加上各平台人員之優勢及經驗，提升協同效應。我們相信，集團強大的品牌及優質內容使我們為廣告商及業務夥伴提供更有效的綜合解決方案。於2017年4月，此項目亦已延伸至涵蓋教育、個人理財及時尚生活等內容，以滿足讀者需求。

為多元化發展其他業務，本集團於2017年3月6日透過其全資附屬公司星洲媒體集團有限公司，連同其他聯合創辦人推出CO3（聯繫(COnnectivity)、合作(COllaboration)及社區(COmmunity)）社會辦公室。該CO3項目旨在為年輕的創業者，特別是白領專業人士及企業家提供一個平台，於時尚的辦公空間中攜手合作。透過這個新平台，我們希望透過提供營銷及諮詢服務（特別是有關華文內容），為年輕一代創造更多價值。此舉亦將為本集團之媒體提供獨家合作廣告機會。第一個CO3社會辦公室將於2017年中在吉隆坡Puchong區推出，下一個目標地點為Petaling Jaya。

為發展及拓展其教育業務，《*明報*》密切留意香港政府之教育政策。近年，STEM（科學、科技、工程、數學）教育為多個國家之主要焦點，自2015年以來，香港政府投放大量資源推廣STEM。為向教師、學生以及普羅大眾介紹STEM教育，《*明報*》與著名教育機構及知名學者合作，率先出版《*STEM教育特刊*》，廣受學校好評。STEM課程旨在加強學生整合及應用知識與技能之能力，同時培養其創造力、協作及解難技巧。

儘管經營環境充滿挑戰，但我們相信，憑藉強大的品牌知名度及信譽，我們將能夠鞏固於主要市場之市場地位。

# Statement from the Board of Directors

## CORPORATE GOVERNANCE

The Board is committed to practising high standards of corporate governance throughout the Group. Details of our corporate governance initiatives, risk management and internal control policies are set out in the relevant sections of this Annual Report.

## 企業管治

董事會致力於本集團內貫徹實踐最高水平之企業管治。有關企業管治策略、風險管理及內部監控之政策詳情載於本年報相關章節。

## DIVIDENDS

The Board has declared a second interim dividend in lieu of final dividend of US0.360 cents per share payable on 10 July 2017. Together with the first interim dividend of US0.360 cents paid on 30 December 2016, the Group has declared a total of US0.720 cents per ordinary share for the financial year 2016/2017. This represents a dividend payout ratio of about 80% and a yield of 5.0% based on the Company's closing share price on 31 March 2017.

## 股息

董事會宣派及將於2017年7月10日派付第二次中期股息每股0.360美仙，以代替末期股息。連同已於2016年12月30日派付之第一次中期股息0.360美仙，本集團於2016/2017財政年度已宣派股息總額為每股普通股0.720美仙，相當於約80%派息率，而收益率以2017年3月31日本公司之收市股價計算則為5.0%。

## PROSPECTS

Under the circumstances, we expect the operating environment to remain challenging for the coming year.

The advertising markets will continue to be underpinned by subdued business and consumer sentiments. However, with advertising opportunities at 2017 events such as the 20th anniversary of the establishment of the HKSAR and the probable 14th Malaysian General Election, we expect some improvement in the market sentiment and our business.

In view of the above market conditions and given the strong digital advertising spending growth, the Group is committed to further accelerating its digital media business in order to ensure long term sustainable competitiveness while continuing to strengthen its core print publishing and travel businesses.

## 前景

在上述情況下，我們預期未來一年之經營環境仍然充滿挑戰。

廣告市場將繼續受疲軟的商業氣氛及消費意慾所主導。然而，2017年香港特別行政區成立20週年及年內可能舉行之馬來西亞第14屆大選等事件將帶來廣告機遇，我們預期市場氣氛及我們的業務可望得到改善。

鑑於上述市況及強勁的數碼廣告開支增長，本集團致力進一步加快數碼媒體業務發展，以確保保持長期競爭力，同時繼續強化其核心印刷及旅遊業務。

## HEALTH OF GROUP EXECUTIVE CHAIRMAN

With reference to the announcement of the Company on 26 April 2017, the Board wishes to advise that our Group Executive Chairman, Tan Sri Datuk Sir TIONG Hiew King, is recuperating well. His health condition is stable and he is currently on medical leave upon doctor's advice.

## 集團執行主席健康狀況

參照本公司於2017年4月26日作出之公布，董事會謹此通知，集團執行主席丹斯里拿督張曉卿爵士康復情況良好。他的健康狀況穩定，目前正聽從醫生意見告病假休養。

## APPRECIATION

The Board would like to thank our shareholders, readers, viewers, advertisers, business partners and other stakeholders for their continued support and confidence in the Group.

Our heartfelt gratitude also goes to all employees of the Group for their tremendous efforts, passion and resilience in delivering greater value for our shareholders and stakeholders especially in such a demanding and challenging environment in 2016/2017.

This Statement was approved by the Board on 29 May 2017.

## 致謝

董事會謹此感謝股東、讀者、觀眾、廣告商、業務夥伴及其他持份者一直以來對本集團之支持及信心。

我們亦衷心感謝本集團全體僱員於2016/2017年艱難且充滿挑戰之環境下仍然堅持不懈及熱情投入，為股東及持份者創造更大價值。

本報告書由董事會於2017年5月29日批准。

# Management Discussion and Analysis

## FINANCIAL HIGHLIGHTS

| *(US$'000)* | **Year ended 31 March** | | |
|---|---|---|---|
| | **2017** | 2016 | Change |
| Turnover | **302,586** | 349,126 | (13.3)% |
| Operating profit before provision for impairment of goodwill | **28,755** | 44,598 | (35.5)% |
| Provision for impairment of goodwill | **(3,603)** | (1,957) | (84.1)% |
| Profit before income tax | **20,775** | 37,395 | (44.4)% |
| Profit for the year | **13,191** | 26,122 | (49.5)% |
| Profit attributable to owners of the Company | **15,156** | 26,649 | (43.1)% |
| EBITDA | **32,154** | 50,228 | (36.0)% |
| Basic earnings per share (US cents) | **0.90** | 1.58 | (43.0)% |

## OVERALL REVIEW OF OPERATIONS

For the year ended 31 March 2017, total turnover of the Group recorded a year-on-year decrease of 13.3% to US$302,586,000 from US$349,126,000 reported in the previous year. Operating profit before provision for impairment of goodwill declined by 35.5% compared to last year to US$28,755,000. Profit before income tax for the year was US$20,775,000, reflecting a decrease of 44.4% from last year's US$37,395,000.

The Group's performance during the year was adversely affected by the weak advertising expenditure sentiments in all its major markets and the continuing migration of readers from print to digital formats. Furthermore, the persistent weakness in the Malaysian Ringgit continued to weigh on the market sentiment and led to more cautious spending by advertisers. The continued security and safety concerns for travelling also affected the performance of the Group's travel segment.

Turnover from the Group's publishing and printing segment dropped by 12.5% or US$33,244,000 to US$233,177,000 in 2016/2017 from US$266,421,000 in the last year. Segment profit before income tax fell by 36.3% or US$13,356,000 to US$23,446,000 from prior year's US$36,802,000. Besides the decline in revenue, the Group's result for the year was also adversely affected by the provision for impairment of goodwill which amounted to US$3,603,000.

Turnover of the travel segment for the year was US$69,409,000, reflecting a year-on-year decrease of 16.1%. Segment profit before income tax was down by 60.6% or US$3,786,000 to US$2,464,000.

The Malaysian Ringgit ("RM") and the Canadian dollar ("CAD") weakened against the US dollar during the year, resulting in negative currency impact on the Group's turnover and profit before income tax of approximately US$6,816,000 and US$980,000 or 2.0% and 2.6% respectively for the year ended 31 March 2017.

Basic earnings per share for the year ended 31 March 2017 was US0.90 cents, representing a decrease of US0.68 cents or 43.0% from US1.58 cents in the previous year. As at 31 March 2017, the Group's cash and cash equivalents and short-term bank deposits totalled US$90,032,000 and the Group's net assets per share attributable to owners of the Company was US11.48 cents.

## SEGMENTAL REVIEW

### Publishing and printing

**Malaysia and other Southeast Asian countries**

Turnover for the publishing and printing operations in Malaysia for the year ended 31 March 2017 was US$162,080,000, reflecting a decrease of 13.0% or US$24,307,000 compared to the previous year. The segment profit before income tax dropped 28.6% or US$11,318,000 to US$28,301,000 from US$39,619,000 a year ago. Provisions for impairment of goodwill of US$3,603,000 and US$1,957,000 were recognised in the current and prior financial year respectively, excluding which the decrease in segment profit before income tax would have been 23.3%. Depreciation of RM against the U.S. dollar generated an adverse currency impact of about US$997,000 on the segment profit before income tax. If currency impact was excluded, the decline in turnover and profit before income tax and provisions for impairment of goodwill would have been about 9.5% and 20.1% respectively.

The Group's continuous stringent cost control strategies and disciplines, such as streamlining printing and production processes, rationalising branch offices and scaling down labour forces have brought down the total operating cost despite persistent business cost pressures and inflation. The strategy in switching to lighter weight newsprint from 45gsm to 42gsm helped the Group gain better yield and the full impact was reflected in this financial year.

The Group has achieved double digits growth in digital business sales compared to the previous year. This has partially complemented and cushioned the top line decline in traditional media segment.

The Group is the leading Chinese news and information provider in Malaysia. With dominant competitiveness in Chinese language media industry in Malaysia, the Group publishes 4 daily newspapers, 1 tabloid and 17 magazine titles. According to the 2016 fourth quarter Nielsen Consumer and Media View report, the Group commanded an aggregate average daily readership of 2.2 million in Peninsular Malaysia while leading with an 80% of the total average daily print and digital replica circulation sales copies of Chinese language newspapers in Malaysia.

*Sin Chew Daily* held its position as the most read daily publication in Malaysia directing an average daily print circulation of 338,568 copies for the period of January to June 2016, according to the Audit Bureau of Circulation report ("ABC report").[1] Besides, the introduction and publication of *Sin Chew Daily* e-paper morning edition in February 2014 and evening edition in August 2015 have drawn an average daily subscription of 95,281 copies during January to June 2016 (ABC report). Moreover, in order to reach out to more readers on their mobile devices, *Sin Chew Daily* has successfully revamped its web-portal: www.sinchew.com.my on 15 June 2016, drawing closer to its 'mobile first' goal. Subsequent to the revamp, *Sin Chew Daily* witnessed a steady growth in the number of unique visitors as well as page views in its digital platform.

Apart from focusing on quality news, the Group has applied the mix and match strategy to optimise the competitive advantages of different affiliated entities under Sin Chew and Nanyang groups. We adopt audience-centric content transformation approach to focus and deliver relevant, valuable and unique contents via our print and on-line integrated platforms under different categories. The contents are focus and localised, with scarcity in the sense that public are unable to simply get from internet search. During the year, we have published a series of features targeting specific topics such as health and wellness, education and personal wealth management, etc, through *Sin Chew Daily* in both print and digital platforms. The combination and interaction of right content, platform, channel and model shall enable us to build up various unique communities with enthusiastic engagement of targeted followers and users to link up with the value chain in our business ecosystem.

[1] http://abcm.org.my/wp-content/reports/2016/abc-circulation-figures-jan-16-to-june-16-newspapers-west-and-east-malaysia-distribution.pdf

To drive for growth in the fast evolving media landscape, *Sin Chew Daily* has connected consumers and interacted with readers through its multi-platforms media products. *Sin Chew Daily* has strategically launched various events and shows to broaden its reader base, to continuously engage with readers and partners besides reiterating the influence of the title in the media industry. *Sin Chew Daily* e-paper initiated the activities "Voice Journalist Search (VJ Search) (主播星勢代)" and "Sin Chew Best Story (星洲星劇本)" to inspire the young generation's imaginations and emotions. The activities gained a high popularity throughout Malaysia and have enhanced the stickiness of the young generation to *Sin Chew Daily*.

The Group also actively organised various events, shows and talks, including the Sin Chew Business Excellence Awards 2017, stocks investment forum, Goods and Services Tax forum, digital marketing forum, property forum, etc. targeted to reach out to more readers and at the same time create opportunities for businesses to link up with their right audiences.

With the second-largest readership among Chinese language newspapers in Malaysia, *China Press* maintained an average daily print and digital circulation of 202,317 copies during January to June 2016 (source: ABC report). Given its relentless efforts in tapping into digital business and enriching online content and accessibility, *China Press* accomplished a 300% robust growth in online advertisement revenue over the previous year. *China Press* also initiated creative advertising packages for premium clients including commercial survey ads, native ads on homepage and top publishing news ranking, app download tab premium, dedicated content page, video interview packages, etc.

*Guang Ming Daily*, renowned for its entertainment and lifestyle features and quality regional news, recorded an average daily print and digital circulation of 90,762 copies during the period of January to June 2016 (source: ABC report). The publication launched its digital edition in February 2014 and is growing steadily.

*Nanyang Siang Pau* consistently adhered to developing its readership base of highly educated Chinese entrepreneurs, executives, management and businessmen by providing quality, informative and in-depth business news, with additional revenue stream through specialized book publication.

**Hong Kong, Taiwan and Mainland China**

The Group's Hong Kong, Taiwan and Mainland China publishing and printing operations recorded a total turnover of US$53,498,000 for the year ended 31 March 2017, reflecting a decrease of 12.1% or US$7,350,000 from US$60,848,000 in the previous year. The segment reported a loss before income tax of US$3,798,000 for the year under review as compared with a loss before income tax of US$1,821,000 in the last year. This was largely attributed to weaker performance from the Group's listed subsidiary, One Media Group Limited ("One Media Group").

The anti-corruption campaign and crackdown on conspicuous spending in Mainland China have taken a heavy toll on the retail markets in Hong Kong and Mainland China, in particular for the luxury product sector. The weak retail environment adversely influenced advertisers' expenditure on the media market. The continued shift of advertisements from traditional to digital media further aggravated the challenges faced by the segment.

*Ming Pao Daily News* ("Ming Pao"), the Group's iconic newspaper in Hong Kong, maintained its high journalistic standards in reportage. As an influential media, Ming Pao successfully won a total of 15 awards including 2 Winner awards, 2 First Runner-up awards, 6 Second Runner-up awards and 5 Merits in the Hong Kong News Awards 2016 which was organised by The Newspaper Society of Hong Kong. To blend into trending digital business, Ming Pao actively launched websites and apps featuring diversified themes including Olympic Games 2016 (http://oly2016.mingpao.com/), Chief Executive Election 2017 (http://ce2017.mingpao.com/), 《評台》 (http://www2.pentoy.hk/), a parenting and family education e-magazine app called Happy PaMa, a recruiting and hiring app called Jump and an online video streaming platform called IndieTV.

With licenses to publish textbooks on certain subjects for Hong Kong secondary school students, the Group's education business continued to display promising expansion momentum in both its circulation and market share. Revenue from this business grew by about 50% over last year.

Besides textbooks, Ming Pao has also developed a number of e-learning platforms including iRead, iCampus and Guide on Life Planning Education and Career Guidance which are all well received by teachers and students. In response to Hong Kong government's promotion of STEM (Science, Technology, Engineering, Mathematics) Education, Ming Pao pioneered in publishing the *STEM Education Special Supplement* introducing this new education methodology to schools in Hong Kong. STEM is a curriculum aimed to strengthen students' ability to integrate and apply knowledge and skills, as well as nurturing their creativity, collaboration and problem-solving skills.

The performance of One Media Group, which provides Chinese language lifestyle publications and outdoor media services in the Greater China region, was also adversely affected by the weak retail market conditions which led to subdued promotional spending by advertisers. As a consequence, One Media Group registered a double-digit decline in its turnover and a widened loss for the year ended 31 March 2017.

**North America**

Turnover of the Group's publishing and printing operations in North America dropped by 8.3% or US$1,587,000 to US$17,599,000 from last year's US$19,186,000. In addition to the region's slow economy, the cooling of the property market in Canada as a result of the government's restrictive policies also caused advertisers to shrink their spending which in turn affected the Group's publications in this segment. Driven by the decline in revenue, the segment's loss widened to US$1,057,000 from US$996,000 a year ago.

**Travel and travel related services**

In addition to the competitive market environment and weak consumer sentiment, security concerns that hampered people's travel plans also affected the Group's travel business. For the financial year 2016/2017, the Group's travel segment reported a total turnover of US$69,409,000, representing a year-on-year decline of 16.1% while segment profit before income tax fell 60.6% or US$3,786,000 to US$2,464,000.

**Digital business**

Digitalisation is an unstoppable trend. The Group has embraced the digital revolution and developed diversified websites and mobile apps which keep its readers abreast of the latest news and information. The Group also effectively uses Facebook, YouTube, WeChat and other social media platforms to intensify its branded publication titles and reach out to more audience especially the younger ones.

*Sin Chew Daily* e-paper is featured with a highly interactive new function that allows instant interaction with subscribers after an official revamp in June 2016. Subscribers are now able to download e-paper evening edition in the afternoon, to digest instant domestic or international news streaming on websites at any time with the assistance of the push notification. *Sin Chew Daily* e-paper also added new functions such as "Micro-film Section (微影視)" for the young generation to share short videos and "Lifestyle Blog (生活志)" and explore interesting places for fun, food and fashion.

*China Press* has been focusing on apps development and it has allocated sufficient resources into online content and promotional activities. Supported by higher traffic, *China Press* actively initiated a few creative advertisement packages targeting to add more choices for premium clients.

In Hong Kong, Ming Pao's main website, mingpao.com, went through extensive revamp and content enhancement during the current financial year. Ming Pao also launched other websites and apps featuring diversified themes in order to reach out to the extensive network of online readers. From the Google Analytics, the number of pageviews of mingpao.com has increased by about 29% since March 2016. In addition, according to Socialbakers, the facebook page of mingpao.com ranked 26th out of the top 100 media pages in Hong Kong and was in the 2nd place among all Chinese language newspapers.

In view of the increasing demand for online videos, an upgraded online mobile video portal "Pocketimes Plus" was launched in Malaysia which produces more lifestyle content and has reached monthly video views of 4 million during the year. The new Pocketimes also presented two other new programs including a 23-episodes health related program, food and Detective Le lifestyle program with *Sin Chew Daily* e-paper in November 2016. Pocketimes has provided clients with diversified mix and match advertisement packages, from websites display ads to creative buys such as print or video advertorial and social media exposure.

The Group continues to expand its e-commerce business by focusing on "business to consumer (B2C)" model in its Logon online marketplace. The introduction of "call-to-buy" and "cash on delivery" features during the year has enabled a friendlier buying experience for home-shoppers which helped boost sales.

## SUSTAINABILITY

This year is the first year the Group launched its sustainability vision and policy. Despite having been observing sustainability practices in the past, the Group did not have a structured approach to measure the outcome and effectiveness of the initiatives taken. The Group has commenced its sustainability practice by identifying material sustainability matters and setting processes to measure the same.

As a result of the Group's efforts, there has been a slight reduction in the usage of resources like water and electricity. In terms of materials management, the Group continues to implement sustainability measures such as using newsprint made from recycled paper and ensuring print waste are sold to contractors for recycling. For the usage of ink or plates, the Group strives to increase ink mileage and reduce wastage of plates by minimising mistakes.

The Group practices diversity in the employment of its employees and ensures that its human resource practices are in compliance with the labour laws of Malaysia and Hong Kong. It also provides training and development to its employees to ensure that their skills continue to be relevant to the industry. While the Group endeavors to keep its workplace safe, a few workplace injuries occurred at the Group's printing plants during the year. These accidents were not fatal and were minimal lost time injuries. The Group will endeavor to reduce its workplace accidents in the coming year and uphold stringent standards of safety.

The Group continues to be active in its community investment activities which include nurturing talent, humanitarian and medical assistance.

## PROPOSED DISPOSAL

Reference is made to the announcements of the Company dated 1 August 2016 (the "First Announcement") and 1 March 2017 (the "Subsequent Announcement"), the Board of Directors announced that on 22 July 2016, Comwell Investment Limited ("Comwell", as vendor), a wholly-owned subsidiary of the Company, the Company (as guarantor) and Qingdao West Coast Holdings (Internation) Limited ("Qingdao West Coast", as purchaser) entered into a share transfer agreement (the "Share Transfer Agreement"), pursuant to which Comwell conditionally agreed to sell and Qingdao West Coast conditionally agreed to purchase 292,700,000 shares in One Media Group Limited ("One Media"), representing approximately 73.01% of the entire issued share capital of One Media (the "Proposed Disposal"). Qingdao West Coast is a company incorporated in the British Virgin Islands, whose ultimate controlling shareholder is Qingdao West Coast Development (Group) Limited, which is a PRC state-owned enterprise. Completion of the Share Transfer Agreement is conditional upon the fulfilment (or, as appropriate, waiver by Qingdao West Coast) of the conditions precedent stipulated in the Share Transfer Agreement, which amongst others, include certain agreements ("CP Agreements") becoming executed and unconditional. As stated in the Subsequent Announcement, the Company announced that on 28 February 2017, all the terms of the CP Agreements have been finalised.

Reference is also made to the announcement of the Company dated 28 March 2017 (the "Extension Announcement"), the Board of Directors announced that on 28 March 2017, Comwell and Qingdao West Coast entered into a fourth supplemental agreement which further extended the long stop date of the Share Transfer Agreement to 30 June 2017. For details, please refer to the First Announcement, the Subsequent Announcement and the Extension Announcement.

The Proposed Disposal has no material impact on the Group's consolidated financial statements for the year ended 31 March 2017.

## OUTLOOK

The Group remains cautious about the business conditions for the year ahead. China is tightening its capital outflows policies which may have adverse influence on the advertising and promotion budgets from advertisers especially for the property and luxury industries in the Greater China region. The US new administration's policies may also trigger some negative influence on the trade and business conditions that affect the Group's North America operations. Furthermore, the potential for further substantial cost savings is likely to be limited, particularly after several rounds of cost-cutting exercises throughout the Group favourable.

However, the probable 14th Malaysian General Election is expected to present favourable opportunities for advertising spending in 2017. The media market in Hong Kong is also expected to show some improvement driven by the 20th anniversary of the establishment of the HKSAR. In addition, the recent growth in the number of Mainland visitors to Hong Kong and the uptake of retail sales in March 2017 may also provide some boost to the advertising market.

Furthermore, the Group will continue to explore opportunities to broaden its revenue stream and to expand its presence in the digital market.

## CLOSURE OF THE REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on Friday, 11 August 2017. The register of members in Hong Kong will be closed on Monday, 7 August 2017 to Friday, 11 August 2017, both days inclusive, during which no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 4 August 2017. In respect of the shareholders in Malaysia, a depositor in Malaysia shall qualify for the entitlement to attend the annual general meeting only in respect of shares transferred into the depositor's securities account before 4:00 p.m. on Friday, 4 August 2017.

Shareholders who wish to request for transmission of their shares between the Malaysia Register and Hong Kong Register are advised to take note that request for transmission will be suspended from Monday, 7 August 2017 to Friday, 11 August 2017, both days inclusive.

## TREASURY POLICY

The Group's treasury policy has as its principal objectives the enhancement of controls over the treasury functions and the lowering of the Group's costs of funds. It also aims to ensure that at all times the Group has sufficient cash resources to meet its financial obligations as they fall due, including taxes and dividends and provide funds for capital expenditure and investment opportunities as they arise.

To minimise interest risk, the Group will continue to closely monitor its loan portfolio and compare the interest margin spread of its existing agreements with market interest rates and offers from banks. To manage the Group's exposure to fluctuations in foreign currency exchange rates, foreign currency borrowings, currency structured instruments and other appropriate financial instruments will be used to hedge material exposure.

## PLEDGE OF ASSETS

As at 31 March 2017 and 2016, none of the Group's assets were pledged to secure any banking facilities.

## CONTINGENT LIABILITIES

As at 31 March 2017, there were several libel suits which involve claims against some companies in the Group. The Group has been strongly contesting those claims. Even though the final outcome of the proceedings is still uncertain as of the date this consolidated financial statements is authorised for issue, the directors of the Company are of the opinion that the respective ultimate liability, if any, will not have a material adverse impact upon the Group's financial position.

## CAPITAL COMMITMENTS

As at 31 March 2017, the Group's authorised capital expenditure for property, plant and equipment contracted but not provided for in this consolidated financial statements amounted to US$192,000 whereas authorised capital expenditure for property, plant and equipment not contracted and not provided for in this consolidated financial statements amounted to US$390,000.

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RM, Renminbi, CAD, HK$ and US$. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The assets and liabilities of each entity within the Group are mostly denominated in its own functional currency and do not have material impact on the consolidated statement of profit or loss for the year.

During the year ended 31 March 2017, the Group is particularly exposed to movements in the US$ to RM exchange rate as a major part of the Group's operations is located in Malaysia, and a decrease in the exchange fluctuation reserve of US$18,551,000 was recognised largely due to the changes in the exchange rate of US$ to RM.

## LIQUIDITY, FINANCIAL RESOURCES AND NET GEARING RATIO

As at 31 March 2017, the Group's cash and cash equivalents and short-term bank deposits amounted to US$90,032,000 (2016: US$140,950,000) and total bank and other borrowings were US$53,376,000 (2016: US$116,116,000). The net cash position was US$36,656,000 (2016: US$24,834,000). Owners' equity was US$193,694,000 (2016: US$213,024,000).

The net gearing ratio of the Group, calculated as net debt over owners' equity, was nil as at 31 March 2017 and 2016.

## CAPITAL STRUCTURE

On 24 February 2017, the Company redeemed the first tranche medium-term notes of US$50,630,000 (equivalent to RM225,000,000).

Save as disclosed above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the year ended 31 March 2017.

For details on bank and other borrowings, please refer to Note 27 on pages 146 to 147.

For details on cash and cash equivalents and short-term bank deposits, please refer to Note 25 on page 145.

## DIVIDENDS

For details on dividends for the year ended 31 March 2017, please refer to Note 12 on page 127.

## EMPLOYEES AND EMOLUMENT POLICY

As at 31 March 2017, the Group had 4,208 employees (2016: 4,368 employees), the majority of whom were employed in Malaysia and Hong Kong. The Group remunerates its employees based on industry practice and performance of individual employees. The emoluments of the directors and senior management are reviewed by the Remuneration Committee regularly, having regard to the Group's operating results, individual performance and comparable market statistics. No director or any of his/her associates is involved in dealing with his/her own remuneration.

# Major Awards of the Year — Hong Kong (*Ming Pao Daily News*)

## HONG KONG NEWS AWARDS 2016

— The Newspaper Society of Hong Kong


巴拿馬文件
港政商BVI大曝光
明報

**Winner:**
Best News Reporting
Best Young Reporter


倒地同袍被圍 警向天開兩槍
政府定性「暴亂」 61人被捕

**1st Runner-up:**
Best Business News Reporting
Best News Page Design (Series)

**2nd Runner-up:**
Best Scoop
Best News Reporting
Best Business News Writing (Chinese)
Best Headline (Chinese)
Best Photograph (Sports)
Best Photograph (News)

**Merit**:
Best News Reporting / Best News Writing (Chinese) / Best Photograph (News)
Best Photograph (Features) / Best News Page Design (Single Page)

## "FOCUS AT THE FRONTLINE 2016" PHOTO CONTEST

— Hong Kong Press Photographers Association

**2nd Prize:**
General News

**3rd Prize:**
Sports

## THE 38TH BEST OF NEWS DESIGN CREATIVE COMPETITION

— The Society for News Design

**Awards of Excellence:**
Photography (Breaking News) (2 awards)


旺角衝突 定性「暴亂」
南台灣地震 14死500傷
明報


菲比斯奪19金 天生飛魚

Special Coverage (Sports)

# Major Awards of the Year — Hong Kong (*Ming Pao Daily News*)

## 2015/16 HSMC BUSINESS JOURNALISM AWARDS

— Hang Seng Management College

**Gold Award:**
Best Financial News Reporting (Text)

**Silver Award:**
Best Business & Corporate News Reporting (Text)


Blockchain技術
開闢交易新時代

## THE 16TH CONSUMER RIGHTS REPORTING AWARDS 2016

— Consumer Council, Hong Kong Journalists Association and Hong Kong Press Photographers Association

**Gold Award:**
Features
**Silver Award:**
News

## THE 21ST ANNUAL HUMAN RIGHTS PRESS AWARDS 2016

— Hong Kong Journalists Association, The Foreign Correspondents' Club, Hong Kong and Amnesty International Hong Kong


**Merit**:
Spot News

## THE 5TH MEDIA CONVERGENCE AWARDS

— Hong Kong Association of Interactive Marketing

**Bronze Award:**
Social Media (Newspaper)
Overall (Newspaper)

## SOPA 2017 AWARDS FOR EDITORIAL EXCELLENCE

— The Society of Publishers in Asia

**Award for Excellence:**
Excellence in Reporting Breaking News


政府定性「暴亂」 61人被捕

# Major Awards of the Year — Malaysia (Sin Chew Group)

## THE 14TH TAN SRI LIM GAIT TONG PRESS AWARDS 2015

— Penang Press Club

**Tan Sri LIM Gait Tong Literature Writing Award**
Excellence Award: *Guang Ming Daily*
Outstanding Award: *Guang Ming Daily*

**Dato' LIM Toh Meng News Editing Award**
Excellence Award: *Guang Ming Daily*
Outstanding Award: *Guang Ming Daily*

**Tan Sri TAN Khoon Hai News Photography Award**
Excellence Award: *Sin Chew Daily*
Outstanding Award: *Guang Ming Daily*

**Dato' PANG Yun Tiam Feature Writing Award**
Excellence Award: *Guang Ming Daily*
Outstanding Award: *Guang Ming Daily*

**FANG Wan Chun Filial Piety Report Award**
Excellence Award: *Guang Ming Daily*

## THE 13TH DATO' TAN CHIN HUAT CHINESE MEDIA BADMINTON TOURNAMENT 2016

— Malaysia Chinese Sports Journalist Association


Runner-up: *Sin Chew Daily*

## MALAM MEDIA MELAKA 2017

— Government of Melaka


**Best Topic News Reporting Award (Chinese)**
*Sin Chew Daily*

## DATUK WONG KEE TAT JOURNALISM AWARDS 2015

— The Editors' Association (Chinese Medium) Malaysia

**Tan Sri YAP Yong Seong Feature Writing Award**
2 Outstanding Prizes: *Sin Chew Daily*, *Guang Ming Daily*

**Tan Sri TEONG Tech Leng Commentary Award**
Excellence Prize: *Sin Chew Daily*
Outstanding Prize: *Sin Chew Daily*

**Datuk WONG Kee Tak News Editing Award (News Section)**
Excellence Prize: *Sin Chew Daily*
Outstanding Prize: *Sin Chew Daily*

**Datuk WONG Kee Tat News Editing Award (Feature Section)**
2 Outstanding Prizes: *Sin Chew Daily*

**Dato' TAN Leong Ming News Photography Award**
Outstanding Prize: *Sin Chew Daily*

**Tan Sri NG Teck Fong News Reporting Award**
2 Outstanding Prizes: *Sin Chew Daily*

**Dato' Sri Desmond LEE Ee Hoe Travel Reporting Award**
Excellence Prize: *Sin Chew Daily*
Outstanding Prize: *Sin Chew Daily*

**Mr TAN Yew Sing Education Reporting Award**
Excellence Prize: *Sin Chew Daily*
Outstanding Prize: *Sin Chew Daily*

**Tan Sri TAN Kin Yan Entertainment Reporting Award**
Outstanding Prize: *Sin Chew Daily*

**Tan Sri LEONG Hoy Kum Industry Reporting Award**
Excellence Prize: *Sin Chew Daily*
2 Outstanding Prizes: *Sin Chew Daily*

# Major Awards of the Year — Malaysia (Sin Chew Group)

## THE 10TH MEDIA AWARDS OF THE MINISTRY OF HEALTH MALAYSIA 2016
— Ministry of Health Malaysia

**Best News Reporting Award (Chinese Newspaper)**
Consolation Prize: *Sin Chew Daily*

## KENYALANG SHELL PRESS AWARDS 2016
— Shell Malaysia, Federation of Sarawak Journalists Association and Kuching Division Journalists Association

**Chief Minister Award**
Gold Award: *Sin Chew Daily*

**News Reporting Award**
Gold Award: *Sin Chew Daily*
Silver Award: *Sin Chew Daily*
Bronze Award: *Sin Chew Daily*

**Sustainability Journalism Award**
Gold Award: *Sin Chew Daily*
Silver Award: *Sin Chew Daily*

**Business and Economic Reporting Award**
Gold Award: *Sin Chew Daily*
Bronze Award: *Sin Chew Daily*

**Community Wellbeing and Rural Development Journalism Award**
Gold Award: *Sin Chew Daily*
Silver Award: *Sin Chew Daily*

## THE 8TH JOHOR STATE NEWS AWARDS 2015
— South Johor Chinese Press Club

**Best Sport News Reporting Award (Chinese)**
*Sin Chew Daily*

## KINABALU SHELL PRESS AWARDS 2016
— Sabah and the Federal Territory of Labuan

**Environmental Features Reporting Award (Chinese)**
Gold Prize: *Sin Chew Daily*

**Business and Economic Reporting Award (Chinese)**
Excellence Prize: *Sin Chew Daily*

**Environmental Reporting Award (Chinese)**
Excellence Prize: *Sin Chew Daily*

**Correspondent News Reporting Award (Chinese)**
Excellence Prize: *Sin Chew Daily*

**News Reporting Award (Chinese)**
Excellence Prize: *Sin Chew Daily*

**Best Photography (Chinese)**
2 Excellence Prizes: *Sin Chew Daily*

## PAHANG DRB-HICOM MEDIA AWARDS 2016
— Pahang DRB-HICOM


**News Reporting Award**
First Prize: *Sin Chew Daily*
Second Prize: *Sin Chew Daily*
Third Prize: *Sin Chew Daily*

**Features News Reporting Award**
Third Prize: *Sin Chew Daily*

## 2016 BLOSSOM ARTS FESTIVAL PHOTOGRPAHY CONTEST
— Malaysia Chinese Culture & Arts Consultative Council

Excellence Prize: *Sin Chew Daily*
Consolation Prize: *Sin Chew Daily*
4 Finalist Prizes: *Sin Chew Daily*

# Major Awards of the Year — Malaysia (Sin Chew Group)

## THE 3RD PENANG CHINESE MEDIA JOURNALISTS AND PHOTOGRAPHERS NEWS AWARD 2016

— Penang Chinese Media Journalists and Photographers Association

**Sport News**
Outstanding Prize: *Guang Ming Daily*

**Community News**
Outstanding Prize: *Guang Ming Daily*

**Business News**
Outstanding Prize: *Guang Ming Daily*

**Feature News**
Excellence Prize: *Guang Ming Daily*
Outstanding Prize: *Guang Ming Daily*

**General Photography**
Excellence Prize: *Sin Chew Daily*
Outstanding Prize: *Guang Ming Daily*

**Cultural and Arts Photography**
Outstanding Prize: *Guang Ming Daily*

**News Photography**
Excellence Prize: *Sin Chew Daily*
2 Outstanding Prizes: *Guang Ming Daily*

## SPORTSWRITER ASSOCIATION OF MALAYSIA 100 PLUS AWARDS "SIEBEL AWARD"

— Sportswriter Association of Malaysia


**Best News Commentary Award**
Finalist Prize: *Sin Chew Daily*

## THE MPI-PETRONAS JOURNALISM AWARDS 2015

— The Malaysian Press Institute


**Feature News Reporting**
Consolation Prize: *Sin Chew Daily*

**Feature News Photography**
Consolation Prize: *Sin Chew Daily*

## ANNUAL TOP 10 JACKPOT PRIZES AWARD

— Photographic Society of Johor

Champion: *Sin Chew Daily*

## PERAK FARMER'S ORGANISATION MEDIA AWARDS NIGHT 2016

— Perak Farmer's Organisation


**News Photography**
Second Prize: *Sin Chew Daily*

# Major Awards of the Year — Malaysia (Nanyang Group)

## DATUK WONG KEE TAK JOURNALISM AWARDS 2015

— The Editors' Association (Chinese Medium) Malaysia

**Dato' Seri Joseph CHONG Chek Ah Distinguished Media Service Award**
*Nanyang Siang Pau*

**Tan Sri NG Teck Fong News Reporting Award**
Excellence Prize: *Nanyang Siang Pau*

**Dato' TAN Leong Ming News Photography Award**
Excellence Prize: *China Press*
Outstanding Prize: *Nanyang Siang Pau*

**Datuk WONG Kee Tat News Editing Award (News Section)**
2 Outstanding Prizes: *Nanyang Siang Pau, China Press*

**Datuk WONG Kee Tat News Editing Award (Feature Section)**
Outstanding Prize: *China Press*

**Dato' P.C. KOH Business News Reporting Award**
Excellence Prize: *Nanyang Siang Pau*
2 Outstanding Prizes: *Nanyang Siang Pau*

**Tan Sri LAW Tien Seng Front Page of the Year Award**
Excellence Prize: *Nanyang Siang Pau*
3 Outstanding Prizes: *China Press*

**Tan Sri TAN Kin Yan Entertainment Reporting Award**
Excellence Prize: *Nanyang Siang Pau*
Outstanding Prize: *China Press*

**Tan Sri YAP Yong Seong Feature Writing Award**
Excellence Prize: *China Press*
Outstanding Prize: *Feminine*

**Tan Sri KONG Hon Kong Sports Reporting Award**
Excellence Prize: *China Press*
Outstanding Prize: *China Press*

**Mr TAN Yew Sing Education Reporting Award**
Outstanding Prize: *China Press*

**Tan Sri TEONG Teck Leng Commentary Award**
Outstanding Prize: *China Press*

# Major Awards of the Year — Malaysia (Nanyang Group)

### THE MPI-PETRONAS JOURNALISM AWARDS 2015
— The Malaysian Press Institute

**Best Photographer Award**
Consolation Prize: *Nanyang Siang Pau*

### THE 10TH MEDIA AWARDS OF THE MINISTRY OF HEALTH MALAYSIA 2016
— Ministry of Health Malaysia

**Best Health News Photography Award (Chinese Newspaper)**
Outstanding Prize: *China Press*

**Best Health News Reporting Award (Chinese Newspaper)**
Outstanding Prize: *China Press*


### THE 14TH TAN SRI LIM GAIT TONG PRESS AWARDS 2015
— Penang Press Club

**Dato' Wira Louis NG Chun Hau Advertorial News Award**
Excellence Award: *Nanyang Siang Pau*
2 Outstanding Awards: *Nanyang Siang Pau*

**Tan Sri H'NG Bok San Feature Writing Award**
Outstanding Award: *Nanyang Siang Pau*

### THE 6TH JOHOR MEDIA AWARDS 2015
— Johor State Government, Johor State Information Department and Johor Media Club

**Best Economic News Award**
*Nanyang Siang Pau*

**Best Feature News Award**
*Nanyang Siang Pau*


**Best Development News Award**
*China Press*


**Best Travel & Culture News Award**
*China Press*

# Significant Events — Hong Kong

## *MING PAO DAILY NEWS*

"Ming Pao Student Reporter Scheme" entered into its 20th years. The programme provides participants with lectures and training on basic journalistic skills as well as the opportunities to interview with senior government officials and public figures, which widen the horizon of the student reporters.





*Ming Pao Daily News* organised and hosted various finance seminars for the public. Experienced financial experts were invited to provide in-depth analysis and forecast on property investment and wealth management, and give advice on appropriate investment strategies to the participants.



## MING PAO EDUCATION PUBLICATIONS

Ming Pao Education Publications organised seminars and workshops for teachers and students on various topics to enhance their teaching and learning skills. The responses from the attendees were positive and enthusiastic.



## *MING PAO MONTHLY*

*Ming Pao Monthly* marked its 50th anniversary in 2016 with a celebration that included a cocktail reception, a gala dinner, two concerts by the Moscow Philharmonic Orchestra and the holding of the 3rd Cross-strait Chinese Literature Symposium.

*Ming Pao Monthly* was founded by the prominent martial arts novelist Dr Louis CHA in 1966. Its content covers social, political and cultural aspects.





## *YAZHOU ZHOUKAN*

About 600 upper primary and junior secondary school students from 27 schools participated in a reading activity co-organised by *Yazhou Zhoukan*, The Hong Kong Chinese Importers' & Exporters' Association and Hong Kong Federation of Education Workers during the Hong Kong Book Fair 2016. Through this activity, the students learnt valuable writing techniques from prominent children literature writers from Greater China.



## MING PAO PUBLICATIONS

Ming Pao Publications took part in the Hong Kong Book Fair 2016, organised book launching parties and seminars to promote reading among the public.


# Significant Events — Malaysia (Sin Chew Group)

## *SIN CHEW DAILY*




Tan Sri Datuk Sir TIONG Hiew King, Group Executive Chairman and Dr HUANG Hui Kang, Ambassador of China to Malaysia together with more than a thousand representatives from the Chinese community made the " Yee Sang" prosperity toss to welcome the Lunar New Year. The management made toast to the guests and wishes to everyone with peace and good fortune.

*Sin Chew Daily* launched "Best Story Writing Competition" to encourage local young people to boost their creativity. The response was warm with more than 1,000 entries received.


"Four Seasons Chinese Festival — Winter Solstice Celebration", held by *Sin Chew Daily*, aiming to promote the Chinese festivals and culture. Representatives of co-organisers, sponsors and distinguished guests enjoyed glutinous rice dumplings on stage.


Since 1994, *Sin Chew Daily* has been organising the Filial Piety Party to promote the spirit of filial piety and respect for the elderly. 116 senior citizens celebrated the 7th day of the Chinese New Year with their families and descendants at the Filial Piety Party held at Johor Babru.



"Sin Chew Business Excellence Awards 2016" added "Digital and Technology Business Excellence Award" category to encourage more SMEs in the IT sector to take part in. About 1,800 audiences witnessed the birth of the winners of total 9 categories at the presentation ceremony.

## *GUANG MING DAILY*

"Hypnosis Training Workshop" held by *Guang Ming Daily*, taught the participants how to change their mindsets, choose and learn their own ways to release stress.

## YAYASAN SIN CHEW

Yayasan Sin Chew donated a van to Shemariah Home at Negeri Sembilan, which provided transportation to the adopted children to schools.

## NANYANG SIANG PAU

"Breaking Raging Waves, Initiating New Chapters" was the theme of the 4th Golden Eagle Award organised by *Nanyang Siang Pau*. It was a valuable platform to give due recognition to exemplary business, while envisioned to propel Malaysia corporate to change forward for greater development. For the first time, it expanded the "International Eagles" award to export-oriented local entrepreneurs. The Minister of Finance II, Y.B. Datuk Johari Bin ABDUL GHANI, presented awards to 134 winners.

Malaysia famous fundamental investor Mr FONG Siling, also known as "Cold Eye", organised an investment seminar at *Nanyang Siang Pau* headquarters.

## CHINA PRESS

*China Press* celebrated its 70th Anniversary in 2016. It hosted 15 gala dinners nationwide to share the joyful celebration together with readers and advertisers. Tan Sri Datuk Sir TIONG Hiew King, Group Executive Chairman and Dr HUANG Hui Kang, the Ambassador of China to Malaysia jointly officiated the final gala dinner on 17 November 2016.

*China Press* and Nian-Shao-Qing Youth Club Malacca jointly held the "22nd Malacca Youth Camp" at Ayer Keroh Melaka. It attracted overwhelming participation of above 600 youths. They learnt team spirit and self-confidence build-up by various peers plays and activities.

*China Press* and sponsors jointly visited and gave away red packets and goodies to 52 charity homes nationwide, sharing the joyful Chinese New Year celebration with about 1,688 elders & disables.

## LIFE MAGAZINES

*Let's Travel* organised the Treasure Hunt recreational activity, attracted overwhelming participation of readers to join the fun-touring around Selangor-Kedah area.


Malaysia Deputy Finance Minister Y.B. Dato' LEE Chee Leong officiated the opening ceremony of the "12th International Health Fair 2016". The event was organised by *Long Life*. A series of health seminars were held alongside the exhibition for public participation.

## YAYASAN NANYANG PRESS


Yayasan Nanyang Press was rewarded "iM4U Best Volunteer Malaysia Awards 2016" by iM4U for its disaster relief in the 2015 Sabah Ranau earthquake recovery project.


Yayasan Nanyang Press donated RM50,000 to the House of Light to set up a tutorial centre, providing the disabled & blind students with free tuition and various living skills training classes.

# Sustainability Report

The Group being a media group has a mission to deliver media content and information accurately and speedily.

The changing landscape of the media industry, where technology has changed the manner in which news and information is consumed by users, has impacted the Group's business model and has inspired the Group to be more innovative in the manner it produces and distributes its products (content), and engages its audience. Further, with the challenging economic trend, the Group is under increasing pressure to use resources more efficiently, and manages its operations in a more sustainable way.

The Group views the commitment to Environmental, Economic, Social and Governance ("EESG") performance as part of its broader responsibility to customers, shareholders and the communities in the markets it operates. As such, the Group is committed to ensuring that it adopts responsible business operation methods and good corporate governance in its operations and in its interactions with all its stakeholders.

The Group also hopes to nurture a mindset among its employees to incorporate good corporate governance practices in business activities and always mindful of how its operations will impact the environment, community and stakeholders' interests in order to work towards the sustainability of its business.

The Group's EESG approach is structured around priorities considered to be material to its business. Underpinned by the Group's sustainability vision and policy, these EESG priorities reflect the possible risks and opportunities in its business operations and the issues of interest to the Group's stakeholders such as:

- managing EESG risks in business activities
- environment management
- approaching markets and developing products with an EESG focus
- care for the Group's staff and workplace

This report sets out the Group's vision for sustainability and provides an overview of its EESG approach, progress and performance. This sustainability report is made in accordance with Paragraph 29, Part A of Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## SUSTAINABILITY POLICY

The Group's sustainability vision is to produce credible and quality content, services and products with minimal impact on the environment whilst delivering value to the Group's stakeholders. To achieve this vision, sustainability measures will be implemented in 4 areas namely environmental, economic, social and governance. The Group is aware that this is an on-going journey as it needs to align all aspects of its organisation's sustainability measures and integrates them across its operations. The Group will in due course formalise its respective policies for EESG matters encompassing all relevant areas reported in order to provide a more comprehensive view of its sustainability practices.

## GOVERNANCE

The responsibility of managing the implementation of sustainability initiatives in the Group lies with the Group Executive Committee comprising executive directors and senior management. The Group Executive Committee is responsible for setting up the direction and monitoring aspects of EESG performance.

## SCOPE

This sustainability report covers the printing and publishing and travel operations of the Group in Malaysia and Hong Kong as these operations represent the core of the Group's business contributing over 80% of the Group's turnover for the financial year ended 31 March 2017.

## MATERIAL SUSTAINABILITY MATTERS

In order to identify the environmental, economic, social and governance issues that are material to the Group, it has engaged both its internal and external stakeholders. The issues are considered critical if the Group's stakeholders regard them as impactful to the performance and sustainability of the Group. This is a process of internal alignment among various departments and of engagement with external stakeholders.

The internal stakeholders were also asked to review their day to day activities and processes to identify such material sustainability matters. In order to determine materiality, the feedback provided by the internal stakeholders was checked against the following:

- risk aspects by reviewing the risk registers of the Group;
- impact on business, operations and reputation of the Group;
- impact on the financial aspect of the Group.

By applying the above methodology, the Group identified and prioritised the sustainability matters that were considered most material to the Group's operations and its stakeholders and arrived at the list below:

| Area | Material sustainability matters |
|---|---|
| **Environmental** | • Use of resources<br>• Materials management<br>• Disposal of waste materials<br>• Greenhouse gas emissions |
| **Economic** | • Financial performance<br>• Sustainable procurement<br>• Product responsibility |
| **Social** | • Training and development<br>• Health and safety<br>• Diversity<br>• Contribution to community |
| **Governance** | • Governance structure<br>• Corporate governance<br>• Business ethics |

## STAKEHOLDERS ENGAGEMENT

The Group is committed to establishing strong and mutually beneficial relationships with its community of stakeholders. Although the Group's vision remains consistent, the dynamic nature of stakeholders' preferences requires regular review and refinement of its strategies and risk management procedures to ensure the fulfilment of stakeholders' ever changing needs.

The Group engages its stakeholders in its daily operations and communicates with them through various channels. In this manner the Group is able to understand its stakeholders' concerns on sustainability development, hence balance their different viewpoints and manage their expectations.

The list of stakeholders and methods of engagement are listed below:

| Stakeholders | Method of engagement |
|---|---|
| **Customers** | • Social media and websites<br>• Events held for readers<br>• Dinner events<br>• Awards |
| **Community** | • Social media<br>• Community events<br>• Financial and non-financial contributions |
| **Shareholders** | • Annual general meeting<br>• Announcements to Bursa Malaysia Securities Berhad and The Stock Exchange of Hong Kong Limited<br>• Annual report<br>• Investor relations website<br>• Analyst briefing |
| **Industry peers** | • Industry associations |
| **Regulators** | • Regular communication for updates |
| **Suppliers** | • Meetings |
| **Employees** | • Corporate events<br>• Internal communications<br>• Trainings<br>• Occupational Safety and Health Committee |

## SUSTAINABILITY AREAS

**(a) Environmental**

The Group strives to produce its products and services in an economically efficient manner and to ensure minimal impact on the environment. The Group's environmental management strategy focuses on managing resources used in its business and ensuring every aspect of its operations is conducted in accordance with sound environmental practices.

The environmental aspect includes the use of resources such as electricity and water; materials management which involves the use of paper, plates, ink and other chemicals; disposal of hazardous and non-hazardous waste and greenhouse gas emissions. During the financial year ended 31 March 2017, initiatives have been rolled out to reduce waste, improve energy efficiency and manage water consumption.

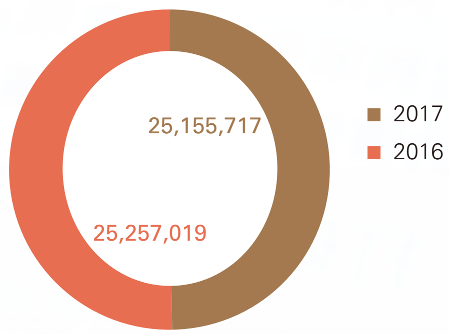
**(I) Use of resources**

*(i) Electricity*

Electricity used in the printing process at printing plants has accounted for a major part of the Group's electricity consumption. This is then followed by usage at its offices. The Group purchases electricity from energy service providers in Hong Kong and Malaysia. Being well aware that improving its electricity usage efficiency is essential to reduce electricity consumption at its printing plants and offices, the Group has implemented measures to achieve the same.

Some of these initiatives include conducting energy saving campaigns at its offices and printing plants where employees are reminded to switch off the lights and equipments when not in use. At its printing plants, the printing process of newspapers is also reviewed to consider whether the printing slots can be further reduced or whether the layout of its newspapers can be adjusted to reduce printing slots. In 2015, new chillers have been installed in the Hong Kong offices to reduce electricity consumption. These measures have managed to keep electricity usage within acceptable levels to the Group.

**Electricity usage (kWh) in Malaysia & Hong Kong**



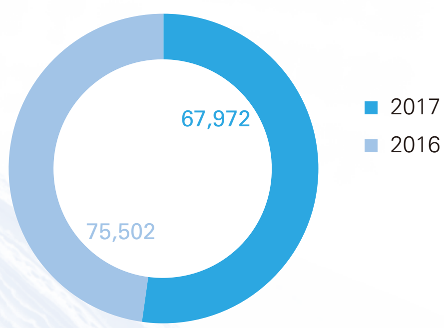

The Group's electricity usage for the financial years ended 31 March 2016 and 2017 are 25,257,019 kWh and 25,155,717 kWh respectively.

*(ii) Water*

Water is an important resource and in light of global concerns about water management and the energy needed to process used water, the Group endeavors to reduce its usage of this key resource in order to save costs as well as to reduce its environmental impact. The Group's major water consumption is from its printing plants. Hence, in some plants in Malaysia, it has put facilities in place to store rain water for cleaning purpose.

The Group's water usage for the financial years ended 31 March 2016 and 2017 are 75,502 litres and 67,972 litres respectively.

**Water usage (litres) in Malaysia & Hong Kong**



**(II) Materials management**

Materials management is an important factor as it may impact the Group's profitability. As such, the Group is meticulous about measuring consumption at its printing plants to ensure that its materials are used effectively and efficiently.

*(i) Paper*

Newsprint is a major component of the Group's cost structure and therefore the Group tracks its usage diligently. Most of the newsprint that the Group uses is made from recycled paper which is environmentally friendly. While the Group is unable to altogether avoid paper wastage in its business, it endeavors to reduce such wastage by setting key performance indicators to continuously monitor paper wastage. Efforts to reduce paper wastage involves ensuring that its printing machines are constantly maintained in good condition to avoid multi starts and stops as this increases start up waste. The Group also constantly reviews the layout of the newspapers to achieve optimum usage of the newsprint so as to avoid wastage.

*(ii) Plates*

The Group endeavors to minimise the usage of plates. Its initiatives include reminding its editorial teams to avoid mistakes hence reducing the changing of plates. The Group also ensures that its plates are stored in the correct environment to prevent any deterioration of quality and therefore ensure optimum performance.

*(iii) Ink*

The Group uses environmentally friendly ink. It also installs ink optimisation software at its printing plants to achieve optimum colour with the least usage of ink.

**(III) Waste management**

The Group manages its waste materials in an environmentally responsible manner: all recyclable wastes are collected by recycling companies and all hazardous wastes are disposed of to licensed contractors.

*(i) Solid waste*

The Group endeavors to reduce the impact of its operations on the environment by recycling some of its waste. Waste materials such as used newsprint and plates are disposed of for recycling purposes.

*(ii) Hazardous/scheduled waste*

Hazardous or scheduled waste generated from the Group's printing operations comprises mainly of contaminated rags, waste ink and chemical waste. In Malaysia, the Department of Environment (DOE) requires that this hazardous or scheduled waste be collected and disposed by its licensed contractors. In Hong Kong, the regulation is similar to Malaysia and is controlled by the Hong Kong Environmental Protection Department (EPD). All chemical wastes generated from production plants are required to be collected and disposed by its licensed collectors.

*(iii) Effluents treatment*

Waste water treatment plants are installed at some of the Group's printing plants to treat some of its chemical waste before the same is released back to the environment. The Group periodically conducts sampling and monitoring of the discharge to ensure that it is safe to be released into the drainage system.

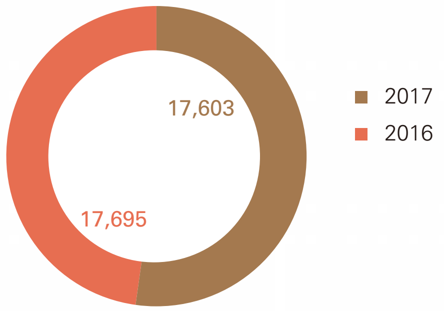
**(IV) Greenhouse gas emissions reporting**

Reducing greenhouse gas emissions is one of the Group's goals in minimising the impact of its operations on the environment.

The Group has chosen its approach to report utility data from operations under its direct control in Malaysia and Hong Kong. Scope 2 (Electricity) is reported on below, but the Group is not reporting on Scope 3 emissions from transport as it does not own a fleet of vehicles. The transportation of products has been outsourced to third parties.

The Group uses the emission factor based on the 2007 report by Pusat Tenaga Malaysia titled "Study on grid connected electricity baselines" in Malaysia and "Emission Factor Electricity" supplied by Hong Kong Electric to identify its GHG (Greenhouse Gas) emissions from purchased electricity.

**$CO_2$ emission (tonnes) in Malaysia & Hong Kong**




$CO_2$ emission from purchased electricity for the financial years ended 31 March 2016 and 2017 are 17,695 tonnes and 17,603 tonnes respectively.

## (b) Economic

The Group conducts its business in a fair manner and it prioritises product quality. Sound supply chain practices are advocated as it will ultimately lead to a long term and mutually beneficial relationship between the Group and its suppliers.

**(I) Procurement**

The Group is committed to operating in an ethical and safe environment and employ sound supply chain practices to ensure that the Group's performance remains sustainable. Its procurement process encourages a high level of objectivity and impartiality in supplier selection. Its suppliers are required to provide quality goods and services that meet the Group's expectations.

The Group also ensures that suppliers will provide efficient after-sales services prior to purchasing any products from them. Additionally, all suppliers are required to comply with relevant legislation when supplying goods and services to the Group. The Group conducts annual evaluations of its suppliers to ensure that quality is maintained, goods and services have actually been provided and that prices paid for such goods and services remain competitive.

**(II) Product responsibility**

The Group is committed to engaging with its readers and endeavors to provide them with wide coverage of news presented accurately and without bias. Editorial policies are in place to ensure responsible journalism. Its online content is reliable, up-to-date and accessible at all times. The Group's editorial teams, managed by the editor-in-chief of each respective publication, review their own publications to ensure accuracy of the information contained. In the rare events that any information published is inaccurate, the Group will correct the wrong information in the next available publication.

The Group also ensures that its employees are aware of the need to maintain the privacy of its customers under the Personal Data Protection Act 2010 Malaysia and Personal Data (Privacy) Ordinance Hong Kong. Adding to this, it uses security procedures and technology to protect the information held, and prevent unauthorised access, unlawful disclosure and misuse of personal information within the Group.

The Group also takes care to observe and protect intellectual property rights. It only uses licensed software and constantly reminds its employees to refrain from installing unauthorised software on office equipments such as desktop computers and laptops.

The Group complies with guidelines issued by the Association of Accredited Advertising Agents Malaysia and Trade Descriptions Ordinance in Hong Kong. It is committed to ensuring that its products are marketed appropriately and that customers are treated fairly. It requires that disclosures and marketing materials published in the Group's publications meet legal and regulatory expectations, and are appropriate for the target audience and accurately and fairly describe the products marketed.

The Group has also implemented policies and procedures to ensure that consumer complaints are handled in an appropriate and time-efficient manner. In 2017, the Group received a query from the Malaysian Ministry of Home Affairs (the "Ministry") about the content of one of its newspapers, namely *Nanyang Siang Pau*. The matter was resolved with the newspaper providing clarification to the Ministry.

## (c) Social

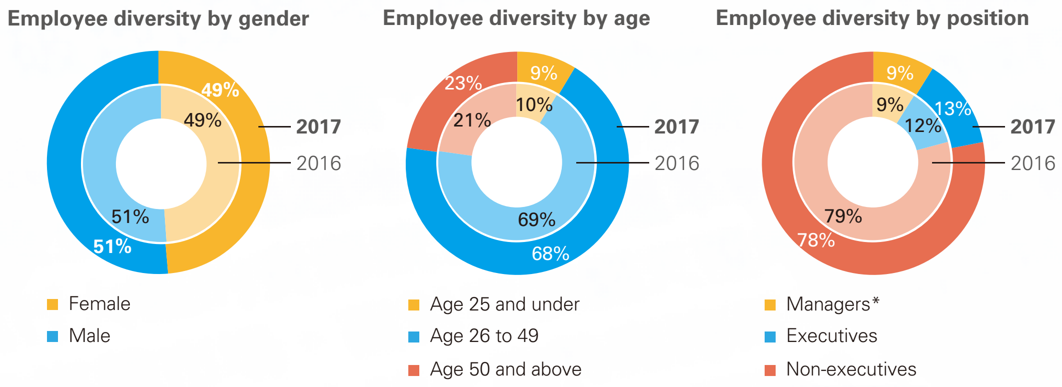
### (I) Employees

*(i) Diversity*

The Group is committed to workforce diversity in order to ensure its business remains innovative, sustainable and continues to meet the evolving needs of customers and markets.

Employees with broad range of experiences, skills and views are key strengths and critical to the Group's sustainability. As such, the Group believes in hiring capable individuals without any discrimination. It places emphasis on the importance of treating employees fairly, regardless of gender, race or other aspects of diversity. In this manner, the Group ensures that its human resource practices are in compliance with labour laws in Malaysia and Hong Kong.

The number of employees in Malaysia and Hong Kong for the financial years ended 31 March 2016 and 2017 are 4,047 and 3,883 respectively. The diversity of employees in Malaysia and Hong Kong by gender, age and position is presented below:




* Managers include top management, heads of departments and those holding managerial positions

*(ii) Employee engagement*

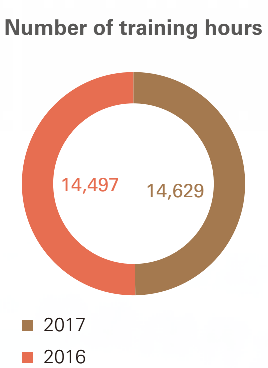
Employee engagement and dialogue are extremely important to the Group. As such, the Group continuously organises events to provide employees with the opportunity to get to know each other better as well as to show its appreciation for their hard work. The Group organises social gatherings such as annual dinner, Chinese New Year and Christmas festival celebrations, in addition to departmental dinners that are organised from time to time by respective departments in the Group. Long-service employees are given awards as an appreciation for their loyalty to the Group.

*(iii)* *Employee training and development*

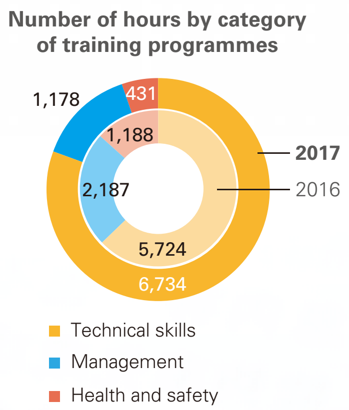
The Group places importance on training and development of its employees as it helps improve efficiency and productivity in the Group. The Group provides internal and external training and development programmes on new knowledge and technical skills for employees to help them cope with technological changes and the Group's development strategies.

The Group's employees are subjected to a performance evaluation process that takes into account their ability to meet the Group's key performance indicators.

The training hours, number of employees trained and training by category for the financial years ended 31 March 2016 and 2017 are presented below:








*(iv)* *Health and safety*

The Group endeavors to provide a workplace free from injury and illness through effective health and safety procedures and practices. The Group employs comprehensive safe work practices that are reviewed on an ongoing basis to ensure that high safety standards are maintained across its business operations.

The Group through its Occupational Safety and Health Committee ("OSHC") set up in its business operations in Malaysia to assist with the identification of hazards and trends, and to facilitate the dissemination of information to address any concerns raised. The OSHC constantly trains, monitors and ensures the safety and well-being of employees. The OSHC meets regularly to review current practices and implement proposals in improving working environments for the benefit of the employees.

In Hong Kong, pursuant to the Factories and Industrial Undertakings (Safety Management) Regulation, the Group has developed and implemented a safety management system where a safety committee is set up to monitor and review the safety policy in the printing plant. Under this regulation, a safety review will be conducted annually for the purposes of evaluating the effectiveness and considering improvement of the safety management system. After the review, a safety review report will be prepared and submitted to the Labour Department of Hong Kong for examination.

While the Group endeavors to keep its workplace safe, a few workplace injuries occurred at the printing plants during the current financial year. These accidents were not fatal and were minimal lost-time injuries, which have been investigated and reported to the relevant authorities, if necessary, to avoid similar incidents from recurring in future. The Group will endeavor to reduce its workplace accidents in the coming years and uphold stringent standards of safety. The number of workplace accidents during the financial years ended 31 March 2016 and 2017 are 18 and 17 respectively.

(v) *Work life balance*

The Group strives to provide a working environment that allows its employees to experience work life balance. In this regard, a number of initiatives are adopted which include implementing a 5-day and 5.5-day working weeks despite of the newspapers' 7-day week operation. Sports and fitness activities within and outside the workplace are also held to promote healthier living.

The Group's sports club organises badminton, ping pong and bowling competitions. The Group also subsidises yoga and aerobics classes to improve the employees' health and well-being.

(vi) *Child and forced labour policies*

The Group does not use child labour or forced labour in any form. The Group plans to develop a policy to ensure that it does not engage any employees through forced labour or engage any underage employees.

(vii) *Code of Ethics and Conduct*

The Board, management and employees are bound by the Group's Code of Ethics and Conduct which commits them to behaving in an ethical manner and upholding the highest standards of professionalism and exemplary corporate conduct. The Code of Ethics and Conduct highlights to directors and employees that they should avoid involving themselves in situations where there is real or apparent conflict of interest between them as individuals and the interests of the Group. Directors and employees are required to exercise caution and due care to safeguard any information of a confidential and sensitive nature relating to the Group which may have come to their knowledge in the course of their employment. They are also reminded about prohibitions against using inside information for securities trading. The Group has put in place a whistleblowing policy for its directors and employees. Directors may refer or highlight their concerns to the Chairman of the Board or the Chief Executive Officer and employees may highlight their concerns to their immediate superior, head of department or the Chief Executive Officer. No individual will be discriminated against or suffer any act of retaliation for reporting in good faith on violations or suspected violation.

To date there have not been any legal cases regarding corrupt practices concluded against the Group or any of its directors or employees.

The Group also has an anti-sexual harassment policy to provide all employees with a working environment free from any form of sexual harassment. Any concerns about sexual harassment may be reported to the individual's immediate superior or to the Human Resources Department and will be treated in the strictest confidence.

**(II) Community involvement**

The Group's newspapers are integral to the lives of their readers and are an important part of their local communities. The Group recognises that its operations can have considerable impact on society and local communities. Hence, the Group engages the community through outreach programmes, corporate sponsorships and donations, as part of its corporate social responsibility efforts in order to have a positive impact on community development for the short and long term.

Adding to this, the Group is using the power and reach of its newspapers to provide support for cause-driven organisations, helping to build awareness of their activities as they seek to grow and garner increased support and funding from the community. In this connection, the Group has been supporting charities through its newspaper titles. This support will either be through appeals to readers for donations or through editorial content, describing the aims and activities of various charities.

*(i)* *Nurturing talent and knowledge-building among students*

The Group advocates the importance of education in building an intellectual society as well as eradicating poverty. To this end, it has been actively involved in various educational initiatives.

*Sin Chew Daily* formed its cadet reporter team since 1984, with a recruitment of 500 students annually from all over Malaysia to participate in training courses and activities, allowing secondary school students to learn more about the society they live in and be concerned about current issues that affect them. The activities include conducting interviews on personalities from various backgrounds and writing articles for its student publication namely *Cahaya Sin Chew*.

The "Ming Pao Student Reporter Scheme" in Hong Kong will be celebrating its 20th anniversary in 2017. Each year, 400 outstanding secondary school students who are nominated by their principals attend this programme. The students are provided with lectures and training on basic journalistic and multimedia publishing skills in order to widen their horizons and stimulate independent thinking and analytical skills. Some of these Ming Teens have become journalists and have won recognition with awards from the media industry.

To promote the literacy of the Chinese language, *China Press* organised "SaZhong Writing Camp" whilst *Ming Pao Daily News* organised the "Little Author" program (小作家培訓計劃) with the Standing Committee on Language Education and Research (SCOLAR) of Hong Kong. Both programmes are aimed at encouraging students' interest in writing.

To increase general knowledge and to encourage reading of newspapers, *Sin Chew Daily* organises the Newspaper in Education (NIE) National Quiz annually on a national level.

*(ii)* *Education*

In Malaysia, the Group has an extensive track record in raising funds to support education efforts that reach out to the needy Chinese schools. The Group through partnerships with sponsors like Hai-O, Tiger Beer and Carlsberg has organised fund raising campaigns through its publications like *Sin Chew Daily*, *Nanyang Siang Pau* and *China Press* to raise funds for Chinese schools in urban and rural locations.

The Group has invested in primary and secondary school students in Malaysia to cultivate reading habits in the community and to increase their understanding of current issues. *Sin Chew Daily*, *China Press* and *Nanyang Siang Pau*, through the NIE programme run a number of curriculum based initiatives, provide educational materials to teachers for Chinese primary school students.

*Sin Chew Daily* and *Nanyang Siang Pau* had tied up with higher education institutions to grant full scholarships to talented but poor students to pursue tertiary education courses in private institutions of higher learning. These scholarships provide much needed assistance to poor students by upgrading their educational qualifications.

(iii) *Humanitarian assistance*

Assisting the under privileged and the communities in which the Group operates in is a core belief of the Group. As such, the Group has raised funds for various charitable causes.

At the fore front of these activities in Malaysia are Yayasan Sin Chew and Yayasan Nanyang Press. One of these causes is to help special needs children. Yayasan Nanyang Press contributed funds to hire a full time teacher to teach approximately 40 disabled students and also organised a charity walk to raise funds for training 150 children with special needs. Yayasan Nanyang Press also continues its effort in helping the autistic children. It supported the Dream House for Hidden Stars which offers painting, piano, ukulele, vocal, dancing, junior robotic, and group percussions classes to autistic students. Some of these students have been able to make a living after completing their training by selling their paintings or carrying out performances.

Through Yayasan Sin Chew, the Group made donations to various orphanages and old folks' homes throughout Malaysia. Yayasan Sin Chew has an ongoing "Adopt A Child" programme which is run with the generous contributions from the community. The Group also donated food items to Orang Asli in Kelantan and sponsored the Orang Asli Agricultural Project in Pahang and Kelantan.

As a relief response to damages caused by fire and natural disasters, the Group kicked-off fund raising drives to provide emergency aid and recovery supplies to the victims of such disasters. Yayasan Sin Chew raised funds for victims of Nepal earthquake whilst Yayasan Nanyang Press delivered various relief items to the flood survivors in Pitas, Sabah in January 2017 and to fire victims in Kudat in June 2016.

(iv) *Medical assistance and mental health awareness and support*

The Group is aware that the cost of medical treatment has increased and is beyond the reach of certain segments of society. With this in mind, the Group through Yayasan Nanyang Press provides sponsorship to several dialysis centres throughout Malaysia to subsidise their costs in managing their patients. The Group's initiatives have extended to cover medical and logistical expenses to enable doctors and medical students to provide free medical services to 400 patients in Keningau Sabah. Meanwhile, Yayasan Sin Chew also supports Assisi Palliative Care Berhad to provide hospice-at-home palliative care services covering areas which are not serviced by other hospices in order to reach out to more patients in need.

*Guang Ming Daily* continues to provide medical services and shares health tips and information with the public through "Guang Ming Wellness Tour". This aims to enhance physical wellness and create a greater awareness of healthier lifestyle in the community.

The Group is also keen to create more awareness about the importance of mental health and has provided support to the Agape Counselling Centre in Malaysia to provide counselling to people who are suffering from depression and other mental health issues. The assistance also extends to the support given to Agape and Persatuan Lifeline Malaysia to train non-governmental organisation employees and volunteers as well as teachers from kindergartens and schools, to improve their counselling skills for the benefit of their counselees.

**(III) Readers and advertisers**

In order to stay connected with its readers and advertisers, the Group continuously improves and innovates on the touch points with its readers and advertisers. Apart from using social media platforms such as Facebook, Twitter and YouTube, the Group employs surveys, advertisements, hotline numbers and email accounts to connect with its customers. The Group also welcomes visits to its printing plants. For example, *Sin Chew Daily*, *China Press* and *Ming Pao Daily News* receive visits from schools to their printing plants in order for the students to get an insight into the newspaper operations. These visits serve as a platform to instill brand loyalty among the students who form the next generation of readers for the Group's publications.

The main sources of the Group's revenue are from the sale of newspapers and magazines as well as from advertising. In order to continuously generate revenue, the Group has to ensure that its readership is maintained hence various activities are conducted at schools and universities to encourage more subscriptions as well as to enhance brand loyalty.



The Group has also engaged in various activities such as trade fairs and education fairs to generate revenue from advertisers. In Malaysia, *Sin Chew Daily* organised the Sin Chew Trade Fair in several locations in partnership with various businesses which showcased their products and these functions brought additional advertising revenue for the Group. It also organises the Sin Chew Education Fair annually in order to provide students with information about tertiary educational opportunities in Malaysia and overseas and to increase advertising revenue.

In Hong Kong, *Ming Pao Daily News* conducted a "Finance Outlook Seminar" for its readers in which investment experts were invited to share their insights about the financial outlook for 2017.

Acknowledging the roles of enterprises in Malaysia's economy, *Sin Chew Daily* has organised the "Sin Chew Business Excellence Awards" to give recognition to enterprises which have achieved utmost excellence in all key business management disciplines. At the same time, *Nanyang Siang Pau's* "Golden Eagle Awards" is one of the most prestigious and reputable annual business awards recognised by the business community.

**(IV) Investors/shareholders**

The Company reaches out to the investing community through the corporate announcements, quarterly, half-yearly and annual announcements of its financial results, press releases and at its general meetings.

The Company has in place a shareholders' communication policy. The details of shareholders' rights is set out in the Statement on Corporate Governance in this Annual Report on pages 45 to 66. The Group's website also provides detailed information on procedures for shareholders to propose a person for election as a director.

**(d) Governance**

The Group seeks to adopt practices that will support sustainable economic growth with strong governance and accountability.

Further details on the Group's corporate governance is set out in the Statement on Corporate Governance and Statement on Risk Management and Internal Control on pages 45 to 66 and pages 68 to 71 of this Annual Report respectively.

## INTRODUCTION

The Board recognises the paramount importance of good corporate governance to the success of the Group. It strives to ensure that a high standard of corporate governance is practised throughout the Group as a fundamental aspect of its responsibilities in managing the businesses and affairs of the Group.

The Group's corporate governance practices is guided by the Corporate Governance Code (the "Hong Kong Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HK Listing Rules") and the Malaysian Code on Corporate Governance 2012 (the "Malaysian Code").

The Company has adopted all the code provisions in the Hong Kong Code and will continue to apply the principles and recommendations set out in the Malaysian Code. This statement sets out the key features of the Group's governance practices and describes the extent of how the Group has applied the principles of the Malaysian Code as well as the Hong Kong Code for the year under review, except as disclosed below.

Following the demise of Temenggong Datuk Kenneth Kanyan ANAK TEMENGGONG KOH ("Temenggong Datuk Kenneth") on 1 March 2016 and until 22 June 2016, the Board comprised 8 members, including 5 executive directors, a non-executive director and 2 independent non-executive directors ("INEDs"), with the number of INEDs falling below the minimum number required under Rule 3.10(1) of the HK Listing Rules and falling below one-third of the Board as required under Rule 3.10A of the HK Listing Rules and Paragraph 15.02 under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (the "Bursa Securities Listing Requirements").

Temenggong Datuk Kenneth also served as the Chairman of the Nomination Committee, a member of the Audit Committee and a member of the Remuneration Committee of the Company. Following his passing away, the number of Audit Committee members fell from 3 to 2, below the minimum number required under Rule 3.21 of the HK Listing Rules and Paragraph 15.09 under the Bursa Securities Listing Requirements; the number of Remuneration Committee members decreased from 5 to 4, comprising 2 INEDs, which failed to fulfil the requirement that a remuneration committee must comprise a majority of INEDs under Rule 3.25 of the HK Listing Rules; and the chair position of the Nomination Committee became vacant which did not fulfil the requirement under Code Provision A.5.1 of Appendix 14 of the HK Listing Rules.

On 23 June 2016, Mr KHOO Kar Khoon was appointed as an INED, the Chairman of the Nomination Committee, a member of the Audit Committee and a member of the Remuneration Committee of the Company. Following the appointment of Mr KHOO, the number of INEDs and Audit Committee members of the Company fulfils the minimum number as required under Rule 3.10(1), Rule 3.10A and Rule 3.21 of the HK Listing Rules and Paragraph 15.02 and Paragraph 15.09 under the Bursa Securities Listing Requirements, the number of INEDs in the Remuneration Committee represents a majority as required under Rule 3.25 of the HK Listing Rules; and the appointment of the Chairman of the Nomination Committee fulfils the requirement under Code Provision A.5.1 of Appendix 14 of the HK Listing Rules.

In respect of the Malaysian Code, the Company has complied with the principles and recommendations set out in the Malaysian Code wherever possible save for (i) the appointment of a senior INED; and (ii) the appointment of an independent non-executive chairman, or to have a board with a majority of independent directors where the chairman is not an independent director. The Board, having assessed and reviewed, inter-alia, the skills, knowledge and experience of the Group Executive Chairman as well as the current Board composition, is of the view that the Board's chairmanship shall remain with Tan Sri Datuk Sir TIONG Hiew King. The Board is of the view that his vast and diversified experience, skill and knowledge in the global Chinese media industry will be instrumental in spearheading the Group to achieve greater heights for years to come. In addition, the Board is of the opinion that there is no urgency to appoint a senior INED. However, the Board will continue to review and evaluate such recommendations under the Malaysian Code and is committed to achieving and sustaining high standards of corporate governance.

The Board believes that the current Board size and composition is appropriate for its purpose, and is satisfied that it adequately safeguards the interests of minority shareholders of the Company. The Board shall continue to monitor and review the Board size and composition from time to time.

## CONDUCT ON SHARE DEALINGS

The Company has adopted the requirements and code as set out in (i) Chapter 14 (Dealings in Listed Securities) of the Bursa Securities Listing Requirements ("Chapter 14 of the Bursa Securities Listing Requirements") and (ii) the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the HK Listing Rules as its own code for securities transactions by directors of the Company. Following specific enquiry by the Company, all directors of the Company have confirmed their compliance with the required standards as set out in (i) Chapter 14 of the Bursa Securities Listing Requirements and (ii) the Model Code during the year.

The Company has also established written guidelines regarding securities transactions on no less exacting terms than the Model Code for senior management and specific individuals who may have access to inside information in relation to the securities of the Company.

## THE BOARD OF DIRECTORS

**(a) Board roles and responsibilities**

The Board takes full responsibility for the oversight and overall performance of the Group. To facilitate the discharge of this responsibility, the Board is assisted by a number of Board committees to which the Board has delegated certain key matters. The ultimate responsibility and the final decision on specific matters still lie with the Board where the Board committees have no authority to make decisions on matters reserved for the Board.

The Board committees, namely Group Executive Committee, Audit Committee, Nomination Committee and Remuneration Committee, are entrusted with specific responsibilities to oversee the Group's affairs in accordance with their respective written terms of reference. All terms of reference of the Board committees are approved by the Board and reviewed periodically to ensure their relevance as and when required. At each Board meeting, the chairman of the respective Board committees reports to the Board on the key issues deliberated in and outcome of the Board committee meetings. Minutes of the Board committee meetings will also be presented to the Board for notation and endorsement.

The Board has wide responsibilities which are discharged in the best interest of the Group, and to promote and protect the interest of the shareholders and stakeholders of the Company. The key responsibilities of the Board include developing and reviewing the Company's policies and practices on corporate governance; reviewing and monitoring the training and continuous professional development of directors and senior management; reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and directors; and reviewing the Company's compliance with the Hong Kong Code and the Malaysian Code and disclosures in the Statement on Corporate Governance. The Board guides and monitors the affairs of the Group on behalf of the shareholders and retains full and effective control over the Group.

The duties of the Board also cover a review of the strategic direction for the Group, directing future expansion, overseeing and evaluating the business operations of the Group, reviewing the adequacy and the integrity of internal control system, identifying principal risks and ensuring the implementation of appropriate systems to manage these risks, establishing a succession plan, and developing and implementing a shareholders' communication programme for the Group. The responsibility for matters material to the Group is in the hands of the Board, with no individual having unfettered powers to make decisions.

During the year, the Board has reviewed the Company's compliance with the Hong Kong Code and the Malaysian Code and the disclosures in this statement. It has also reviewed the training and continuous professional development of directors and senior management, as well as the practices on compliance with legal and regulatory requirements.

The Group Chief Executive Officer and the Group Executive Committee take on primarily responsibility for managing the day-to-day running of the Group with respect to both its regulatory and commercial functions. The Board has oversight on matters delegated to management whereby progress updates on key strategic initiatives, business targets and achievements to date, significant operational issues, business challenges and issues, are reported by management at least on a quarterly basis at the Board meetings.

The Board adopts the Board Charter to outline the manner in which the constitutional powers and responsibilities of the Board will be exercised and discharged, having regard to principles, best practices and applicable laws. It will be periodically reviewed and updated according to the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. A Code of Ethics and Conduct has also been adopted to formalise the standard of conduct that is expected from the Board members, with an aim to cultivate good ethical conduct that in turn promotes the values of transparency, accountability and integrity.

A summary of the current Board Charter, Code of Ethics and Conduct and the terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are available on the Company's website: www.mediachinesegroup.com.

**(b) Board composition and balance**

The Board has 9 members, comprising 4 executive directors, Tan Sri Datuk Sir TIONG Hiew King (Group Executive Chairman), Mr TIONG Kiew Chiong (Group Chief Executive Officer), Mr NG Chek Yong and Mr LEONG Chew Meng; 2 non-executive directors ("NEDs"), Dato' Sri Dr TIONG Ik King and Ms TIONG Choon; and 3 INEDs, Mr YU Hon To, David, Datuk CHONG Kee Yuon and Mr KHOO Kar Khoon, which fulfils the requirements under the HK Listing Rules and Bursa Securities Listing Requirements.

A brief description of the background of each director including his/her relationship, if any, with other Board members is presented on pages 4 to 9. The directors are from different backgrounds and specialisations. Together, they provide the Group with a wealth of knowledge, experience, skills and expertise that is important for the continued successful direction of the Group.

The Board appreciates the distinct roles and responsibilities of the Group Executive Chairman and the Group Chief Executive Officer ("Group CEO"). As such, the roles of the Group Executive Chairman and the Group CEO are separated and clearly defined in the Board Charter, and are held by different individuals to ensure a proper balance of power and authority.

The Group Executive Chairman is responsible for ensuring the smooth and effective function of the Board. His duties include providing leadership for the Board, ensuring that the Board carries out its responsibilities in the best interest of the Company and that all key issues are discussed in a timely manner. The Group CEO's role is to manage the Group's business and to ensure the delivery of the objectives and strategies set by the Board within the authority limits delegated by the Board.

Generally, the executive directors and the Group Executive Committee are responsible for making and implementing operational and corporate decisions as well as developing, co-ordinating and implementing business and corporate strategies. The NEDs are actively involved in various Board committees and contribute significantly to areas such as performance monitoring and enhancement of corporate governance and controls. They provide a broader view, independent assessment and opinions on management proposals sponsored by the executive directors.

The Board through the Nomination Committee conducts an annual assessment on the effectiveness of the Board as a whole, the Board committees and contribution of each individual director, including the INEDs.

**(c) Board meetings**

The Board meets on a quarterly basis and additionally as required from time to time to consider urgent proposals or matters that require the Board's decision. Quarterly meetings are scheduled in advance annually so that the directors can plan ahead to ensure their attendance at Board meetings. All proceedings of the Board meetings are duly minuted, approved and signed by the chairman of the meeting. Any director who has a direct or indirect interest in the subject matter to be discussed at the Board meetings will declare his or her interest and abstain from the deliberation and decision making process.

During the year, six (6) Board meetings were held, in which five (5) were regular board meetings. The attendance record for each director is as follows:

| Name | Number of meetings attended | Percentage of attendance |
|---|---|---|
| *Executive directors* | | |
| Tan Sri Datuk Sir TIONG Hiew King *(Group Executive Chairman)* | 6/6 | 100% |
| Mr TIONG Kiew Chiong *(Group CEO)* | 6/6 | 100% |
| Mr NG Chek Yong | 6/6 | 100% |
| Mr LEONG Chew Meng | 6/6 | 100% |
| *Non-executive directors* | | |
| Dato' Sri Dr TIONG Ik King *(note 1)* | 6/6 | 100% |
| Ms TIONG Choon | 6/6 | 100% |
| *Independent non-executive directors* | | |
| Mr YU Hon To, David | 6/6 | 100% |
| Datuk CHONG Kee Yuon *(note 2)* | 6/6 | 100% |
| Mr KHOO Kar Khoon *(note 2)* | 4/5 | 80% |

*Notes:*

(1) Dato' Sri Dr TIONG Ik King was re-designated from an executive director to a NED on 1 April 2017.

(2) Datuk CHONG Kee Yuon and Mr KHOO Kar Khoon were appointed as INEDs on 1 April 2016 and 23 June 2016 respectively.

**(d) Information to the Board**

The directors are provided with adequate Board reports on a timely manner prior to the Board meeting to enable them to make informed decisions. These reports provide information on the Group's performance and major operational, financial and corporate issues and management proposals that require the Board's approval.

Monthly reports on the financial performance of the Group are also circulated to the directors for their review and comments. Minutes of the Board committees are also circulated to the Board for perusal. Periodic briefings on industry outlook are also provided to the directors to ensure that the Board is well informed of the latest market and industry trends and developments.

The Board has full access to the advice and services of the Joint Company Secretaries. The directors are also regularly updated on any new regulations, guidelines or directives issued by Bursa Malaysia Securities Berhad ("Bursa Securities"), the Securities Commission of Malaysia, the HK Stock Exchange and other relevant regulatory authorities.

The directors, whether as a group or individually, may seek independent professional advice when necessary in furtherance of their duties at the Company's expenses. The appointment of such professional advisors is subject to the approval of the Board.

**(e) Re-election of directors**

In accordance with the Company's Bye-Laws, all newly appointed directors shall retire from office but shall be eligible for re-election in the next annual general meeting ("AGM") or the next general meeting subsequent to their appointment. The Company's Bye-Laws further provide that at least one third of the remaining directors (save for the Group Executive Chairman) for the time being are required to retire by rotation at each AGM and are eligible for re-election. Further, in accordance with the HK Listing Rules, all directors (including the Group Executive Chairman) shall retire from office once in every 3 years but shall be eligible for re-election.

**(f) Terms of appointment of non-executive directors**

The Company had entered into appointment letters with the INEDs namely, Mr YU Hon To, David and Datuk CHONG Kee Yuon for a term of two years from 1 April 2016 to 31 March 2018 and Mr KHOO Kar Khoon for a term of one year nine months and eight days from 23 June 2016 to 31 March 2018, subject to retirement and re-election by rotation at the AGM under the Bye-Laws of the Company. In respect of the NEDs namely Dato' Sri Dr Tiong Ik King and Ms TIONG Choon, their appointment term is from 1 April 2017 to 31 March 2019, and subject to retirement and re-election by rotation at the AGM in accordance with the Bye-Laws of the Company.

**(g) Shareholders' approval for re-appointment of an independent director who has served for 9 years or more**

Mr YU Hon To, David was appointed to the Board as an INED on 30 March 1999, and has therefore served on the Board for more than 9 years.

During his tenure of office, Mr YU has fulfilled all the requirements regarding independence of an INED and has provided annual confirmation of independence to the Company pursuant to Rule 3.13 of the HK Listing Rules and Paragraph 1.01 of the Bursa Securities Listing Requirements. In addition, Mr YU continues to demonstrate the attributes of an INED by providing independent views and advice. There is no evidence that his tenure has had any impact on his independence.

Following an assessment conducted by the Board through the Nomination Committee, the Board viewed that Mr YU is committed to his duties and responsibilities as a director of the Company and remains objective and independent in expressing his views and participating in deliberations and decision-makings of the Board and the Board committees, notably in fulfilling his responsibilities as the Chairman of the Audit Committee. His professional expertise in the audit and finance sectors, his knowledge in corporate governance and regulatory matters and his experience in the business of the Group will continue to contribute to the effective functioning of the Board and the Board committees, thereby safeguarding the interests of the shareholders.

In view thereof, the Board recommends the resolution for the re-appointment of Mr YU Hon To, David as an INED of the Company which will be tabled for shareholders' approval at the forthcoming AGM.

**(h) Board committees**

The current Board committees which assist the Board in the execution of its responsibilities are as follows:

- Group Executive Committee
- Audit Committee
- Nomination Committee
- Remuneration Committee

The composition, functions and responsibilities of each Board committee and the attendance records of the board committee meetings for the year ended 31 March 2017 (save and except for the Audit Committee of which attendance is set out on page 72) are set out below:

| | Number of meetings attended and percentage of attendance | | | | | |
|---|---|---|---|---|---|---|
| **Member** | **Group Executive Committee** | | **Remuneration Committee** | | **Nomination Committee** | |
| *Group Executive Committee* | | | | | | |
| Mr NG Chek Yong *(Chairman)* | 5/5 | 100% | | | | |
| Mr TIONG Kiew Chiong | 5/5 | 100% | | | | |
| Mr LEONG Chew Meng | 5/5 | 100% | | | | |
| Mr ONG See Boon *(note 1)* | 3/4 | 75% | | | | |
| Mr NG Kait Leong | 5/5 | 100% | | | | |
| Mr YII Hua Tung *(note 2)* | 1/1 | 100% | | | | |
| *Remuneration Committee* | | | | | | |
| Datuk CHONG Kee Yuon *(Chairman) (note 3)* | | | 4/4 | 100% | | |
| Mr YU Hon To, David | | | 4/4 | 100% | | |
| Mr KHOO Kar Khoon *(note 4)* | | | 2/2 | 100% | | |
| Mr TIONG Kiew Chiong | | | 4/4 | 100% | | |
| Mr NG Chek Yong | | | 4/4 | 100% | | |
| *Nomination Committee* | | | | | | |
| Mr KHOO Kar Khoon *(Chairman) (note 4)* | | | | | 1/1 | 100% |
| Mr YU Hon To, David | | | | | 2/2 | 100% |
| Datuk CHONG Kee Yuon *(note 3)* | | | | | 2/2 | 100% |

*Notes:*

(1) Mr ONG See Boon resigned as a member of the Group Executive Committee on 1 January 2017.

(2) Mr YII Hua Tung was appointed as a member of the Group Executive Committee on 1 January 2017.

(3) Datuk CHONG Kee Yuon was appointed as the Chairman of the Remuneration Committee and a member of Audit Committee and Nomination Committee on 1 April 2016.

(4) Mr KHOO Kar Khoon was appointed as the Chairman of the Nomination Committee and a member of Audit Committee and Remuneration Committee on 23 June 2016.

**Group Executive Committee**

The Board has established the Group Executive Committee on 25 March 2008 and its members during the year and up to the date of this report are:

- Mr NG Chek Yong *(Chairman)*
- Mr TIONG Kiew Chiong
- Mr LEONG Chew Meng
- Mr ONG See Boon *(resigned on 1 January 2017)*
- Mr NG Kait Leong
- Mr YII Hua Tung *(appointed on 1 January 2017)*

The Board has delegated the day-to-day operations of the Group's businesses to the Group Executive Committee. Its responsibilities include, among others:

- Monitoring and reviewing the operations in Hong Kong, Taiwan, Mainland China, North America, Malaysia and other Southeast Asian countries;

- Performing duties delegated by the Board and exercising the authorities and rights authorised by the same;

- Formulating strategies and business development plans, submitting the same to the Board for approval and implementing such strategies and business development plans thereafter; and

- Assisting the Board in conducting the review of the adequacy and effectiveness of risk management and internal control systems of the Group.

The Group Executive Committee meets regularly to deliberate and consider matters related to the Group's business operations. During the year, the Group Executive Committee has assisted the Board in reviewing the Group's business performance and financial position, implementing new policies and business strategies required by the Board.

**Audit Committee**

The Audit Committee was established on 30 March 1999. It comprises entirely INEDs and its members during the year and up to the date of this report are:

- Mr YU Hon To, David *(Chairman)*
- Datuk CHONG Kee Yuon *(appointed on 1 April 2016)*
- Mr KHOO Kar Khoon *(appointed on 23 June 2016)*

The Audit Committee's primary responsibilities include the review of and deliberation on the Group's financial statements, the external auditor's findings arising from the audit of the Group's financial statements and the issues raised by the Internal Audit Function together with the management's responses thereon. A full Audit Committee Report detailing its composition, terms of reference and summary of activities during the year is set out on pages 72 to 75.

**Nomination Committee**

The Board established the Nomination Committee on 25 May 2005 which comprises entirely INEDs and its members during the year and up to the date of this report are:

- Mr KHOO Kar Khoon *(Chairman) (appointed on 23 June 2016)*
- Mr YU Hon To, David
- Datuk CHONG Kee Yuon *(appointed on 1 April 2016)*

The duties and responsibilities of the Nomination Committee include, among others:

- Reviewing the structure, size and composition of the Board, including the balance mix of skills, knowledge, experience and independence of the INEDs at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- Assessing annually the effectiveness of the Board as a whole, the Board committees and the contribution of each individual director based on the process implemented by the Board; and

- Identifying and recommending new nominees to the Board and Board committees. The final decision on the appointment of directors remains the responsibility of the full Board, after considering the recommendation of the Nomination Committee.

The Nomination Committee met twice during the year. A summary of the key activities undertaken by the Nomination Committee is as follows:

- Reviewed the structure, size and composition of the Board and the Board committees and made recommendations to the Board with regard to any adjustment thereof and/or the appointment of directors as the Nomination Committee deems necessary;

- Conducted the annual performance evaluation in order to assist the Board to review the required mix of skills, experience, independence, diversity (including the gender diversity) and other qualities including core competencies which directors should bring to the Board. These are assessed through an evaluation questionnaire which was provided to individual directors to review their own performance, the effectiveness of the Board, the Board committees and contributions of each individual director, the independence of the INEDs and the Board's mix and skillset;

- Reviewed and deliberated on the summary report of the directors' performance evaluation prior to recommending the appropriate action to the Board for consideration;

- Recommended whether the directors who are retiring by rotation should stand for re-election at the AGM; and

- Reviewed the retention of Mr YU Hon To, David, who has served the Company as an INED for more than 9 years, for recommendation to the shareholders for their approval.

The Nomination Committee, upon its recent annual review carried out, is satisfied that the present size and composition of the Board is optimum and well-balanced. The Nomination Committee also recommended the renewal of appointment of certain directors to the Board.

**Remuneration Committee**

The Board established the Remuneration Committee on 25 May 2005. Except for Mr TIONG Kiew Chiong and Mr NG Chek Yong who are executive directors, the rest of its members are all INEDs. The members during the year and up to the date of this report are:

- Datuk CHONG Kee Yuon *(Chairman) (appointed on 1 April 2016)*
- Mr YU Hon To, David
- Mr KHOO Kar Khoon *(appointed on 23 June 2016)*
- Mr TIONG Kiew Chiong
- Mr NG Chek Yong

The duties and responsibilities of the Remuneration Committee include, among others:

- Recommending to the Board on the Company's policies and structure for directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing a remuneration policy; and

- Recommending to the Board on the remuneration packages of individual executive directors and senior management; and the remuneration of non-executive directors.

Meetings of the Remuneration Committee are held as and when necessary and at least once a year. During the year, the Remuneration Committee has reviewed the remuneration policy and structure of the executive directors and senior management of the Company. It has also reviewed and recommended to the Board, the specific remuneration packages including the terms of employment and performance-based bonus of the directors and senior management of the Company.

**(i) Board appointment**

The Nomination Committee is empowered to identify and recommend suitable candidates to be appointed to the Board, subject to the Board's approval. The Nomination Committee evaluates candidates for appointment based on criteria such as their qualification, skills, functional knowledge, integrity and professionalism to ensure that the candidates will contribute significantly to the effectiveness of the Board.

The Nomination Committee carries out an annual review on the composition of the Board to ensure the selection of Board members with different mix of skill sets, experience, knowledge and gender diversity.

**(j) Board diversity policy**

The Company adopted a policy on board diversity ("Board Diversity Policy") with effect from 1 September 2013 which sets out the approach to achieve and maintain diversity on the Board in order to enhance its effectiveness. The Company endeavours to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives. The appointments of Board members will continue to be made on a merit basis, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Pursuant to the Board Diversity Policy, the Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service. The Board will set up and review the measurable objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Board will also review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time. Nevertheless, the Board will only set specific targets in relation to gender diversity if the situation so requires and if it is in the best interest of the Company to do so.

**(k) Annual assessment of independence of INEDs**

The Board recognises the importance of independence and objectivity in the decision-making process. The Board and the Nomination Committee have, upon their annual assessment, concluded that each INED continues to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them continues to fulfil the definition and criteria of independence as prescribed by the Bursa Securities Listing Requirements and the HK Listing Rules.

**(l) Directors' training**

The Board oversees the training needs of its directors. The directors are regularly updated on the Group's businesses and the competitive and regulatory environment in which they operate.

In addition to the Mandatory Accreditation Programme prescribed by Bursa Securities, all directors are encouraged to attend training programmes to enhance their skills, knowledge, and to keep abreast of relevant changes in law, regulations and the business environment. Each director keeps a record of the training that he/she has attended.

During the year, internal training programmes of "Environmental, Social and Governance (ESG) Reporting" and "Enterprise Risk Management Training" were arranged for the directors in June 2016 and August 2016 respectively. The directors have also attended external training programmes, among which are:

- China's Internet + Strategies and Practices
- Sustainable Business — Environment and Social Introduction Training
- Sustainable Engagement Series for Directors/CEO
- Asian Digital Marketing Forum
- Fintech & Digital Economy Conference 2017
- Invest ASEAN 2017 Edition
- KPMG INED Forum
- The First China — Asean Entrepreneurs Forum
- The 13th Superlative Annual Brand Marketing Conference — "13th Brandfest 2016"
- IIA 2016 National Conference

Below is a summary of the training received by the directors during the year under review:

| Name of director | Type of training |
|---|---|
| Tan Sri Datuk Sir TIONG Hiew King | A, B |
| Dato' Sri Dr TIONG Ik King | A, B |
| Mr TIONG Kiew Chiong | A, B |
| Mr NG Chek Yong | A, B |
| Mr LEONG Chew Meng | A, B |
| Ms TIONG Choon | A, B |
| Mr YU Hon To, David | A, B |
| Datuk CHONG Kee Yuon | A, B |
| Mr KHOO Kar Khoon | A, B |

A: attended seminars/conferences/workshops/forums
B: read journals and updates relating to the economy, media business and directors' duties and responsibilities, etc.

The directors will continue to attend relevant training programmes and seminars from time to time as they consider necessary to equip themselves with relevant knowledge to discharge their duties and responsibilities more effectively.

## (m) Directors' remuneration

### (i) Remuneration procedure

The Remuneration Committee is responsible for the annual review of remuneration of the executive directors, non-executive directors and senior management whereupon recommendations are submitted to the Board for approval.

The executive directors who are full time employees are remunerated in the form of salaries and bonuses and it is the Board's responsibility to approve the remuneration of these directors.

The determination of the fees of non-executive directors and executive directors who are not full time employees of the Group is a matter for the Board as a whole subject to the approval of shareholders at the AGM.

Each individual director abstains from the Board's decision on his/her remuneration.

### (ii) Remuneration package

The remuneration package of directors is as follows:

I. *Basic salary and bonus*
The basic salary for each executive director is recommended by the Remuneration Committee, taking into consideration all relevant factors including function, workload, contribution and performance of the director, as well as the market rate in comparable companies. Bonuses payable to the executive directors are reviewed by the Remuneration Committee and approved by the Board.

II. *Fees and other emoluments*
Non-executive directors and executive directors who are not full time employees of the Group are remunerated by way of fees and other emoluments based on experience and level of responsibilities of the particular directors concerned.

III. *Benefits-in-kind*
Other benefits (such as use of company cars, insurance coverage and housing) are made available as appropriate.

**(iii) Disclosure on remuneration**

The aggregate remuneration of the directors of the Company comprising remuneration received/receivable from the Company and subsidiary companies for the financial year ended 31 March 2017 is categorised as follows:

| | Fees US$'000 | Salaries & other emoluments US$'000 | Total US$'000 |
|---|---|---|---|
| Executive directors | 178 | 1,108 | 1,286 |
| Non-executive directors | 108 | 4 | 112 |

The remuneration of each director for the year ended 31 March 2017 is set out in Note 14 to the financial statements on page 128.

The number of directors and senior management of the Company whose total remuneration falls into the following bands is as follows:

| Range of remuneration | Executive directors | Non-executive directors | Senior management |
|---|---|---|---|
| from US$11,882 to US$23,763 (equivalent to RM50,001 to RM100,000) | 1 | 3 | – |
| from US$35,644 to US$47,525 (equivalent to RM150,001 to RM200,000) | – | – | 1 |
| from US$47,526 to US$59,406 (equivalent to RM200,001 to RM250,000) | – | 1 | – |
| from US$118,813 to US$130,694 (equivalent to RM500,001 to RM550,000) | – | – | 1 |
| from US$130,695 to US$142,575 (equivalent to RM550,001 to RM600,000) | – | – | 1 |
| from US$142,576 to US$154,457 (equivalent to RM600,001 to RM650,000) | – | – | 2 |
| from US$201,983 to US$213,863 (equivalent to RM850,001 to RM900,000) | 1 | – | 2 |
| from US$308,914 to US$320,795 (equivalent to RM1,300,001 to RM1,350,000) | 1 | – | – |
| from US$320,796 to US$332,676 (equivalent to RM1,350,001 to RM1,400,000) | – | – | 2 |
| from US$332,677 to US$344,557 (equivalent to RM1,400,001 to RM1,450,000) | 1 | – | – |
| from US$392,083 to US$403,964 (equivalent to RM1,650,001 to RM1,700,000) | 1 | – | – |

## JOINT COMPANY SECRETARIES

The Board is supported by the Joint Company Secretaries who are qualified to act as company secretaries under relevant legislative requirements and the HK Listing Rules. One of the Joint Company Secretaries is a member of the Hong Kong Institute of Certified Public Accountants and the other is a member of the Malaysian Institute of Chartered Secretaries and Administrators.

The Joint Company Secretaries are accountable directly to the Board on all matters to do with proper functioning of the Board which includes reviewing and implementing corporate governance practices and processes; keeping the Board and Board committees up to date on regulatory rules, requirements, codes, guidance and relevant legislation; co-ordinating the timely completion and dispatch of Board and Board committees papers; attending Board, Board committees and general meetings, and ensuring that the business at meetings is accurately captured in the minutes; and providing assistance in organising and facilitating the induction and professional development of directors.

The Joint Company Secretaries are full time employees of the Group and report to the Group Executive Chairman and the Group CEO. During the year under review, the Joint Company Secretaries have complied with the professional training requirements under the Hong Kong Code.

## INSIDE INFORMATION

The Company is committed to promoting consistent disclosure practices aiming at timely, accurate, complete and broadly disseminated disclosure of inside information about the Group to the market in accordance with applicable laws and regulatory requirements. With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

- is required to disclose inside information as soon as reasonably practicable in accordance with the Securities and Futures Ordinance, the HK Listing Rules and the Bursa Securities Listing Requirements;
- conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission and the "Corporate Disclosure Guide" issued by Bursa Securities; and
- ensures, through its own internal reporting processes and the consideration of their outcome by directors and senior management, the appropriate handling and dissemination of inside information.

## SHAREHOLDERS

The Company values the importance of having effective communication with its shareholders and investors. In this respect, the Company has in place a shareholders communication policy which provides accurate, balanced, clear, timely and complete disclosure of corporation information to enable informed and orderly market decisions by investors.

**(a) Communications between the Company and investors**

The Company is committed to maintaining a high standard for the dissemination of relevant and material information on the development of the Group. The Company also places strong emphasis on the importance of timely and equitable dissemination of information to shareholders. The Company uses a number of formal channels for effective dissemination of information to its shareholders and stakeholders, including corporate announcements made through Bursa Securities and the HK Stock Exchange, annual reports, circulars, general meetings, press conferences, media releases, analyst briefings and through its website. Nevertheless, whilst the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of inside information.

**(b) AGM and special general meeting ("SGM")**

The Company is of the view that the AGMs and SGMs are important opportunities for meeting shareholders and addressing their concerns. At each AGM/SGM, the Board presents the progress and performance of the business or proposals and encourages shareholders to participate in the question and answer session, which provides an opportunity for shareholders to clarify any issues and to have a better understanding of the business. The chairman of the board, chairmen of the respective board committees and the external auditor usually attend the AGMs and SGMs to communicate and answer questions from the shareholders.

Separate resolutions are proposed at general meetings for substantially separate issues including the re-election of directors. Pursuant to Rule 13.39(4) of the HK Listing Rules and Paragraph 8.29A under the Bursa Securities Listing Requirements, all votes of the shareholders at the general meetings shall be taken by poll. Procedures for voting by poll are read out at the general meetings and the shareholders participate in the deliberation of resolutions being proposed. The resolutions are proposed and seconded by the shareholders and then voted on by way of poll in the manner prescribed under the HK Listing Rules and the Bursa Securities Listing Requirements. The chairman of the meeting will declare the results of the voting on each resolution. A press conference is also held immediately after the AGM/SGM where the Group CEO and executive directors will meet the media to answer queries related to the Group and its performance.

At the 26th AGM of the Company held on 12 August 2016, all the 9 directors were present in person to engage directly with the shareholders, and be accountable for their stewardship of the Company. The Company had appointed Tricor Investor & Issuing House Services Sdn Bhd as the Poll Administrator to conduct the polling process, and Coopers Professional Scrutineers Sdn Bhd as the independent Scrutineer to verify the poll results.

The attendance record of directors at the general meetings for the year ended 31 March 2017 is set out below:

| Name | Number of general meeting attended | Percentage of attendance |
|---|---|---|
| *Executive directors* | | |
| Tan Sri Datuk Sir TIONG Hiew King *(Group Executive Chairman)* | 1/1 | 100% |
| Mr TIONG Kiew Chiong *(Group CEO)* | 1/1 | 100% |
| Mr NG Chek Yong | 1/1 | 100% |
| Mr LEONG Chew Meng | 1/1 | 100% |
| *Non-executive directors* | | |
| Dato' Sri Dr TIONG Ik King *(re-designated as non-executive director on 1 April 2017)* | 1/1 | 100% |
| Ms TIONG Choon | 1/1 | 100% |
| *Independent non-executive directors* | | |
| Mr YU Hon To, David | 1/1 | 100% |
| Datuk CHONG Kee Yuon *(appointed on 1 April 2016)* | 1/1 | 100% |
| Mr KHOO Kar Khoon *(appointed on 23 June 2016)* | 1/1 | 100% |

**(c) Website**

The Company strives to ensure that its shareholders and the general public would have easy and convenient access to the Group's latest financial results, press releases, annual reports and other corporation information via its website www.mediachinesegroup.com. Corporate information and financial data presented during analyst and fund manager briefings are also available on the website.

**(d) Procedures of raising enquiries**

The Company welcomes inquiries and feedbacks from shareholders and stakeholders. Shareholders may direct their questions in respect of their shareholdings to the Company's branch share registrars set out below:

(i) Malaysia: Tricor Investor & Issuing House Services Sdn Bhd, Unit 32–01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or

(ii) Hong Kong: Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

All queries and concerns regarding the Group may be emailed to corpcom@mediachinese.com or conveyed to the directors at the following addresses:

(i) Malaysia head office: No. 19, Jalan Semangat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, or

(ii) Hong Kong head office: 15th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong.

**(e) Implications of the Company's dual primary listings status on the investors**

The Company is dual listed on the Main Board of the HK Stock Exchange and the Main Market of Bursa Securities. As a result, shareholders of the Company are entitled to trade the Company's shares on both the HK Stock Exchange and Bursa Securities. Shareholders need to comply with the relevant procedures for trading and transfer of shares between the two securities exchanges, including:

**(i) Trading of the Company's shares**

If a shareholder chooses to trade his/her shares in the Company on Bursa Securities, there is a stamp duty of RM1 for RM1,000 or fractional part of value of securities (payable by both buyer and seller) chargeable on the transaction and the maximum stamp duty to be paid is RM200. For the trading in Hong Kong, stamp duty on sale or purchase of the Company's shares is charged at a rate of 0.1% of the amount of the consideration or of its value on every sold note and every bought note together with a transfer deed stamp duty of HK$5. The applicable brokerage and clearing fees would also be payable by the seller and the buyer.

**(ii) Transfer of shares from Bursa Securities to the HK Stock Exchange and vice versa**

If a shareholder whose shares are deposited in Bursa Malaysia Depository Sdn Bhd (i.e. the central depository of the Bursa Securities) ("Bursa Depository") wishes to withdraw his/her shares from Bursa Depository and deposit them into the Hong Kong securities system for trading in Hong Kong, the share transfer form will be subject to Malaysian stamp duty. The stamp duty payable on such share transfer form is a nominal sum of RM10 on the basis that no beneficial interest passes in such transfer as the transfer is made by a bare trustee (i.e. Bursa Depository) to a beneficiary (i.e. the investor).

For the share transmission between the Hong Kong branch share register and the Malaysian branch share register, a shareholder has to pay approximately RM211 or HK$442 to the relevant share registrar as administrative fees for registration and issuance of new share certificates. Such fees are subject to revision from time to time.

## CONVENING OF SGM UPON REQUISITION BY SHAREHOLDERS

In accordance with Section 74 of the Companies Act 1981 of Bermuda ("Bermuda Companies Act"), a SGM shall be convened upon receipt of a written requisition from a shareholder or shareholders of the Company holding not less than one-tenth (10%) of the Company's paid-up capital carrying the right of voting at general meetings of the Company at the date of deposit of the written requisition.

The written requisition must state the purposes of the meeting (including the resolutions to be considered at the meeting), signed by the requisitionists and deposited at the Company's registered office at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda (the "Registered Office") with a copy to one of the head offices of the Company as below for the attention of the Company Secretary:

(i) Malaysia head office: No. 19, Jalan Semangat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, or

(ii) Hong Kong head office: 15th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong (collectively the "Head Offices").

The written requisition may consist of several documents in like form each signed by one or more of the requisitionists. If the directors do not within 21 days from the date of the deposit of the written requisition proceed duly to convene a SGM, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM, but any SGM so convened shall not be held after the expiration of 3 months from the date of deposit of the written requisition.

## PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

The Bermuda Companies Act allows shareholder(s) to requisition the Company to move a resolution at an AGM of the Company or circulate a statement at any general meeting of the Company.

Pursuant to Sections 79 and 80 of the Bermuda Companies Act, either any number of the registered shareholders holding not less than one-twentieth (5%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, or not less than 100 of such registered shareholders, can request the Company in writing to (a) give to shareholders entitled to receive notice of the next general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to shareholders entitled to receive notice of any general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition signed by all the requisitionists may consist of several documents in like form, each signed by one or more of the requisitionists; and it must be deposited at the Registered Office with a copy to one of the Head Offices of the Company for the attention of the Company Secretary with a sum reasonably sufficient to meet the Company's relevant expenses, not less than 6 weeks before the meeting in case of a requisition requiring notice of a resolution or not less than 1 week before the meeting in the case of any other requisition.

Provided that if, after a copy of the requisition requiring notice of a resolution has been deposited at the Registered Office with a copy to one of the Head Offices of the Company, an AGM is called for a date 6 weeks or less after the copy has been deposited, the copy though not deposited within the above-mentioned time shall be deemed to have been properly deposited for the purposes thereof.

With respect to proposing a person for election as a director, the procedures are accessible on the Company's website: www.mediachinesegroup.com.

## ACCOUNTABILITY AND AUDIT

**(a) Financial reporting**

The Board takes due care and responsibility for presenting a fair, balanced and comprehensive assessment of the Group's financial performance and prospects each time it releases its annual audited financial statements, interim financial information, quarterly results announcements and corporate announcements on significant developments affecting the Group to shareholders and the general public.

The Audit Committee plays a crucial role in reviewing the information to be disclosed to ensure its completeness, accuracy and adequacy prior to release to Bursa Securities and the HK Stock Exchange. The Group's financial statements are prepared in accordance with applicable International Financial Reporting Standards.

**(b) Statement of directors' responsibilities in relation to the financial statements**

The Board is responsible for ensuring that the financial statements of the Company and of the Group give a true and fair view of the financial position of the Company and of the Group as at the end of the financial year, and of the Group's profit or loss and cash flows for the year then ended.

The Statement of Directors' Responsibilities in relation to the Financial Statements is set out on page 67.

**(c) Risk management and internal controls**

The Board recognises the importance of risk management and internal controls in the overall management processes. Information on the Group's risk management and internal controls is presented in the Statement on Risk Management and Internal Control on pages 68 to 71.

**(d) Relationship with external auditor**

The Board has established transparent and appropriate relationship with the external auditor through the Audit Committee. The role of the Audit Committee in relation to the external auditor is described in the Audit Committee Report on pages 72 to 75.

**(e) Audit and non-audit fees**

The external auditor of the Company is PricewaterhouseCoopers.

During the year ended 31 March 2017, PricewaterhouseCoopers and its other member firms provided the following audit and non-audit services to the Group:

| | **US$'000** |
|---|---|
| Audit services | 672 |
| Non-audit services | |
| Tax services | 63 |

The fees for audit and non-audit services provided by other external auditors and their affiliated companies to the subsidiaries of the Company amounted to approximately US$1,000 and nil respectively.

PricewaterhouseCoopers will retire and offer itself for re-appointment at the AGM to be held in August 2017.

A statement by PricewaterhouseCoopers about the reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 84 to 87.

## INSTILLING SUSTAINABILITY

The Board strongly views sustainability as a combination of long-term economic value creation with a holistic approach to environmental stewardship, social responsibility and corporate governance.

The Group takes a proactive approach to sustainability through incorporation of sustainable practices into its operations, engaging with society via its corporate responsibility initiatives, strengthening its governance structures and practices as well as taking actions to reduce its environmental footprint. An overview of the Group's activities and initiatives for the year is detailed in the Sustainability Report on pages 34 to 44.

## ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Bursa Securities Listing Requirements, the following is disclosed for shareholders' information:

**(a) Utilisation of proceeds raised from corporate proposals**

There were no proceeds raised from corporate proposals during the financial year.

**(b) Material contracts involving directors and major shareholders**

There were no material contracts of the Company and its subsidiaries (not being contracts entered into in the ordinary course of business) involving directors' and major shareholders' interests, either still subsisting at 31 March 2017 or entered into since the end of the previous financial year.

**(c) Revaluation policy**

The Group's revaluation policy on landed properties classified as investment properties is disclosed in Note 2.7 to the financial statements.

**(d) Recurrent related party transactions of a revenue nature or trading nature (as defined under Paragraph 10.09 of the Bursa Securities Listing Requirements) for the financial year ended 31 March 2017 are as follows:**

| No. | Related parties | Contracting parties | Nature of transactions | Transacted value RM'000 | Transacted value Equivalents in US$'000 |
|---|---|---|---|---|---|
| 1. | Malaysian Newsprint Industries Sdn Bhd ("MNI") | Sin Chew Group and Nanyang Group | (i) Purchase of newsprint from MNI: | | |
| | | | — Sin Chew Group | 30,208 | 7,157 |
| | | | — Nanyang Group | 20,854 | 4,827 |
| | | | (ii) Disposal of newsprint scraps to MNI: | | |
| | | | — Sin Chew Group | 2,343 | 557 |
| | | | — Nanyang Group | 3,466 | 825 |

*Nature of relationship: R.H. Development Corporation Sdn Bhd ("RHDC") and Rimbunan Hijau Estate Sdn Bhd ("RHE") are the substantial shareholders (pursuant to the Malaysian Companies Act, 2016 (the "Act")) of MNI. Tan Sri Datuk Sir TIONG Hiew King ("TSTHK") is both a major shareholder and a director of the Company. He is both a major shareholder and director of RHE and RHDC, and a director of Sin Chew. Dato' Sri Dr TIONG Ik King is both a major shareholder and a director of the Company. He is (pursuant to the Act) a substantial shareholder of RHDC.*

| No. | Related parties | Contracting parties | Nature of transactions | Transacted value RM'000 | Equivalents in US$'000 |
|---|---|---|---|---|---|
| 2. | Tiong Toh Siong & Sons Sendirian Berhad ("TTS&S") | Mulu Press Sdn Bhd ("MPSB") | MPSB's tenancy of various properties from TTS&S as landlord | 36 | 9 |
| | *Nature of relationship: TSTHK is both a major shareholder and a director of the Company and TTS&S. He is also a director of Sin Chew (the holding company of MPSB).* | | | | |
| 3. | Rimbunan Hijau Holdings Sdn Bhd ("RHH") | MPSB | MPSB's tenancy of various properties from RHH as landlord | 56 | 13 |
| | *Nature of relationship: Teck Sing Lik Enterprise Sdn Bhd ("TSL") is a major shareholder of RHH and a shareholder of the Company. TSTHK is both a major shareholder and a director of the Company, TSL and RHH. He is a director of Sin Chew (the holding company of MPSB). Dato' Sri Dr TIONG Ik King is both a major shareholder and a director of the Company. He is also a major shareholder of RHH.* | | | | |
| 4. | Everfresh Dairy Products Sdn Bhd ("Everfresh") | MPSB | MPSB's tenancy of office at Lot 1054, Block 31, Kemena Commercial Centre, Jalan Tanjung Batu, 97000 Bintulu, Sarawak, Malaysia from Everfresh as landlord | 6 | 1 |
| | *Nature of relationship: Tiong Toh Siong Enterprises Sdn Bhd ("TTSE") and TSL are major shareholders of Everfresh and shareholders of the Company. TSTHK is both a major shareholder and a director of Everfresh, TTSE, TSL and the Company. TSTHK is a director of Sin Chew (the holding company of MPSB). Dato' Sri Dr TIONG Ik King is both a major shareholder and a director of the Company. He is also a major shareholder of TTSE.* | | | | |
| 5. | Sun Media International Sdn Bhd ("SMISB") | Sin Chew | SMISB's tenancy of office at 1/F, No.19, Jalan Semangat, 46200 Petaling Jaya, Selangor, Malaysia from Sin Chew as landlord | 19 | 4 |
| | *Nature of relationship: Sin Chew is a wholly-owned subsidiary of the Company. SMISB is a wholly-owned subsidiary of Sun Media International Limited ("Sun Media"). TSTHK is both a major shareholder and a director of the Company and Sun Media. He is also a director of Sin Chew and SMISB.* | | | | |
| 6. | Evershine Agency Sdn Bhd ("EA") | MPSB | MPSB purchases motor vehicle insurance from EA | 2 | – |
| | *Nature of relationship: Rimbunan Hijau (Sarawak) Sdn Bhd ("RHS") is a shareholder of the Company and a major shareholder of EA. Pertumbuhan Abadi Asia Sdn Bhd ("PAA"), TSL and TTSE are major shareholders of RHS and shareholders of the Company. TSTHK is a major shareholder of EA and a director of Sin Chew (the holding company of MPSB). He is both a major shareholder and a director of the Company, RHS, PAA, TSL and TTSE. Dato' Sri Dr TIONG Ik King is both a major shareholder and a director of the Company. He is a major shareholder of TTSE and, pursuant to the Act, a substantial shareholder of EA.* | | | | |
| 7. | R.H. Tours & Travel Agency Sdn Bhd ("RHTT") | the Group | Purchase of air tickets from RHTT | 216 | 50 |
| | *Nature of relationship: RHS is a shareholder of the Company and a major shareholder of RHTT. TSL, PAA and TTSE are major shareholders of RHS and shareholders of the Company. TSTHK is both a major shareholder and a director of the Company, RHTT, RHS, PAA, TSL and TTSE. Dato' Sri Dr TIONG Ik King is both a major shareholder and a director of the Company. He is a major shareholder of TTSE and a shareholder of RHTT. Ms TIONG Choon is both a shareholder and a director of the Company. She is a director of RHTT.* | | | | |

| No. | Related parties | Contracting parties | Nature of transactions | Transacted value HK$'000 | Equivalents in US$'000 |
|---|---|---|---|---|---|
| 8. | Cheerhold (H.K.) Limited ("Cheerhold") | Charming Holidays Limited ("Charming") | Provision of air ticketing and accommodation arrangement services by Charming to Cheerhold | 322 | 42 |
| | *Nature of relationship: Charming is a wholly-owned subsidiary of the Company. TSTHK and Dato' Sri Dr TIONG Ik King are both major shareholders and directors of the Company. The sister-in-law of both TSTHK and Dato' Sri Dr TIONG Ik King is the ultimate sole shareholder of Cheerhold.* | | | | |
| 9. | One Media Holdings Limited ("OMH") | Ming Pao Newspapers Limited ("MPN") | Provision of circulation support services and library support services by MPN to OMH and its subsidiaries | 1,004 | 129 |
| | *Nature of relationship: OMH is a wholly-owned subsidiary of One Media. MPN is a wholly-owned subsidiary of the Company. The Company is a major shareholder and a substantial shareholder of One Media. TSTHK is both a major shareholder and a director of the Company and One Media. Mr TIONG Kiew Chiong is a director of One Media, OMH and MPN. He is also a director and a shareholder of the Company. Ms TIONG Choon is both a shareholder and a director of the Company. She is also a shareholder of One Media.* | | | | |
| 10. | OMH | Ming Pao Holdings Limited ("MPH") | Provision of administrative support services by MPH to OMH and its subsidiaries | 3,991 | 514 |
| | *Nature of relationship: OMH is a wholly-owned subsidiary of One Media. MPH is a wholly-owned subsidiary of the Company. The Company is a major shareholder and a substantial shareholder of One Media. TSTHK is both a major shareholder and a director of the Company and One Media. He is also a director of MPH. Mr TIONG Kiew Chiong is a director of One Media, OMH and MPH. He is also a director and a shareholder of the Company. Ms TIONG Choon is both a shareholder and a director of the Company. She is also a shareholder of One Media.* | | | | |
| 11. | OMH | Holgain Limited ("Holgain") | Leasing of parking, office and storage space in Ming Pao Industrial Centre situated at 18 Ka Yip Street, Chai Wan, Hong Kong from Holgain as landlord to OMH its subsidiaries | 2,576 | 332 |
| | *Nature of relationship: OMH is a wholly-owned subsidiary of One Media. Holgain is a wholly-owned subsidiary of the Company. The Company is a major shareholder and a substantial shareholder of One Media. TSTHK is both a major shareholder and a director of the Company and One Media. Mr TIONG Kiew Chiong is a director of One Media, OMH and Holgain. He is also a director and a shareholder of the Company. Ms TIONG Choon is both a shareholder and a director of the Company. She is also a shareholder of One Media.* | | | | |
| 12. | One Media Group | Charming | Provision of air ticketing and accommodation arrangement services by Charming to One Media Group | 409 | 53 |
| | *Nature of relationship: Charming is a wholly-owned subsidiary of the Company. The Company is a major shareholder and a substantial shareholder of One Media. TSTHK is both a major shareholder and a director of the Company and One Media. Mr TIONG Kiew Chiong is a director of One Media and Charming. He is also a director and a shareholder of the Company. Ms TIONG Choon is both a shareholder and a director of the Company. She is also a shareholder of One Media.* | | | | |

| No. | Related parties | Contracting parties | Nature of transactions | Transacted value HK$'000 | Equivalents in US$'000 |
|---|---|---|---|---|---|
| 13. | One Media Group | the Group | Provision of barter advertising services by the Group to One Media Group | 994 | 128 |
| | *Nature of relationship: The Company is a major shareholder and a substantial shareholder of One Media. TSTHK is both a major shareholder and a director of the Company and One Media. Mr TIONG Kiew Chiong is a director and a shareholder of the Company. He is also a director of One Media. Ms TIONG Choon is both a shareholder and a director of the Company. She is also a shareholder of One Media.* | | | | |
| 14. | One Media Group | the Group | Receipt of barter advertising services by the Group from One Media Group | 994 | 128 |
| | *Nature of relationship: The Company is a major shareholder and a substantial shareholder of One Media. TSTHK is both a major shareholder and a director of the Company and One Media. Mr TIONG Kiew Chiong is a director and a shareholder of the Company. He is also a director of One Media. Ms TIONG Choon is both a shareholder and a director of the Company. She is also a shareholder of One Media.* | | | | |
| 15. | OMH | Kin Ming Printing Company Limited ("Kin Ming") | Provision of pre-press services by Kin Ming to OMH and its subsidiaries | 78 | 10 |
| | *Nature of relationship: OMH is a wholly-owned subsidiary of One Media. Kin Ming is a wholly-owned subsidiary of the Company. The Company is a major shareholder and a substantial shareholder of One Media. TSTHK is both a major shareholder and a director of the Company and One Media. Mr TIONG Kiew Chiong is a director of One Media, OMH and Kin Ming. He is also a director and a shareholder of the Company. Ms TIONG Choon is both a shareholder and a director of the Company. She is also a shareholder of One Media.* | | | | |
| 16. | TTS&S | Charming | Provision of services such as air-tickets and accommodation arrangement services by Charming to TTS&S | 2 | –* |
| | *Nature of relationship: Charming is a wholly-owned subsidiary of the Company. TSTHK is both a major shareholder and a director of the Company and TTS&S.* | | | | |
| 17. | OMH | MCIL Digital Limited ("MCIL Digital") | Provision of IS programming support services by MCIL Digital to OMH and its subsidiaries | 2,141 | 276 |
| | *Nature of relationship: OMH is a wholly-owned subsidiary of One Media. MCIL Digital is a wholly-owned subsidiary of the Company. The Company is a major shareholder and a substantial shareholder of One Media. TSTHK is both a major shareholder and a director of the Company and One Media. Mr TIONG Kiew Chiong is a director of One Media, OMH and MCIL Digital. He is also a director and a shareholder of the Company. Ms TIONG Choon is both a shareholder and a director of the Company. She is also a shareholder of One Media.* | | | | |
| 18. | Narong Investment Limited ("Narong") | MPH | MPH's tenancy of premises at Flat A, 15th Floor, Marigold Mansion, Taikoo Shing, Hong Kong | 490 | 63 |
| | *Nature of relationship: MPH is a wholly-owned subsidiary of the Company. TSTHK and Dato' Sri Dr Tiong Ik King are both major shareholders and directors of the Company. TSTHK is also a director of MPH. The sister-in-law of TSTHK and Dato' Sri Dr Tiong Ik King is the major shareholder of Narong. Dato' Sri Dr Tiong Ik King is also a director of Narong.* | | | | |

* *negligible*

| No. | Related parties | Contracting parties | Nature of transactions | Transacted value HK$'000 | Equivalents in US$'000 |
|---|---|---|---|---|---|
| 19. | Sun Media | MPH | Provision of accounting and administrative services by MPH to Sun Media | 60 | 8 |
| | *Nature of relationship: MPH is a wholly-owned subsidiary of the Company. TSTHK is both a major shareholder and a director of the Company and Sun Media. He is also a director of MPH.* | | | | |
| 20. | Zero New Media International Limited ("Zero New Media") | MPH | Provision of accounting and administrative services by MPH to Zero New Media | 60 | 8 |
| | *Nature of relationship: MPH is a wholly-owned subsidiary of the Company. Zero New Media is a wholly-owned subsidiary of Sun Media. TSTHK is both a major shareholder and a director of the Company and Sun Media. He is also a director of MPH and Zero New Media.* | | | | |

## CONSTITUTIONAL DOCUMENTS

During the year under review, there was no change in the Company's Memorandum of Association and Bye-Laws.

This Statement on Corporate Governance was approved by the Board on 29 May 2017.

# Statement of Directors' Responsibilities in relation to the Financial Statements

The directors are responsible for ensuring that the financial statements of the Company and of the Group are prepared in accordance with International Financial Reporting Standards ("IFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The directors are also responsible for ensuring that the financial statements of the Company and of the Group are prepared with reasonable accuracy so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2017, and of the Group's profit or loss and cash flows for the year then ended.

In preparing the financial statements of the Company and of the Group for the financial year ended 31 March 2017, the directors have:

— complied with all relevant accounting standards and regulatory disclosure requirements;

— made judgements and estimates that are reasonable and prudent;

— applied appropriate and relevant accounting policies consistently; and

— prepared the financial statements on the going concern basis.

The directors are committed to taking reasonable steps in safeguarding the assets of the Company and of the Group, preventing and detecting fraud and other irregularities.

# Statement on Risk Management and Internal Control

## INTRODUCTION

This Statement on Risk Management and Internal Control (this "Statement") is made pursuant to Paragraph 15.26(b) of the Bursa Securities Listing Requirements, with reference to the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and in accordance with the Hong Kong Code contained in Appendix 14 of the HK Listing Rules. The Board remains committed to maintaining a sound risk management and internal control system to manage risks and safeguard shareholders' investments and the Group's assets.

## BOARD RESPONSIBILITY

The Board affirms its overall responsibility in establishing a sound risk management framework and internal control system for the Group as well as reviewing its adequacy and effectiveness. The Board is of the view that the risk management framework and internal control system are designed to manage and mitigate the Group's risks within the acceptable risk parameters, rather than to eliminate all risks of failure to achieve business objectives and strategies.

In view of the inherent limitations in any system, such system can only provide reasonable but not absolute assurance against material misstatements, losses, frauds, breaches of laws and regulations, and unforeseen emerging risks.

## RISK MANAGEMENT FRAMEWORK

The Group has established appropriate control structure and systematic process for identifying, evaluating, monitoring and managing significant risks pertinent to the achievement of its overall corporate objectives and strategies throughout the year. This process is regularly reviewed by the Board.

The Audit Committee assists the Board in (i) reviewing the adequacy and effectiveness of the Group's risk management and internal control systems; (ii) reviewing management's identification of the significant risks in accordance with the Group's risk management policy; and (iii) reporting to the Board of any significant failures or potential breaches of the Group's risk management policy.

The Group Executive Committee ensures on behalf of the Board that business risks are identified, assessed, managed and monitored across the businesses of the Group. The Group Executive Committee reports quarterly to the Board on changes in the risk landscape and developments in the management of principal risks.

The Group Executive Committee has established two separate Risk Management Committees ("RMC"), one in Malaysia and another in Hong Kong, to oversee and drive improvement in risk management.

The two RMCs are responsible for overseeing the implementation of the risk management framework, reviewing the risk management processes periodically and ensuring that on-going measures taken are adequate to manage, address or mitigate the identified significant risks.

The same principle applies to the Risk Management Units ("RMU"), where risk monitoring accountability rests with the RMUs of the respective subsidiaries within the Group. The RMU comprises key management staff from each division within the operating company.

## RISK MANAGEMENT PROCESS

The risk management process is cascaded through the Group. All key management, heads of subsidiary companies and heads of departments have to identify, evaluate and manage risks associated with the business operations on an on-going basis with defined parameters, and recording these in the risk registers. It is mandatory for this process to take place at least once a year, and follow-up review every six months.

For each risk identified, the management will assess the root causes, consequences and mitigating controls. An assessment is then made taking into account the probability of the risk occurring and the impact before and after mitigating controls. The content of the risk register is determined through discussions with senior management and review by the RMU.

At each RMU meeting, the overall risk profile of the operating company is assessed, significant risks are identified, the risk register is updated and action plans for mitigation are prepared. A risk assessment report comprising the action plans on significant risks is tabled to the RMC. The deliberation of risks and related mitigating responses are carried out at regular management meetings of the operating companies.

In essence, risks are dealt with, and contained at, the respective subsidiaries, and are communicated upwards to the Board through the Group Executive Committee via the RMC.

The Group Executive Committee in turn is assisted by the Risk Coordinators (RCs) in Hong Kong and Malaysia, who act as the Group's focal points for all risk management activities within their respective regions.

## INTERNAL AUDIT

The Group has an independent in-house Internal Audit Function that reports directly to the Audit Committee. The Internal Audit Function reviews the adequacy and effectiveness of the Group's risk management and internal control systems based on annual audit plan approved by the Audit Committee. This provides reasonable assurance to the Board that risk management, internal control and governance processes are in place and operating satisfactorily.

The Internal Audit Function carries out its duties with impartiality, proficiency and due professional care. It undertakes regular reviews for risks identified and evaluates the control processes implemented by the Group and reports to the Audit Committee on a quarterly basis. The Audit Committee reviews the key concerns raised by the Internal Audit Function and ensures that prompt remedial action is taken by the management.

## OTHER INTERNAL CONTROL PROCESSES

Apart from the above, the other key features of the Group's internal control systems are as follows:

- The Group has established an organisation structure with clearly defined lines of responsibilities, authority limits and accountability aligned to businesses and operations requirements;
- Relevant executive directors and senior management have been delegated with specific authorities and responsibilities for monitoring the performance of designated business operating units;
- The Board reviews and approves the Group's annual business plans and budgets. The Group's senior management meets on a monthly basis with operating companies' management to review their businesses and financial performances against the business plans and approved budgets. Key business risks relevant to each operating company are also reviewed in these meetings;
- Explanations on actual performance and significant variances against budgets are provided to the Board on a quarterly basis. This helps the Board and senior management monitor the Group's business operations and plan on a timely basis to suit the changes in business environment;
- Each operating company maintains internal controls and procedures appropriate to its structure and business environment whilst complying with the Group's policies, standards and guidelines;
- The Group maintains an appropriate insurance programme in order to provide sufficient insurance coverage on major assets and libel suits that could result in material loss. The insurance brokers assist management in conducting a risk assessment on a yearly basis on the Group's operations, which helps the Group in assessing the adequacy of intended coverage;
- The Board reviews all areas of significant financial risk and approves all significant capital projects and investments after detailed review and consideration;
- The Group has established IT Services Continuity Plans in key business units primarily aimed to handle potential IT service interruptions;
- The Group has established a Crisis Management Team in a key business unit to manage and handle significant risk or crisis faced by the business unit;
- The treasury department manages the cash balances and exposure to currency transaction risks through treasury policies, risk limits and monitoring procedures;
- Code of ethics are established and adhered to by all employees to ensure high standards of conduct and ethical values in all business practices; and
- The legal department monitors compliance with relevant laws and regulations which govern the Group's businesses.

## WHISTLEBLOWING POLICY

The Group has a whistleblowing policy approved by the Board. The policy outlines the Group's commitment toward enabling its employees to raise concerns about possible improprieties in financial reporting, internal controls or other matters within the Group. Proper arrangements have been put in place for fair and independent investigation of such matters and for appropriate follow-up actions. All matters reported will be investigated and handled with strict confidentiality. The effectiveness of this policy is monitored and reviewed regularly by the Audit Committee.

## REVIEW OF ADEQUACY AND EFFECTIVENESS

The Board has reviewed the adequacy and effectiveness of the Group's risk management framework and internal control activities to ensure that necessary actions have been or are being taken to rectify weaknesses identified during the year.

The Board has also received reasonable assurance from the Group CEO and Head of Finance that the Group's system of risk management and internal control, in all material aspects, is operating adequately and effectively. For the financial year under review and up to the date of this Statement, there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group.

In this connection, the Board concludes that an effective system of risk management and internal control is in place to safeguard the shareholders' investment and the Group's assets.

## REVIEW OF THIS STATEMENT BY EXTERNAL AUDITOR

The external auditor has reviewed this Statement for inclusion in the Group's Annual Report for the financial year ended 31 March 2017. The external auditor has reported to the Board that nothing has come to its attention that causes it to believe that this Statement is inconsistent with its understanding of the process adopted by the Board in reviewing the adequacy and integrity of the Group's system of risk management and internal control.

This Statement on Risk Management and Internal Control was approved by the Board on 29 May 2017.

# Audit Committee Report

The Board of the Company is pleased to present the Audit Committee Report for the year ended 31 March 2017.

## MEMBERS AND MEETINGS

The Audit Committee comprises three members, all of whom are independent non-executive directors who each satisfies the "independence" requirements contained in both the Bursa Securities Listing Requirements and the HK Listing Rules. Details of the composition of the Audit Committee and the attendance of each member during the year are set out below:

| Name of member | Number of meetings attended | Percentage of attendance |
|---|---|---|
| Mr YU Hon To, David *(Chairman)* | 5/5 | 100% |
| Datuk CHONG Kee Yuon *(appointed on 1 April 2016)* | 5/5 | 100% |
| Mr KHOO Kar Khoon *(appointed on 23 June 2016)* | 3/3 | 100% |

The meetings were appropriately structured through the use of agendas, which were distributed to the members with sufficient notification. The Group CEO, the relevant executive directors, Head of Internal Audit Function and staff responsible for the accounting and financial reporting function were also invited to attend and brief the Audit Committee on specific issues. The Audit Committee also held two separate private meetings with the external auditor, PricewaterhouseCoopers, on 22 June 2016 and 24 November 2016 respectively, in the absence of the executive directors and management.

The Chairman of the Audit Committee is responsible to brief the Board on principal matters deliberated at each Audit Committee meeting. Minutes of the meetings were tabled for confirmation at the next Audit Committee meeting and subsequently presented to the Board for notation.

## TERMS OF REFERENCE

The Audit Committee is governed by its terms of reference which have been reviewed from time to time and the last review was conducted on 22 June 2016. The revised terms of reference of the Audit Committee is available on the Company's website at www.mediachinesegroup.com.

The functions of the Audit Committee include, among others:

(a) To review the following and report the same to the Board:

- (i) with the external auditor, the audit plan;
- (ii) with the external auditor, the evaluation of the system of internal controls;
- (iii) with the external auditor, the audit report;
- (iv) the assistance given by the employees of the Group to the external auditor;
- (v) the adequacy of scope, functions, competency and resources of the Internal Audit Function and that it has the necessary authority to carry out its work;
- (vi) the internal audit programme, processes, results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the Internal Audit Function;

(vii) the quarterly, half-yearly, and annual financial results and reports prior to their approval by the Board, focusing particularly on:

- changes in and implementation of accounting policies and practices;
- major judgemental areas;
- significant adjustments resulting from audit;
- going concern assumptions and qualifications;
- compliance with accounting standards;
- compliance with the HK Listing Rules, Bursa Securities Listing Requirements and other legal and regulatory requirements in relation to financial reporting; and
- significant and unusual events;

(viii) any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(b) to review and discuss the Group's financial controls, risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. The discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function;

(c) to recommend the nomination of the external auditor, the audit fees and any question of resignation or dismissal; and

(d) such other functions as the Board may from time to time determine.

## SUMMARY OF ACTIVITIES

The Audit Committee discharged its duties in accordance with its terms of reference. A summary of the work performed and the key matters considered by the Audit Committee during the year were as follows:

### Financial reporting

(a) Reviewed the Group's quarterly and half-yearly financial results, including the press releases and announcements relating to the financial reports for quality of disclosure and presentation, and discussed with the management and the external auditor to ensure compliance with Bursa Securities Listing Requirements, HK Listing Rules, applicable approved accounting standards and other statutory and regulatory requirements before recommending to the Board for approval and public release.

On 24 May 2016, the Audit Committee reviewed the quarterly financial report for the fourth quarter ended 31 March 2016. The quarterly unaudited financial reports for the first, second and third quarters of 2016/17 were reviewed at the Audit Committee meetings on 23 August 2016, 24 November 2016 and 24 February 2017, respectively.

(b) Reviewed the interim financial information and annual financial statements of the Company and of the Group for the six months ended 30 September 2016 and year ended 31 March 2017 on 24 November 2016 and 25 May 2017 respectively, prior to submission to the Board for approval.

(c) Reviewed the going concern basis applied for preparing the Group's consolidated financial statements. The Audit Committee's assessment was based on reports by management and took note of the principal risks and uncertainties, the existing financial position, the Group's financial resources, and the expectation for future performance and capital expenditure.

(d) The Audit Committee's recommendations were presented for approval at the subsequent Board meeting.

**Internal audit**

(a) Reviewed and approved the annual internal audit plan for the financial year ended 31 March 2017 on 23 August 2016. This was to ensure the principal risk areas were adequately identified and covered in the plan.

(b) Reviewed the scope and coverage of the audit over the activities of respective operating units of the Group and the basis of assessment and risk rating of the proposed areas of audit.

(c) Reviewed and deliberated on the reports from the Internal Audit Function.

(d) Reviewed the recommendations by the Internal Audit Function and appraised the adequacy and effectiveness of management's response in resolving the audit issues reported.

(e) Reviewed the corrective actions taken by management in addressing and resolving issues as well as ensuring that all issues were adequately addressed on a timely basis.

(f) Reviewed the adequacy of resources and competency of the Internal Audit Function in executing the audit plan.

**External audit**

(a) Reviewed with the external auditor the audit plan, strategy and scope of statutory audit of the Group's consolidated financial statements for the year ended 31 March 2017.

(b) Reviewed the results, audit findings and issues arising from the annual audit and interim review, audit review report and management letter together with management's response to the findings of the external auditor.

On 25 May 2017, the Audit Committee reviewed the external auditor's report with regard to the relevant disclosures in the annual financial statements for year ended 31 March 2017.

(c) Considered and recommended to the Board for approval of the proposed audit fees payable to the external auditor.

(d) Assessed the qualification, expertise, resources and effectiveness of the external auditor.

(e) Reviewed the performance and assessed the independence, objectivity and suitability of the external auditor and the services provided, including non-audit services. Non-audit fees totaling US$63,000 were paid to the external auditor and their associates during the financial year, for the provision of corporate tax advisory and planning and other advisory services.

(f) The external auditor had provided written assurance on 24 November 2016 to the Audit Committee and set out in the Independent Auditor's Report that, in accordance with the terms of all relevant professional and regulatory requirements, they had been independent throughout the audit engagement for the year ended 31 March 2017.

(g) Reviewed the level of assistance given by the employees of the Group to the external auditor.

**Risk management**

(a) Reviewed the effectiveness of the risk management system.

(b) Reviewed the risk assessment reports submitted by the Group Executive Committee on key risks facing the Group. Significant risk issues were summarised and communicated to the Board.

(c) Reviewed the risk registers and risk assessment activities of the subsidiaries of the Group.

**Related party transactions**

(a) Reviewed the related party transactions and recurrent related party transactions (or continuing connected transactions) entered into by the Group.

(b) Reviewed the circular to shareholders in respect of the proposed shareholders' mandate for recurrent related party transactions.

**Others**

(a) Reviewed the Audit Committee Report, Statement on Corporate Governance and Statement on Risk Management and Internal Control for inclusion in the Annual Report 2016/17.

(b) Received and reviewed updates on the arrangement (including investigation and follow-up action) for employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters through the whistleblowing policy adopted by the Company.

(c) Reviewed the training programmes for staff in the Group's accounting, internal audit and financial reporting functions.

## INTERNAL AUDIT FUNCTION

The Internal Audit Function provides independent and objective assurance and advisory services designed to add value and improve the operations of the Group. Its scope encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Group's governance, risk management and internal control processes in relation to the Group's defined goals and objectives. The Audit Committee approved the Internal Audit Function's charter, which sets out its role, scope, authority and responsibility.

The Internal Audit Function reports functionally to the Audit Committee. The Audit Committee reviewed and approved the annual internal audit plan and budget for activities undertaken during 2016/17. The Audit Committee also reviewed the adequacy of scope, functions, competency and resources of the Internal Audit Function during the year.

The Internal Audit Function adopts a risk-based methodology so that relevant controls addressing risks are assessed on a timely basis. It is also guided by the International Professional Practice Framework (IPPF) promulgated by the Institute of Internal Auditors (IIA).

Audit Reports were issued to the Audit Committee incorporating the findings, recommendations and management's comments on the findings. Management has to follow-up in ensuring the agreed actions are satisfactorily implemented. Significant issues and matters unsatisfactorily resolved would be highlighted to the Audit Committee. The Audit Committee reviewed the audit reports and reported to the Board if there were any significant areas of concern.

The total costs incurred for the Internal Audit Function of the Group for the financial year ended 31 March 2017 were approximately US$167,000.

This Audit Committee Report was approved by the Board on 29 May 2017.

# Report of the Directors

The directors submit their report together with the audited financial statements of the Group for the year ended 31 March 2017.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are the publishing, printing and distribution of newspapers, magazines, books and digital contents primarily in the Chinese language, and the provision of travel and travel related services in Hong Kong, Taiwan, Mainland China, North America, Malaysia and other Southeast Asian countries.

The activities of the Company's principal subsidiaries are set out in Note 38 to the financial statements.

An analysis of the Group's performance for the year by operating segments is set out in Note 5 to the financial statements.

## BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2017 is set out in the sections headed "Statement from the Board of Directors", "Management Discussion and Analysis", "Sustainability Report", "Statement on Corporate Governance", "Statement on Risk Management and Internal Control" and "Five-Year Financial Summary" on pages 13 to 15, pages 16 to 22, pages 34 to 44, pages 45 to 66, pages 68 to 71 and page 167 respectively.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 88.

A first interim dividend in respect of the current year of US0.360 cents (2015/2016: US0.500 cents) per ordinary share totalling US$6,074,000 (2015/2016: US$8,436,000) was paid on 30 December 2016.

On 29 May 2017, the Board declared a second interim dividend of US0.360 cents (2015/2016: US0.600 cents) per ordinary share in lieu of a final dividend for the year ended 31 March 2017, totalling US$6,074,000 (2015/2016: US$10,123,000), payable on 10 July 2017.

Further details of the dividends of the Company are set out in Note 12 to the financial statements.

## DONATIONS

Charitable and other donations made by the Group during the year amounted to approximately US$8,000.

## SHARES ISSUED DURING THE YEAR

The Company has not issued any shares during the year ended 31 March 2017. Details of the share capital information of the Company are set out in Note 30 to the financial statements.

## DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 March 2017, calculated under the Companies Act 1981 of Bermuda, amounted to US$251,096,000 (2016: US$201,465,000).

## FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last 5 financial years is set out on page 167.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries had purchased, sold or the Company had redeemed any of the Company's listed securities during the year.

## DIRECTORS

The directors during the year and up to the date of this report were:

**Executive Directors**
Tan Sri Datuk Sir TIONG Hiew King *(Group Executive Chairman)*
Mr TIONG Kiew Chiong *(Group Chief Executive Officer)*
Mr NG Chek Yong
Mr LEONG Chew Meng

**Non-executive Directors**
Dato' Sri Dr TIONG Ik King *(re-designated from an executive director to a NED on 1 April 2017)*
Ms TIONG Choon

**Independent Non-executive Directors**
Mr YU Hon To, David
Datuk CHONG Kee Yuon *(appointed as an INED on 1 April 2016)*
Mr KHOO Kar Khoon *(appointed as an INED on 23 June 2016)*

In accordance with Bye-Law 99(A) of the Company's Bye-Laws, Dato' Sri Dr TIONG Ik King, Mr LEONG Chew Meng and Mr YU Hon To, David will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

In addition, pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, the retention of Mr YU Hon To, David, who has served the Company for more than 9 years as an INED, shall be subject to shareholders' approval at the forthcoming annual general meeting.

The Company has received from each of the INEDs a written annual confirmation of independence pursuant to Rule 3.13 of the HK Listing Rules and Paragraph 1.01 of the Bursa Securities Listing Requirements and considers all the INEDs to be independent.

## COMPETING BUSINESS

Set out below is information disclosed pursuant to Rule 8.10 of the HK Listing Rules.

Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr TIONG Ik King are the substantial shareholders and directors of the Company, and both of them hold directorships and/or ownerships in Pacific Star Limited and R.H. Tours & Travel Agency Sdn Bhd. In addition, Ms TIONG Choon is a director of the Company and she is also a director of R.H. Tours & Travel Agency Sdn Bhd. Pacific Star Limited is engaged in the business of newspapers publishing in Papua New Guinea. R.H. Tours & Travel Agency Sdn Bhd is engaged in the travel and travel related services business in Malaysia. As the Board of Directors of the Company is independent of the boards of the aforesaid companies, the Group operates its business independently of, and at arm's length from, the businesses of the aforesaid companies.

Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr TIONG Ik King are also deemed interested in One Media, a subsidiary of the Company which is listed on the HK Stock Exchange. In addition, Tan Sri Datuk Sir TIONG Hiew King and Mr TIONG Kiew Chiong are directors of the Company and One Media. One Media Group is engaged in media business in the Greater China region, including but not limited to magazine publishing and digital media business. As the contents and demographic readership of the publications of the Group and those of One Media Group are different, the directors consider that there is a clear delineation and no competition between the businesses of the Group and One Media Group and that the Group is carrying on its business independently of, and at arm's length from, One Media Group.

Save as disclosed above, none of the directors of the Company has any interest in a business which competes or is likely to compete with the business of the Group during the year.

## DIRECTORS' SERVICE CONTRACTS

Each of the directors has entered into an appointment letter with the Company for a term of 2 years commencing from 1 April 2016 until 31 March 2018, except for Mr LEONG Chew Meng and Ms TIONG Choon whose appointment letters with the Company commenced from 1 April 2017 to 31 March 2019; and Mr KHOO Kar Khoon whose appointment letter with the Company commenced from 23 June 2016 to 31 March 2018.

Save as disclosed above, none of the directors who are proposed for re-election at the forthcoming annual general meeting have service contracts with the Company or any of its subsidiaries which are not determinable by the Group within one year without payment of compensation, other than statutory compensation.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the Statement on Corporate Governance under "Recurrent Related Party Transactions of a Revenue Nature or Trading Nature" on pages 62 to 66, and in Note 37 to the financial statements "Related Party Transactions", no transactions, arrangements or contracts of significance in relation to the Group's businesses to which the Company, any of its subsidiaries, its holding company or its fellow subsidiaries was a party and in which a director of the Company or his/her connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS HELD BY DIRECTORS, CHIEF EXECUTIVES AND THEIR ASSOCIATES

As at 31 March 2017, the interests and short positions of the directors, chief executives and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Hong Kong Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the HK Stock Exchange pursuant to the Model Code are as follows:

### (i) Interests and short positions in the shares, underlying shares and debentures of the Company

| | | Number of shares held | | | |
|---|---|---|---|---|---|
| Name of director | Nature of interests | At 1 April 2016 | Bought/ (Sold) | At 31 March 2017 | % of issued ordinary shares |
| Tan Sri Datuk Sir TIONG Hiew King | Personal interests | 87,109,058 | – | 87,109,058 | |
| | Family interests[1] | 234,566 | – | 234,566 | |
| | Corporate interests[2] | 796,734,373 | – | 796,734,373 | |
| | | 884,077,997 | – | 884,077,997 | 52.40% |
| Dato' Sri Dr TIONG Ik King | Personal interests | 11,144,189 | – | 11,144,189 | |
| | Corporate interests[3] | 252,487,700 | – | 252,487,700 | |
| | | 263,631,889 | – | 263,631,889 | 15.63% |
| Mr TIONG Kiew Chiong | Personal interests | 2,141,039 | – | 2,141,039 | 0.13% |
| Mr LEONG Chew Meng | Personal interests | 80,000 | – | 80,000 | –* |
| Ms TIONG Choon | Personal interests | 2,654,593 | – | 2,654,593 | |
| | Family interests[4] | 1,023,632 | – | 1,023,632 | |
| | Corporate interests[5] | 653,320 | – | 653,320 | |
| | | 4,331,545 | – | 4,331,545 | 0.26% |

All the interests stated above represent long positions in the shares of the Company.

* *negligible*

*Notes:*

(1) Tan Sri Datuk Sir TIONG Hiew King is deemed to be interested in the shares by virtue of his spouse's interest in 234,566 shares.

(2) The corporate interests of Tan Sri Datuk Sir TIONG Hiew King comprise:

(i) 326,463,556 shares held by Progresif Growth Sdn Bhd ("Progresif");
(ii) 252,487,700 shares held by Conch Company Limited ("Conch");
(iii) 75,617,495 shares held by Ezywood Options Sdn Bhd ("Ezywood");
(iv) 65,319,186 shares held by Teck Sing Lik Enterprise Sdn Bhd ("TSL");
(v) 52,875,120 shares held by Madigreen Sdn Bhd ("Madigreen");
(vi) 15,536,696 shares held by Rimbunan Hijau (Sarawak) Sdn Bhd ("RHS");
(vii) 6,532,188 shares held by Rimbunan Hijau Southeast Asia Sdn Bhd ("RHSA");
(viii) 1,902,432 shares held by Pertumbuhan Abadi Asia Sdn Bhd ("PAA").

Tan Sri Datuk Sir TIONG Hiew King directly holds 84% interest in TSL and 99.99% interest in PAA. In addition, PAA directly holds 47.62% interest in both RHS and RHSA, and 45% interest in Madigreen. Tan Sri Datuk Sir TIONG Hiew King also directly and indirectly holds 45% interest in Progresif and 70% interest in Ezywood. The details of shares held by Conch are set out in note 3 below.

(3) Conch holds 252,487,700 shares of the Company. 40% of the interest in Conch is held by Seaview Global Company Limited, a company jointly owned by Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr TIONG Ik King. In addition, Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr TIONG Ik King directly hold 25% and 22% of the interest in Conch respectively.

(4) Ms TIONG Choon is deemed to be interested in the shares by virtue of her spouse's interest in 1,023,632 shares.

(5) The corporate interests of 653,320 shares are held by TC Blessed Holdings Sdn Bhd, in which Ms TIONG Choon holds 99% equity interest.

### (ii) Interests and short positions in the shares, underlying shares and debentures of One Media

| Name of director | Nature of interests | Number of shares held: At 1 April 2016 | Bought/ (Sold) | At 31 March 2017 | % of issued ordinary shares of One Media |
|---|---|---|---|---|---|
| Tan Sri Datuk Sir TIONG Hiew King | Corporate interests[1] | 292,700,000 | – | 292,700,000 | 73.01% |
| Dato' Sri Dr TIONG Ik King | Corporate interests[1] | 292,700,000 | – | 292,700,000 | 73.01% |
| Ms TIONG Choon | Personal interests | 26,000 | – | 26,000 | 0.01% |

All the interests stated above represent long positions in the shares of One Media.

*Note:*

(1) Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr TIONG Ik King are deemed interested in the 292,700,000 shares in One Media held by Comwell Investment Limited ("Comwell") which is an indirect wholly-owned subsidiary of the Company. Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr TIONG Ik King are deemed interested in 52.40% and 15.63% of the Company's shares respectively. Details of their shareholdings in the Company are set out in paragraph (i) "Interests and short positions in the shares, underlying shares and debentures of the Company" on page 79.

Reference is made to the announcements of the Company dated 1 August 2016 (the "First Announcement") and 1 March 2017 (the "Subsequent Announcement"), the Board of Directors announced that on 22 July 2016, Comwell (as vendor), the Company (as guarantor) and Qingdao West Coast Holdings (Internation) Limited ("Qingdao West Coast", as purchaser) entered into a share transfer agreement ("Share Transfer Agreement"), pursuant to which Comwell conditionally agreed to sell and Qingdao West Coast conditionally agreed to purchase 292,700,000 shares in One Media, representing approximately 73.01% of the entire issued share capital of One Media (the "Proposed Disposal"). Qingdao West Coast is a company incorporated in the British Virgin Islands with limited liability, whose ultimate controlling shareholder is Qingdao West Coast Development (Group) Limited, which is a PRC state-owned enterprise. Completion of the Share Transfer Agreement is conditional upon the fulfilment (or, as appropriate, wavier by Qingdao West Coast) of the conditions precedent stipulated in the Share Transfer Agreement, which amongst others, include certain agreements (the "CP Agreement") becoming executed and unconditional. As stated in the Subsequent Announcement, the Company announced that on 28 February 2017, all the terms of the CP Agreements have been finalised. For details, please refer to the First Announcement and the Subsequent Announcement. As at 31 March 2017, the completion of the Share Transfer Agreement had yet to take place.

Save as disclosed above, as at 31 March 2017, none of the directors, chief executives and their associates had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO), which are required to be recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the HK Stock Exchange pursuant to the Model Code.

At no time during the year were rights to acquire benefits by means of the acquisition of shares, underlying shares or debentures of the Company granted to any directors or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or was the Company or its holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire such rights in any other body corporate.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

As at 31 March 2017, the following persons (other than the directors and chief executives of the Company) had interests of 5% or more in the shares of the Company as recorded in the register required to be kept under Section 336 of Part XV of the SFO:

| Name of shareholder | Number of ordinary shares held | Percentage of issued ordinary shares |
|---|---|---|
| Progresif Growth Sdn Bhd *(note 1)* | 326,463,556 | 19.35% |
| Conch Company Limited *(note 2)* | 252,487,700 | 14.96% |

All the interests stated above represent long positions in the shares of the Company.

*Notes:*

(1) Tan Sri Datuk Sir TIONG Hiew King holds, directly and indirectly, 45% interest in Progresif.

(2) The details of shares held by Conch are set out in note 3 of paragraph (i) "Interests and short positions in the shares, underlying shares and debentures of the Company" on page 79.

Save as disclosed above and those disclosed under "Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any of its Associated Corporations Held by Directors, Chief Executives and Their Associates", the Company had not been notified of any other persons or corporations who had interests or short positions representing 5% or more of the issued share capital of the Company as at 31 March 2017.

## CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of the Group's related party transactions for the year ended 31 March 2017 are set out in Note 37 to the financial statements, all of which were carried out in the ordinary course of business and on normal commercial terms and did not constitute discloseable connected transactions or continuing connected transactions (as the case may be) under Chapter 14A of the HK Listing Rules.

## MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year.

## PENSION SCHEME ARRANGEMENT

### Hong Kong

The Group operates a hybrid retirement benefit scheme (the "Scheme") and a Mandatory Provident Fund Scheme (the "MPF") for its employees in Hong Kong.

During the year, the Scheme was funded by contributions from both the Group and its employees at 5% each of the monthly basic salaries of the employees. Actual contributions paid by the Group was about 4% of the monthly basic salaries of the employees, with the difference being funded by the forfeiture reserve. Forfeited employers' contributions arising from early termination of services by employees are credited to a forfeiture reserve for the purposes of funding the differences in the Group's contributions as aforesaid and for covering any shortfall on the defined benefit plans. The total amount available for such purposes amounted to US$344,000 at 31 March 2017 (2016: US$457,000).

The most recent independent funding actuarial valuation of the Scheme was carried out by Towers Watson Hong Kong Limited, a professionally qualified independent actuary, as at 31 March 2015 (the "Valuation"). According to the Valuation, the Scheme was solvent at the date of the Valuation.

With effect from 1 December 2000, all new joiners of the Group are eligible to join the MPF. The Group's contributions to the MPF are at 5% of the employees' relevant income as defined in the Hong Kong Mandatory Provident Fund Schemes Ordinance up to a maximum of HK$1,500 per employee per month (the "MPF Contributions"). The MPF Contributions are fully and immediately vested in the employees as accrued benefit once they are paid.

### Malaysia

The Group operates 2 types of retirement benefit schemes in Malaysia:

**(a) Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the consolidated statement of profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund.

**(b) Defined benefit plans**

The Group operates an unfunded defined benefit retirement scheme for its eligible employees in Malaysia (the "Malaysia Scheme"). The Group's obligation under the Malaysia Scheme is calculated using the projected unit credit method, and is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their services in the current and prior years is estimated. That benefit is discounted in order to determine its present value.

### Other countries

Employees in other countries are under separate pension schemes which are defined contribution plans set up in the countries that the Group operates.

The assets of all retirement plans are held separately from those of the Group in independently administered funds. The defined benefit plans and defined contribution plans are generally funded by payments from the relevant Group companies and/or their respective employees.

## MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's 5 largest customers accounted for less than 30% of the total sales for the year. The percentage of purchases for the year attributable to the Group's major suppliers are as follows:

| | |
|---|---|
| — the largest supplier | 9% |
| — 5 largest suppliers combined | 25% |

Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr TIONG Ik King are both directors and shareholders of the Company. They are also shareholders of R.H. Development Corporation Sdn Bhd and Rimbunan Hijau Estate Sdn Bhd, each of which directly holds 5.67% interests in the largest supplier, Malaysian Newsprint Industries Sdn Bhd.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-Laws and there is no restriction against such rights under the laws of Bermuda.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, it is confirmed that there is sufficient public float of not less than 25% of the Company's issued shares as at the latest practicable date prior to the issue of this Annual Report, as required under the HK Listing Rules and Bursa Securities Listing Requirements.

## PERMITTED INDEMNITY

The Bye-Laws of the Company provide that the directors for the time being of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices except such (if any) as they shall incur or sustain through their own willful neglect or default respectively.

The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against the directors of the Company and its subsidiaries.

## EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into during the year and subsisted at the end of the year.

## BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 March 2017 are set out in Note 27 to the financial statements.

## AUDITOR

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board

**TIONG Kiew Chiong**
*Director*
29 May 2017

# Independent Auditor's Report

羅兵咸永道

**To the Shareholders of Media Chinese International Limited**
*(incorporated in Bermuda with limited liability)*

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

## OPINION

### What we have audited

The consolidated financial statements of Media Chinese International Limited (the "Company") and its subsidiaries (the "Group") set out on pages 88 to 164, which comprise:

- the consolidated statement of financial position as at 31 March 2017;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated 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

We are independent of the Group in accordance with 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 IESBA Code.

*PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong*
*T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

## KEY AUDIT MATTERS

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

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| **Goodwill impairment assessment** | |
| *Refer to Note 4 (Critical accounting estimates and judgements) and Note 17 (Intangible assets) to the consolidated financial statements*<br><br>As at 31 March 2017, the Group had goodwill before impairment of US$35.3 million arising from the acquisition of certain equity interests of Sin Chew Media Corporation Berhad ("Sin Chew") in 2008. As required by IAS 36 "Impairment of assets", an impairment review is performed on goodwill at least annually and when there is an indicator of impairment.<br><br>In carrying out the impairment assessment of goodwill, management determined the recoverable amount based on the higher of fair value less cost of disposal ("FVLCD") and value-in-use ("VIU") calculations of the cash-generating unit ("CGU"). In the absence of a market comparable, management adopted the income approach and prepared discounted cash flow forecast ("DCF") to determine the recoverable amount of the CGU under both VIU and FVLCD methods.<br><br>Preparation of DCF required the use of many assumptions and management exercised significant judgements in determining these assumptions. Key assumptions adopted and judgements exercised in the preparation of the DCF included:<br><br>— advertising revenue growth rate; and<br><br>— discount rates<br><br>The recoverable amount of the CGU determined based on the DCF was lower than its carrying amount, and therefore, a provision for impairment of US$3.6 million in respect of goodwill was recorded for the year ended 31 March 2017.<br><br>We focused on this area because of the significance of the balance and the significant judgements and assumptions involved in determining the recoverable amount of the CGU to which the goodwill is associated. | We tested management's impairment review of goodwill by assessing the DCF used in the calculations as set out below:<br><br>— Comparing the key input data in management's DCF to the Board's approved budget and business plan.<br><br>— Assessing the methodology adopted and the mathematical accuracy of the underlying DCF calculations.<br><br>— Assessing the reasonableness of management's key assumptions adopted and judgement exercised in its DCF in relation to:<br><br>  — advertising revenue growth rate by comparing them to historical performance and business plan, as well as benchmarking against industry forecast; and<br><br>  — discount rates by comparing with the cost of capital of comparable companies.<br><br>Based on the above procedures performed, we found the key assumptions adopted and estimates made by management to be supportable based on the evidence we gathered. |

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements 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 AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability 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 to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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 internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements 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 consolidated financial statements. 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 audit committee 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 audit committee 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 audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

The engagement partner on the audit resulting in this independent auditor's report is Mr WONG Ka Keung Johnny.

## OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 165 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the consolidated 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.

**PricewaterhouseCoopers**
*Certified Public Accountants*

Hong Kong, 29 May 2017

# Consolidated Statement of Profit or Loss

| | Note | Year ended 31 March 2017 US$'000 | 2016 US$'000 |
|---|---|---|---|
| Turnover | *5* | **302,586** | 349,126 |
| Cost of goods sold | *8* | **(189,764)** | (215,589) |
| **Gross profit** | | **112,822** | 133,537 |
| Other income | *6* | **8,704** | 9,105 |
| Other (losses)/gains, net | *7* | **(336)** | 156 |
| Selling and distribution expenses | *8* | **(56,034)** | (59,353) |
| Administrative expenses | *8* | **(30,939)** | (32,988) |
| Other operating expenses | *8* | **(5,462)** | (5,859) |
| | | **28,755** | 44,598 |
| Provision for impairment of goodwill | *17* | **(3,603)** | (1,957) |
| **Operating profit** | | **25,152** | 42,641 |
| Finance costs | *9* | **(4,812)** | (5,328) |
| Share of results of joint ventures and associates | *19* | **435** | 82 |
| **Profit before income tax** | | **20,775** | 37,395 |
| Income tax expense | *10* | **(7,584)** | (11,273) |
| **Profit for the year** | | **13,191** | 26,122 |
| **Profit/(loss) attributable to:** | | | |
| Owners of the Company | | **15,156** | 26,649 |
| Non-controlling interests | | **(1,965)** | (527) |
| | | **13,191** | 26,122 |
| **Earnings per share attributable to owners of the Company** | | | |
| Basic (US cents) | *11* | **0.90** | 1.58 |
| Diluted (US cents) | *11* | **0.90** | 1.58 |

The notes on pages 95 to 164 are an integral part of these consolidated financial statements.

# Consolidated Statement of Comprehensive Income

| | Year ended 31 March | |
|---|---|---|
| | **2017** | 2016 |
| | **US$'000** | US$'000 |
| **Profit for the year** | **13,191** | 26,122 |
| **Other comprehensive (loss)/income** | | |
| **Item that may be reclassified subsequently to profit or loss:** | | |
| Currency translation differences | **(18,338)** | (6,643) |
| **Item that will not be reclassified subsequently to profit or loss:** | | |
| Remeasurements of post-employment benefit obligations | **(23)** | 29 |
| **Other comprehensive loss for the year, net of tax** | **(18,361)** | (6,614) |
| **Total comprehensive (loss)/income for the year** | **(5,170)** | 19,508 |
| **Total comprehensive (loss)/income for the year attributable to:** | | |
| Owners of the Company | **(3,133)** | 20,091 |
| Non-controlling interests | **(2,037)** | (583) |
| | **(5,170)** | 19,508 |

The notes on pages 95 to 164 are an integral part of these consolidated financial statements.

# Consolidated Statement of Financial Position

| | Note | At 31 March 2017 US$'000 | 2016 US$'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | *15* | **96,266** | 114,596 |
| Investment properties | *16* | **14,587** | 15,451 |
| Intangible assets | *17* | **43,231** | 53,516 |
| Deferred income tax assets | *18* | **226** | 300 |
| Investments accounted for using the equity method | *19* | **731** | 749 |
| | | **155,041** | 184,612 |
| **Current assets** | | | |
| Inventories | *22* | **19,918** | 23,869 |
| Available-for-sale financial assets | *23* | **97** | 97 |
| Financial assets at fair value through profit or loss | *20* | **346** | 340 |
| Trade and other receivables | *24* | **41,239** | 51,669 |
| Income tax recoverable | | **2,133** | 1,403 |
| Short-term bank deposits | *25* | **10,086** | – |
| Cash and cash equivalents | *25* | **79,946** | 140,950 |
| | | **153,765** | 218,328 |
| **Current liabilities** | | | |
| Trade and other payables | *26* | **46,634** | 53,131 |
| Income tax liabilities | | **1,644** | 3,871 |
| Bank and other borrowings | *27* | **2,506** | 58,453 |
| Current portion of other non-current liabilities | *28* | **26** | 83 |
| | | **50,810** | 115,538 |
| **Net current assets** | | **102,955** | 102,790 |
| **Total assets less current liabilities** | | **257,996** | 287,402 |

# Consolidated Statement of Financial Position

| | Note | At 31 March 2017 US$'000 | 2016 US$'000 |
|---|---|---|---|
| **EQUITY** | | | |
| **Equity attributable to owners of the Company** | | | |
| Share capital | *30* | **21,715** | 21,715 |
| Share premium | *30* | **54,664** | 54,664 |
| Other reserves | *31* | **(126,266)** | (107,715) |
| Retained earnings | | **243,581** | 244,360 |
| | | **193,694** | 213,024 |
| **Non-controlling interests** | | **3,621** | 5,703 |
| **Total equity** | | **197,315** | 218,727 |
| **Non-current liabilities** | | | |
| Bank and other borrowings | *27* | **50,870** | 57,663 |
| Deferred income tax liabilities | *18* | **8,622** | 9,981 |
| Other non-current liabilities | *28* | **1,189** | 1,031 |
| | | **60,681** | 68,675 |
| | | **257,996** | 287,402 |

The notes on pages 95 to 164 are an integral part of these consolidated financial statements.

The financial statements and supplementary information on pages 88 to 165 were approved by the Board of Directors on 29 May 2017 and were signed on its behalf by:

**Dato' Sri Dr TIONG Ik King**
*Director*

**TIONG Kiew Chiong**
*Director*

# Consolidated Statement of Changes in Equity

| | Note | Share capital US$'000 | Share premium US$'000 | Other reserves US$'000 | Retained earnings US$'000 | Total US$'000 | Non-controlling interests US$'000 | Total equity US$'000 |
|---|---|---|---|---|---|---|---|---|
| | | Attributable to owners of the Company | | | | | | |
| **Balance at 1 April 2015** | | 21,715 | 54,664 | (100,761) | 234,126 | 209,744 | 6,361 | 216,105 |
| **Comprehensive income/(loss)** | | | | | | | | |
| Profit/(loss) for the year | | – | – | – | 26,649 | 26,649 | (527) | 26,122 |
| **Other comprehensive (loss)/income** | | | | | | | | |
| **Item that may be reclassified subsequently to profit or loss:** | | | | | | | | |
| Currency translation differences | | – | – | (7,015) | 426 | (6,589) | (54) | (6,643) |
| **Item that will not be reclassified subsequently to profit or loss:** | | | | | | | | |
| Remeasurements of post-employment benefit obligations | | – | – | – | 31 | 31 | (2) | 29 |
| **Other comprehensive (loss)/income, net of tax** | | – | – | (7,015) | 457 | (6,558) | (56) | (6,614) |
| **Total comprehensive (loss)/income for the year ended 31 March 2016** | | – | – | (7,015) | 27,106 | 20,091 | (583) | 19,508 |
| **Transactions with owners** | | | | | | | | |
| **Total contributions by and distributions to owners of the Company recognised directly in equity** | | | | | | | | |
| Repurchase of ordinary shares | *30* | –* | –* | –* | – | –* | – | –* |
| 2014/2015 second interim dividend paid | *12* | – | – | – | (8,436) | (8,436) | – | (8,436) |
| 2015/2016 first interim dividend paid | *12* | – | – | – | (8,436) | (8,436) | – | (8,436) |
| **Total contributions by and distributions to owners of the Company** | | – | – | – | (16,872) | (16,872) | – | (16,872) |
| Issue of shares under the share option scheme of a listed subsidiary | | – | – | 61 | – | 61 | 78 | 139 |
| 2014/2015 interim dividend paid by an unlisted subsidiary | | – | – | – | – | – | (8) | (8) |
| 2015/2016 interim dividends paid by an unlisted subsidiary | | – | – | – | – | – | (5) | (5) |
| 2014/2015 final dividend paid by a listed subsidiary | | – | – | – | – | – | (140) | (140) |
| **Total transactions with owners** | | – | – | 61 | (16,872) | (16,811) | (75) | (16,886) |
| **Balance at 31 March 2016** | | 21,715 | 54,664 | (107,715) | 244,360 | 213,024 | 5,703 | 218,727 |

* *negligible*

# Consolidated Statement of Changes in Equity

| | Note | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Share capital US$'000 | Share premium US$'000 | Other reserves US$'000 | Retained earnings US$'000 | Total US$'000 | Non-controlling interests US$'000 | Total equity US$'000 |
| **Balance at 1 April 2016** | | 21,715 | 54,664 | (107,715) | 244,360 | 213,024 | 5,703 | 218,727 |
| **Comprehensive income/(loss)** | | | | | | | | |
| Profit/(loss) for the year | | – | – | – | 15,156 | 15,156 | (1,965) | 13,191 |
| **Other comprehensive (loss)/income** | | | | | | | | |
| **Item that may be reclassified subsequently to profit or loss:** | | | | | | | | |
| Currency translation differences | | – | – | (18,551) | 287 | (18,264) | (74) | (18,338) |
| **Item that will not be reclassified subsequently to profit or loss:** | | | | | | | | |
| Remeasurements of post-employment benefit obligations | | – | – | – | (25) | (25) | 2 | (23) |
| **Other comprehensive (loss)/income, net of tax** | | – | – | (18,551) | 262 | (18,289) | (72) | (18,361) |
| **Total comprehensive (loss)/income for the year ended 31 March 2017** | | – | – | (18,551) | 15,418 | (3,133) | (2,037) | (5,170) |
| **Transactions with owners** | | | | | | | | |
| **Total contributions by and distributions to owners of the Company recognised directly in equity** | | | | | | | | |
| 2015/2016 second interim dividend paid | 12 | – | – | – | (10,123) | (10,123) | – | (10,123) |
| 2016/2017 first interim dividend paid | 12 | – | – | – | (6,074) | (6,074) | – | (6,074) |
| **Total contributions by and distributions to owners of the Company** | | – | – | – | (16,197) | (16,197) | – | (16,197) |
| 2015/2016 interim dividend paid by an unlisted subsidiary | | – | – | – | – | – | (5) | (5) |
| 2016/2017 interim dividends paid by an unlisted subsidiary | | – | – | – | – | – | (40) | (40) |
| **Total transactions with owners** | | – | – | – | (16,197) | (16,197) | (45) | (16,242) |
| **Balance at 31 March 2017** | | 21,715 | 54,664 | (126,266) | 243,581 | 193,694 | 3,621 | 197,315 |

The notes on pages 95 to 164 are an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

| | Note | Year ended 31 March 2017 US$'000 | 2016 US$'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | *33(a)* | **40,160** | 67,463 |
| Interest paid | | **(5,042)** | (5,083) |
| Income tax paid | | **(10,758)** | (12,091) |
| Net cash generated from operating activities | | **24,360** | 50,289 |
| **Cash flows from investing activities** | | | |
| Purchases of property, plant and equipment | *15* | **(1,334)** | (2,812) |
| Purchases of intangible assets | *17* | **(536)** | (500) |
| Proceeds from disposal of property, plant and equipment | *33(b)* | **36** | 34 |
| Increase in short-term bank deposits with original maturity over three months | | **(10,086)** | – |
| Interest received | | **3,189** | 2,810 |
| Dividends received | | **466** | 141 |
| Net cash used in investing activities | | **(8,265)** | (327) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares under the share option scheme of a listed subsidiary | | **–** | 139 |
| Dividends paid | | **(16,197)** | (16,872) |
| Dividends paid to non-controlling interests by an unlisted subsidiary | | **(45)** | (13) |
| Dividend paid to non-controlling interests by a listed subsidiary | | **–** | (140) |
| Proceeds from bank and other borrowings | | **5,688** | 2,353 |
| Repayments of bank and other borrowings | | **(54,575)** | (11,125) |
| Net cash used in financing activities | | **(65,129)** | (25,658) |
| **Net (decrease)/increase in cash and cash equivalents** | | **(49,034)** | 24,304 |
| Cash and cash equivalents at beginning of year | | **140,950** | 118,620 |
| Exchange adjustments on cash and cash equivalents | | **(11,970)** | (1,974) |
| **Cash and cash equivalents at end of year** | *25* | **79,946** | 140,950 |

The notes on pages 95 to 164 are an integral part of these consolidated financial statements.

## 1 GENERAL INFORMATION

Media Chinese International Limited (the "Company") is a limited liability company incorporated in Bermuda. Its registered address is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

The Company is an investment holding company. The principal activities of its subsidiaries are publishing, printing and distribution of newspapers, magazines, books and digital contents primarily in the Chinese language, and the provision of travel and travel related services in Hong Kong, Taiwan, Mainland China, North America, Malaysia and other Southeast Asian countries. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "HK Stock Exchange") since 22 March 1991 and subsequently dual-listed on Bursa Malaysia Securities Berhad ("Bursa Securities") on 30 April 2008.

These consolidated financial statements are presented in US dollars ("US$"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 29 May 2017.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated financial statements of the Company and its subsidiaries (collectively the "Group") have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") and under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, and financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

**(a) New and amended standards and interpretations to existing standards adopted by the Group**

The Group has adopted the following amendments to standards which became effective for the first time for the financial year beginning on or after 1 April 2016:

(i) Amendments to International Accounting Standard ("IAS") 1, "Disclosure initiative";
(ii) Amendments to IAS 16 and IAS 38, "Clarification of acceptable methods of depreciation and amortisation";
(iii) Amendments to IAS 27, "Equity method in separate financial statements"
(iv) Amendments to IFRS 10, IFRS 12 and IAS 28, "Investment entities: applying the consolidated exception";
(v) Amendments to IFRS 11, "Accounting for acquisitions of interests in joint operations"; and
(vi) Annual improvement 2014, "Annual improvements IFRSs 2012–2014 cycle".

The adoption of these amendments did not have any material impact on the current period or any prior period and is not likely to affect future periods.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.1 Basis of preparation *(Continued)*

**(b) New accounting standards and amendments to standards that are not yet effective and have not been early adopted by the Group**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2016, and have not been applied in preparing these consolidated financial statements:

| | | **Effective for annual periods beginning on or after** |
|---|---|---|
| Amendments to IAS 7 | Statement of cash flows | 1 January 2017 |
| Amendments to IAS 12 | Income taxes | 1 January 2017 |
| Amendments to IFRS 2 | Classification and measurement of share-based payment transactions | 1 January 2018 |
| IFRS 9 | Financial instruments | 1 January 2018 |
| IFRS 15 | Revenue from contracts with customers | 1 January 2018 |
| IFRS 16 | Leases | 1 January 2019 |
| Amendments to IFRS 10 and IAS 28 | Sale or distribution of assets between an investor and its associate or joint venture | To be determined |

The Group will adopt the above new standards and amendments to standards as and when they become effective. Management is in the process of assessing the impact of these new standards and amendments to standards and set out below are the expected impact on the Group's financial performance and position:

IFRS 9, "Financial Instruments", introduces a new model for the recognition of impairment losses — the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in IAS 39. IFRS 9 contains a "three stage" approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non credit-impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. While the Group had not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.1 Basis of preparation *(Continued)*

**(b) New accounting standards and amendments to standards that are not yet effective and have not been early adopted by the Group** *(Continued)*

IFRS 9 "Financial instrument" addresses the classification, measurement and recognition of financial assets and liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value with the irrevocable option at inception to present changes in fair value in other comprehensive income as an item that will not be recycled subsequently, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities, there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in the other comprehensive income, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. While the Group has yet to undertake a detailed assessment of the classification, measurement and recognition of financial assets and financial liabilities, the management does not expect adopting IFRS 9 will have a material impact to the Group's consolidated financial statements. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group intends to quantify the potential impact of IFRS 9 once it is practicable to provide reliable estimates.

IFRS 15, "Revenue from contracts with customers", deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 "Construction contracts" and related interpretations.

IFRS 16, "Leases" addresses the definition of a lease, recognition and measurement of leases. The standard replaces IAS 17 'Leases' and related interpretations. The Group is a lessee of office premises, which are currently classified as operating leases.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.1 Basis of preparation *(Continued)*

**(b) New accounting standards and amendments to standards that are not yet effective and have not been early adopted by the Group** *(Continued)*

IFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to amortise certain leases outside of the consolidated statement of financial position. Instead, all non-current leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's consolidated statement of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in right-of-use asset and an increase in financial liability in the consolidated statement of financial position. This will affect related ratios, such as the debt to capital ratio. In the consolidated statements of comprehensive income, leases will be recognised in the future as depreciation and amortisation and will no longer be recorded as property rental and related expenses. Interest expense on the lease liability will be presented separately from depreciation and amortisation under finance costs. As a result, the property rental and related expenses under otherwise identical circumstances will decrease, while depreciation and amortisation and the interest expense will increase. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term. The new standard is not expected to apply until the financial year 2019/2020, including the adjustment of prior years.

The management of the Group anticipated that the application of the other new and revised standards, amendments or interpretations will have no material impact on the Group's consolidated financial statements.

**(c) Change in the presentation of consolidated statement of profit or loss**

In the current year, the provision for impairment of goodwill is presented as a separate line item instead of being included under "Other (losses)/gains, net" in the consolidated statement of profit or loss as in the previous years. The management believes that the current presentation will provide more relevant information to the users of the financial information to evaluate the Group's operating performance. The changes in presentation has been adopted retrospectively, and the comparative figures have been reclassified, but there is no impact to the overall consolidated financial statements.

### 2.2 Subsidiaries

**(a) Consolidation**

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

*(i) Business combinations*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.2 Subsidiaries *(Continued)*

**(a) Consolidation** *(Continued)*

*(i) Business combinations (Continued)*

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. 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 are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying amount of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and acquisition-date fair value of any previously held interest is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated unless the transaction provides evidence of an impairment of the transferred asset. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

*(ii) Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.2 Subsidiaries *(Continued)*

**(a) Consolidation** *(Continued)*

*(iii) Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

**(b) Separate financial statements**

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

### 2.3 Joint arrangements and associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights or board representation.

Investments in joint arrangements are reclassified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Interests in joint ventures and associates are accounted for using the equity method of accounting. Under the equity method, the interests are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's interests in associates include goodwill identified on acquisition.

The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of loss in a joint venture or associate equals or exceeds its interest in the joint venture or associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate.

The Group determines at each reporting date whether there is any objective evidence that the interest in a joint venture or an associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture or the associate and its carrying amount and recognises the impairment adjacent to 'share of results of joint ventures and associates' in the consolidated statement of profit or loss.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.3 Joint arrangements and associates *(Continued)*

Profits and losses resulting from upstream and downstream transactions between the Group and its joint ventures and associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the joint ventures and associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures and associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

### 2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who has been identified as the Group Executive Committee, is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions.

### 2.5 Foreign currency translation

**(a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, i.e. the functional currency. The functional currency of the Company is Malaysian Ringgit ("RM"). However, each entity within the Group can present its financial statements in any currency, which can be the same or different from the entity's functional currency. As the Group operates internationally, management considers that it is more appropriate to use US$, a globally recognised currency, as the presentation currency for the Group's consolidated financial statements. For the entity whose functional currency is not US$, its results and financial position have been translated into US$.

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss within 'finance costs'. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss within 'Other (losses)/gains, net'.

**(c) Group companies**

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of each reporting period;

(ii) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.5 Foreign currency translation *(Continued)*

**(c) Group companies** *(Continued)*

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

**(d) Disposal of foreign operation**

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated currency translation differences is reclassified to profit or loss.

### 2.6 Property, plant and equipment

Freehold land is not amortised. Buildings situated on freehold land are stated at cost and are depreciated on a straight-line basis over their expected useful lives to the Group. The principal annual rates used for this purpose range from 2% to 5%.

Buildings situated on leasehold land and held for own use are stated at cost and are depreciated on a straight-line basis over the unexpired periods of the leases or their expected useful lives to the Group, whichever is shorter. The principal annual rates used for this purpose range from 2% to 5%.

Leasehold land held for own use under a finance lease is stated at cost and amortised over the period of the lease on a straight-line basis.

Plant and equipment, comprising leasehold improvements, furniture, fixtures, office equipment, machinery, printing equipment and motor vehicles, are stated at cost less accumulated depreciation and accumulated impairment losses. Construction in progress is stated at cost less accumulated impairment losses.

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.6 Property, plant and equipment *(Continued)*

Depreciation is calculated using the straight-line method to allocate the assets' costs to their residual values over their estimated useful lives as follows:

| | |
|---|---|
| Leasehold land classified as finance lease | Shorter of remaining lease term of 29 to 82 years and useful life |
| Leasehold improvements | Shorter of remaining lease term of 3 to 13 years and useful life |
| Furniture, fixtures and office equipment | 2 to 13 years |
| Machinery and printing equipment | |
| Printing equipment | 10 to 20 years |
| Machinery | 3 to 10 years |
| Motor vehicles | 4 to 10 years |

The assets' depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other operating expenses" in the consolidated statement of profit or loss.

### 2.7 Investment property

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. Land held under operating leases is accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated statement of profit or loss as part of a valuation gain or loss in "Other (losses)/gains, net".

### 2.8 Intangible assets

#### (a) Goodwill

Goodwill arises on the acquisition of subsidiaries, joint ventures and associates and represents the excess of the consideration transferred over the Group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the amount of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.8 Intangible assets *(Continued)*

**(a) Goodwill** *(Continued)*

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amount of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

**(b) Other intangible assets**

Other intangible assets primarily comprise costs of computer softwares, archives, mastheads, publishing rights and broadcast license that are acquired by the Group and are stated at cost less accumulated amortisation.

Amortisation of other intangible assets is charged to the consolidated statement of profit or loss on a straight-line basis over the assets' estimated useful lives. Other intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

| | |
|---|---|
| Archives, mastheads, publishing rights | 40 years |
| Computer softwares | 5–10 years |
| Broadcast license | 3 years |

### 2.9 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### 2.10 Financial assets

**(a) Classification**

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of the financial assets at initial recognition.

*(i) Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current assets.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.10 Financial assets *(Continued)*

**(a) Classification** *(Continued)*

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amount that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "Trade and other receivables" (Note 2.14), "Short-term bank deposits and cash and cash equivalents" (Note 2.15) in the consolidated statement of financial position.

*(iii) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of each reporting period.

**(b) Recognition and measurement**

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the assets. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or, the financial assets have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "Financial assets at fair value through profit or loss" category are presented in the consolidated statement of profit or loss within "Other (losses)/gains, net".

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

### 2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

### 2.12 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.12 Impairment of financial assets *(Continued)*

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

**(a) Assets carried at amortised cost**

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

**(b) Assets classified as available-for-sale**

For debt securities, if any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of profit or loss.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated statement of profit or loss on equity instruments are not reversed through the consolidated statement of profit or loss.

### 2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 2.14 Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.15 Short-term bank deposits and cash and cash equivalents

In the consolidated statement of cash flows and consolidated statement of financial position, cash and cash equivalents include cash on hand, bank deposits and other short-term highly liquid investments with original maturities of three months or less.

In the consolidated statement of financial position, short-term bank deposits include bank deposits with original maturities of more than three months.

### 2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.17 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

### 2.19 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**(a) Current income tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Company, its subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**(b) Deferred income tax**

*Inside basis differences*

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

*Outside basis differences*

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference is a deferred income tax liability not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary differences will reverse in the future and there is sufficient taxable profit available against which the temporary differences can be utilised.

**(c) Offsetting**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax jurisdiction on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.21 Employee benefits

**(a) Pension obligations**

Group companies operate various pension schemes. These schemes are generally funded through payments to insurance companies or trustee-administered funds and, where applicable, determined by periodic actuarial calculations. The Group has both defined contribution and defined benefit plans.

*Defined contribution plans*

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The Group's defined contribution plans cover eligible employees in Hong Kong, North America, Mainland China, Malaysia and other Southeast Asian countries.

*Defined benefit plans*

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of the defined benefit pension plans is the present value of the defined benefit obligations at the end of each reporting period less the fair value of the plan assets. The defined benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future benefits that employees have earned in return for their services in the current and prior periods, using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligations. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plans (recognised in the consolidated statement of profit or loss in employee benefit expense), except where included in the cost of an asset, reflects the increase in the defined benefit obligations resulting from employee service in the current year, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligations and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Remeasurements arising from defined benefit plans are recognised in other comprehensive income and reflected immediately in retained earnings. Remeasurements comprise actuarial gains and losses, and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability/asset).

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.21 Employee benefits *(Continued)*

**(a) Pension obligations** *(Continued)*

*Defined benefit plans (Continued)*

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the consolidated statement of profit or loss.

The Group's defined benefit plans cover eligible employees in Hong Kong and Malaysia.

(i) The defined benefit plan for the Group's employees in Hong Kong is funded by means of an independent pension fund. The liability recognised in the consolidated statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligations at the end of each reporting period less the fair value of the plans assets. The defined benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future benefits that employees have earned in return for their services in the current and prior periods by reference to market yields of Hong Kong Government's Exchange Fund Notes and Government Bonds which are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligations.

(ii) The defined benefit plan for the Group's employees in Malaysia is not funded. The Group's obligation under the plan, calculated using the projected unit credit method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that the employees have earned in return for their services in the current and prior years is estimated. The benefit is discounted based on the interest rates of high-quality corporate bonds in order to determine its present value.

**(b) Profit sharing and bonus plans**

The expected cost of profit sharing and bonus plans is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by the employees and a reliable estimate of the obligation can be made. Liabilities for profit sharing and bonus plans are expected to be settled within 12 months of the end of each reporting period and are measured at the amounts expected to be paid when they are settled.

**(c) Employee leave entitlements**

Employee entitlements to annual leave are recognised when they accrue to the employees. A provision is made for the estimated liability for annual leave as a result of services rendered by the employees up to the end of each reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.21 Employee benefits *(Continued)*

**(d) Long service payments and severance payments**

The Group's net obligation in respect of long service payments and severance payments to its employees in Hong Kong upon cessation of their employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefits that the employees have earned in return for their services in the current and prior periods.

The obligation is calculated using the projected unit credit method, discounted to its present value and reduced by entitlements accrued under the Group's retirement schemes that are attributed to contributions made by the Group. The discount rate is the yield at the end of each reporting period of Hong Kong Government's Exchange Fund Notes and Government Bonds which have terms to maturity approximating the terms of the related liability. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in other comprehensive income in the year in which they occur.

### 2.22 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### 2.23 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries or associates to secure loans, overdrafts and other banking facilities.

The Group does not recognise liabilities for financial guarantees at inception, but performs a liability adequacy test at each reporting date by comparing the carrying amount of the net liability regarding the financial guarantee with its present legal or constructive obligation amount. If the carrying amount of the net liability is less than its present legal or constructive obligation amount, the entire difference is recognised in the consolidated statement of profit or loss immediately as an expense.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.24 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, business tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Advertising income, net of trade discounts, is recognised when the newspapers and magazines are published.

Revenue from the circulation and subscription sales of newspapers, magazines and books, net of trade discounts and returns, is recognised on the transfer of risks and rewards of ownership, which generally coincides with the date of delivery. Unearned subscription fees received from subscribers are recorded as receipts in advance under trade and other payables in the consolidated statement of financial position.

Revenue from tour operations is based on the percentage of the tour that has been completed, where revenue from the provision of other travel related services is recognised when the services have been rendered.

Revenue from scrap sales of old newspapers and magazines is recognised on the date of delivery.

Licence fees and royalty income are recognised on an accrual basis in accordance with the terms of the relevant agreements.

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Management fee income is recognised on an accrual basis or a straight-line basis over the management service period.

Operating lease rental income is recognised in equal instalments over the periods covered by the lease term.

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.25 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the commencement of leases at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in current and non-current liabilities. The interest element of the finance cost is charged to the consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under a finance lease is depreciated over the shorter of the useful life of the asset and the lease term.

### 2.26 Dividend distribution

Dividend distributions to owners of the Company are recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are declared by the directors in the case of interim and special dividends or approved by the Company's shareholders in the case of final dividends.

## 3 FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including price risk, interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by management according to the policies of the Group. The Group's management identifies and evaluates financial risks in close co-operation with the Group's operating units.

**(a) Market risk**

*(i) Price risk*

The Group is exposed to price risk for its listed equity securities and unlisted club debentures which are classified on the consolidated statement of financial position as financial assets at fair value through profit or loss and available-for-sale financial assets. Management adopts the quoted market prices as its best estimate of the fair values of such securities and unlisted club debentures. Details are set out in Notes 20 and 23. Management monitors the market conditions and securities price fluctuations so as to minimise adverse effects on the Group.

## 3 FINANCIAL RISK MANAGEMENT *(Continued)*

### 3.1 Financial risk factors *(Continued)*

**(a) Market risk** *(Continued)*

*(ii) Interest rate risk*

The Group's cash balances are placed with authorised financial institutions, which generate interest income for the Group. They are exposed to the cash flow interest rate risk. The Group manages this risk by placing deposits at various maturities and interest rate terms.

The Group's bank borrowings are exposed to risk arising from changing interest rates. Bank borrowings at variable rates expose the Group to cash flow interest rate risk. The Group manages this risk by maintaining an appropriate mix of fixed and floating rate borrowings.

To evaluate the sensitivity of the Group's profit before income tax to possible changes in interest rates, the impact of an interest rate change was modeled on the floating rate of bank borrowings while all other variables were held constant. Based on these assumptions, a hypothetical increase of 1% per annum in interest rates would have reduced the Group's profit before income tax for the years ended 31 March 2017 and 2016 by approximately US$25,000 and US$8,000 respectively.

*(iii) Foreign exchange risk*

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RM, Renminbi ("RMB"), Canadian dollars ("CAD"), Hong Kong dollars ("HK$") and US$. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The assets and liabilities of each entity within the Group are mostly denominated in its own functional currency and do not have material currency impact on the consolidated statement of profit or loss for the year.

For operations in Malaysia, most of the transactions are denominated in RM. The Group had purchased forward contracts during the year ended 31 March 2017 for hedging purposes. The Group is closely monitoring the currency exchange risk of RM and is looking for any opportunities to mitigate the currency exchange risk of RM.

For operations in Mainland China, most of the transactions are denominated in RMB. The conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange controls promulgated by the Chinese government. No financial instruments were used for hedging purposes during the year. The Group is closely monitoring the currency exchange risk of RMB and will consider the use of financial instrument for hedging purposes, if necessary.

For operations in Canada, most of the transactions are denominated in CAD. No financial instruments were used for hedging purposes during the year. The Group is closely monitoring the currency exchange risk of CAD and will consider the use of financial instrument for hedging purposes, if necessary.

For operations in Hong Kong, most of the transactions are denominated in HK$ and US$. The exchange rate of US$ against HK$ is relatively stable and the related currency exchange risk is considered minimal.

**(b) Credit risk**

Credit risk is the risk of a loss resulting from the failure of one of the Group's counterparties to discharge its contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

The extent of credit risk relating to the Group's trade receivables (according to the extent to which provision for impairment are warranted) is disclosed in Note 24. The Group maintains cash and cash equivalents and short-term bank deposits with reputable financial institutions from which management believes the risk of loss to be remote. The management assesses the credit quality of outstanding cash and cash equivalents and short-term bank deposits balances as high and considers there is no individually significant exposure. Maximum exposure to credit risk at the reporting date is the carrying amount of the cash at banks.

## 3 FINANCIAL RISK MANAGEMENT *(Continued)*

### 3.1 Financial risk factors *(Continued)*

**(c) Liquidity risk**

The liquidity risk of the Group is controlled by maintaining sufficient banking facilities and cash and cash equivalents, which are generated from the operating cash flows.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | **2017** | 2016 |
|---|---|---|
| | **US$'000** | US$'000 |
| Bank and other borrowings | | |
| Medium-term notes | | |
| within one year | **2,442** | 62,847 |
| in the second year | **53,071** | 2,768 |
| in the third to fifth year | **–** | 60,196 |
| Short-term bank borrowings within one year | **2,517** | 792 |
| | **58,030** | 126,603 |
| Trade and other payables within one year | **30,240** | 38,483 |
| | **88,270** | 165,086 |

### 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, repurchase shares, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the net gearing ratio. This ratio is calculated as net debt over owners' equity. Net debt is calculated as total borrowings less short-term bank deposits and cash and cash equivalents. Owners' equity represents equity attributable to owners of the Company as shown in the consolidated statement of financial position.

During the year ended 31 March 2017, the Group's strategy was to maintain a net gearing ratio below 40% (2016: below 40%).

As at 31 March 2017, the Group's net gearing ratio was nil (2016: nil).

## 3 FINANCIAL RISK MANAGEMENT *(Continued)*

### 3.3 Fair value estimation

For financial instruments that are measured at fair value, the Group classifies fair value measurements using a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The fair value hierarchy has the following levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's assets that are measured at fair value at 31 March 2017:

| | **Level 1 US$'000** | **Level 2 US$'000** | **Level 3 US$'000** | **Total US$'000** |
|---|---|---|---|---|
| Financial assets at fair value through profit or loss | | | | |
| Listed equity securities | **346** | **–** | **–** | **346** |
| Available-for-sale financial assets | | | | |
| Unlisted club debentures | **–** | **–** | **97** | **97** |
| | **346** | **–** | **97** | **443** |

The following table presents the Group's assets that are measured at fair value at 31 March 2016:

| | Level 1 US$'000 | Level 2 US$'000 | Level 3 US$'000 | Total US$'000 |
|---|---|---|---|---|
| Financial assets at fair value through profit or loss | | | | |
| Listed equity securities | 340 | – | – | 340 |
| Available-for-sale financial assets | | | | |
| Unlisted club debentures | – | – | 97 | 97 |
| | 340 | – | 97 | 437 |

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of each reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques.

## 3 FINANCIAL RISK MANAGEMENT *(Continued)*

### 3.3 Fair value estimation *(Continued)*

These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on the entity-specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There was no transfer between level 1 and level 2 of the fair value hierarchy during the year. There was no change during the year attributable to level 3 of the fair value hierarchy.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and judgements concerning the future based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.8(a). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Changing the assumptions selected by the Group to determine the level, if any, of impairment, including the discount rate or the growth rate assumptions, could significantly affect the Group's reported financial condition and results of operations. The assumptions used are set out in Note 17.

(b) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

(c) Deferred income tax assets

Management has considered future taxable income and on-going prudent and feasible tax planning strategies in assessing the recognition criteria for deferred income tax assets recorded in relation to cumulative tax loss carried-forwards. The assumptions regarding future profitability of various subsidiaries and agreed tax losses with the tax authorities require significant judgement, and significant changes in these assumptions from period to period may have a material impact on the Group's reported financial condition and results of operations.

(d) Fair value of investment properties

Investment properties are stated at fair values which have been determined by accredited independent valuers. Details of the judgements and assumptions are disclosed in Note 16.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(e) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation for its property, plant and equipment. These estimates are based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. Management will revise the depreciation charge where useful lives are different from those previously estimated. It will also write off or write down non-strategic assets that have been abandoned or sold.

## 5 TURNOVER AND SEGMENT INFORMATION

The Group has determined the operating segments based on the reports that are reviewed and used by the Group Executive Committee for making strategic decisions.

The Group is organised operationally on a worldwide basis in four major operating segments:

Publishing and printing: Malaysia and other Southeast Asian countries
Publishing and printing: Hong Kong, Taiwan and Mainland China
Publishing and printing: North America
Travel and travel related services

Publishing and printing segments are engaged in the publication, printing and distribution of newspapers, magazines, books and digital contents primarily in the Chinese language. The segments derive revenue mainly from provision for advertising services and sales of newspapers and magazines. Travel and travel related services segment derives revenue from the sales of travel packages and provision of tour services.

The Group Executive Committee assesses the performance of the operating segments based on a measure of segment profit before income tax as presented in the internal financial report. Other information provided is measured in a manner consistent with that in the internal financial report.

## 5 TURNOVER AND SEGMENT INFORMATION *(Continued)*

The Group's turnover and results for the year ended 31 March 2017, analysed by operating segment, are as follows:

| | Publishing and printing | | | | | |
|---|---|---|---|---|---|---|
| | Malaysia and other Southeast Asian countries US$'000 | Hong Kong, Taiwan and Mainland China US$'000 | North America US$'000 | Sub-total US$'000 | Travel and travel related services US$'000 | Total US$'000 |
| **Turnover** | 162,080 | 53,498 | 17,599 | 233,177 | 69,409 | 302,586 |
| **Segment profit/(loss) before income tax** | 28,301 | (3,798) | (1,057) | 23,446 | 2,464 | 25,910 |
| Unallocated finance costs | | | | | | (4,790) |
| Other net unallocated expenses | | | | | | (780) |
| Share of results of joint ventures and associates | | | | | | 435 |
| Profit before income tax | | | | | | 20,775 |
| Income tax expense | | | | | | (7,584) |
| **Profit for the year** | | | | | | 13,191 |
| **Other information:** | | | | | | |
| Interest income | 3,064 | 95 | 11 | 3,170 | 19 | 3,189 |
| Finance costs | (13) | (9) | – | (22) | – | (22) |
| Depreciation of property, plant and equipment | (6,781) | (1,435) | (337) | (8,553) | (128) | (8,681) |
| Amortisation of intangible assets | (769) | (218) | (15) | (1,002) | (38) | (1,040) |
| Provision for impairment of property, plant and equipment | – | (35) | – | (35) | – | (35) |
| Provision for impairment of goodwill | (3,603) | – | – | (3,603) | – | (3,603) |
| Income tax (expense)/credit | (8,072) | (473) | 1,415 | (7,130) | (454) | (7,584) |

## 5 TURNOVER AND SEGMENT INFORMATION *(Continued)*

The Group's turnover and results for the year ended 31 March 2016, analysed by operating segment, are as follows:

| | Publishing and printing | | | | | |
|---|---|---|---|---|---|---|
| | Malaysia and other Southeast Asian countries US$'000 | Hong Kong, Taiwan and Mainland China US$'000 | North America US$'000 | Sub-total US$'000 | Travel and travel related services US$'000 | Total US$'000 |
| **Turnover** | 186,387 | 60,848 | 19,186 | 266,421 | 82,705 | 349,126 |
| **Segment profit/(loss) before income tax** | 39,619 | (1,821) | (996) | 36,802 | 6,250 | 43,052 |
| Unallocated finance costs | | | | | | (5,250) |
| Other net unallocated expenses | | | | | | (489) |
| Share of results of joint ventures and associates | | | | | | 82 |
| Profit before income tax | | | | | | 37,395 |
| Income tax expense | | | | | | (11,273) |
| **Profit for the year** | | | | | | 26,122 |
| **Other information:** | | | | | | |
| Interest income | 2,640 | 153 | – | 2,793 | 17 | 2,810 |
| Finance costs | (51) | (27) | – | (78) | – | (78) |
| Depreciation of property, plant and equipment | (7,196) | (1,532) | (370) | (9,098) | (125) | (9,223) |
| Amortisation of intangible assets | (862) | (166) | (19) | (1,047) | (45) | (1,092) |
| Provision for impairment of goodwill | (1,957) | – | – | (1,957) | – | (1,957) |
| Income tax (expense)/credit | (10,603) | (719) | 1,190 | (10,132) | (1,141) | (11,273) |

## 5 TURNOVER AND SEGMENT INFORMATION *(Continued)*

Turnover is derived from publishing, printing and distribution of newspapers, magazines, books and digital contents primarily in the Chinese language, and provision of travel and travel related services. Turnover recognised during the year is as follows:

| | **2017** | 2016 |
|---|---|---|
| | **US$'000** | US$'000 |
| Advertising income, net of trade discounts | **165,179** | 190,109 |
| Sales of newspapers, magazines, books and digital contents, net of trade discounts and returns | **67,998** | 76,312 |
| Travel and travel related services income | **69,409** | 82,705 |
| | **302,586** | 349,126 |

The segment assets and liabilities as at 31 March 2017 are as follows:

| | Publishing and printing | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Malaysia and other Southeast Asian countries** | **Hong Kong, Taiwan and Mainland China** | **North America** | **Sub-total** | **Travel and travel related services** | **Elimination** | **Total** |
| | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| **Segment assets** | **231,116** | **44,068** | **13,256** | **288,440** | **17,586** | **(150)** | **305,876** |
| Unallocated assets | | | | | | | **2,930** |
| **Total assets** | | | | | | | **308,806** |
| **Total assets include:** | | | | | | | |
| Investments accounted for using the equity method | **–** | **731** | **–** | **731** | **–** | **–** | **731** |
| Additions to non-current assets (other than deferred income tax assets) | **825** | **901** | **92** | **1,818** | **52** | **–** | **1,870** |
| **Segment liabilities** | **(16,363)** | **(14,480)** | **(6,678)** | **(37,521)** | **(11,054)** | **150** | **(48,425)** |
| Unallocated liabilities | | | | | | | **(63,066)** |
| **Total liabilities** | | | | | | | **(111,491)** |

## 5 TURNOVER AND SEGMENT INFORMATION *(Continued)*

The segment assets and liabilities as at 31 March 2016 are as follows:

| | Publishing and printing | | | | | | |
|---|---|---|---|---|---|---|---|
| | Malaysia and other Southeast Asian countries US$'000 | Hong Kong, Taiwan and Mainland China US$'000 | North America US$'000 | Sub-total US$'000 | Travel and travel related services US$'000 | Elimination US$'000 | Total US$'000 |
| **Segment assets** | 309,346 | 60,419 | 14,197 | 383,962 | 16,877 | (167) | 400,672 |
| Unallocated assets | | | | | | | 2,268 |
| **Total assets** | | | | | | | 402,940 |
| **Total assets include:** | | | | | | | |
| Investments accounted for using the equity method | – | 749 | – | 749 | – | – | 749 |
| Additions to non-current assets (other than deferred income tax assets) | 2,065 | 1,075 | 103 | 3,243 | 69 | – | 3,312 |
| **Segment liabilities** | (20,901) | (16,255) | (6,690) | (43,846) | (8,968) | 167 | (52,647) |
| Unallocated liabilities | | | | | | | (131,566) |
| **Total liabilities** | | | | | | | (184,213) |

The elimination between segments represents intercompany receivables and payables between segments.

Segment assets consist primarily of property, plant and equipment, investment properties, intangible assets, investments accounted for using the equity method, inventories, trade and other receivables, short-term bank deposits, and cash and cash equivalents. They exclude deferred income tax assets, available-for-sale financial assets, financial assets at fair value through profit or loss and income tax recoverable of the Group and all assets of the Company after elimination of interests in subsidiaries.

Segment liabilities consist primarily of trade and other payables, retirement benefit obligations, defined benefit plan liabilities and short-term bank borrowings. They exclude deferred income tax liabilities and income tax liabilities of the Group and all liabilities of the Company after elimination of the amounts due to the subsidiaries.

## 5 TURNOVER AND SEGMENT INFORMATION *(Continued)*

The Group operates its publishing and printing businesses mainly in Malaysia, other Southeast Asian countries, Hong Kong, Taiwan and Mainland China ("Main operating countries").

As at 31 March 2017 and 2016, the Group's total non-current assets, other than deferred income tax assets, analysed by operating countries, are as follows:

| | **2017** | 2016 |
|---|---|---|
| | **US$'000** | US$'000 |
| Main operating countries | | |
| Malaysia and other Southeast Asian countries | **131,126** | 159,413 |
| Hong Kong, Taiwan and Mainland China | **16,737** | 17,755 |
| Other countries | **6,952** | 7,144 |
| | **154,815** | 184,312 |

## 6 OTHER INCOME

| | **2017** | 2016 |
|---|---|---|
| | **US$'000** | US$'000 |
| Interest income | **3,189** | 2,810 |
| Scrap sales of old newspapers and magazines | **2,459** | 2,905 |
| Other media-related income | **1,920** | 2,064 |
| Rental and management fee income | **773** | 810 |
| Licence fee and royalty income | **201** | 226 |
| Dividend income | **15** | 11 |
| Others | **147** | 279 |
| | **8,704** | 9,105 |

## 7 OTHER (LOSSES)/GAINS, NET

| | **2017** | 2016 |
|---|---|---|
| | **US$'000** | US$'000 |
| Fair value gains on investment properties — net *(Note 16)* | **558** | 145 |
| Fair value gains on financial assets at fair value through profit or loss — net *(Note 20)* | **7** | 46 |
| Net exchange losses | **(211)** | (68) |
| Realised losses on derivatives | **(690)** | – |
| Others | **–** | 33 |
| | **(336)** | 156 |

## 8 EXPENSES BY NATURE

| | 2017 US$'000 | 2016 US$'000 |
|---|---|---|
| Amortisation of intangible assets *(Note 17)* | **1,040** | 1,092 |
| Auditor's remuneration | | |
| Audit services | **672** | 677 |
| Non-audit services | **63** | 93 |
| Depreciation of property, plant and equipment *(Note 15)* | **8,681** | 9,223 |
| Direct costs of travel and travel related services | **58,319** | 67,777 |
| Employee benefit expense (including directors' emoluments) *(Note 13)* | **93,565** | 99,345 |
| (Gains)/losses on disposal of property, plant and equipment — net *(Note 33(b))* | **(3)** | 50 |
| Losses on disposal of intangible assets *(Note 33(b))* | **16** | – |
| Provision for impairment of property, plant and equipment *(Note 15)* | **35** | – |
| Provision for impairment and write-off of trade and other receivables | **800** | 605 |
| Provision for impairment and write-off of inventories | **162** | 119 |
| Operating lease expenses | | |
| Land and buildings | **2,334** | 2,393 |
| Machinery | **16** | 17 |
| Raw materials and consumables used | **51,376** | 61,328 |
| Other expenses | **65,123** | 71,070 |
| Total cost of goods sold, selling and distribution expenses, administrative expenses and other operating expenses | **282,199** | 313,789 |

## 9 FINANCE COSTS

| | 2017 US$'000 | 2016 US$'000 |
|---|---|---|
| Interest expense on medium-term notes | **4,790** | 5,250 |
| Interest expense on short-term bank borrowings | **22** | 78 |
| | **4,812** | 5,328 |

## 10 INCOME TAX EXPENSE

Income tax for the Group's Hong Kong operations has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit derived from Hong Kong for the year. Income tax for the Group's Malaysian operations is calculated at the rate of 24% (2016: 25%) on the estimated assessable profit derived from Malaysia for the year. Taxation on other countries' profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

Income tax expense in the consolidated statement of profit or loss represents:

| | **2017** **US$'000** | 2016 US$'000 |
|---|---|---|
| Hong Kong taxation | | |
| Current year | **747** | 972 |
| Under/(over) provision in prior years | **79** | (7) |
| Malaysian taxation | | |
| Current year | **8,574** | 11,396 |
| Over provision in prior years | **(74)** | (65) |
| Other countries' taxation | | |
| Current year | **179** | 357 |
| Over provision in prior years | **(1,462)** | (1,108) |
| Deferred income tax credit *(Note 18)* | **(459)** | (272) |
| | **7,584** | 11,273 |

## 10 INCOME TAX EXPENSE *(Continued)*

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

| | **2017** | 2016 |
|---|---|---|
| | **US$'000** | US$'000 |
| Profit before income tax | **20,775** | 37,395 |
| Tax calculated at domestic tax rates applicable to profits in the respective countries | **7,421** | 10,869 |
| Tax effects of: | | |
| Income not subject to tax | **(321)** | (850) |
| Expenses not deductible for tax purposes | **694** | 669 |
| Utilisation of previously unrecognised tax losses | **(154)** | (51) |
| Temporary differences not recognised | **65** | 149 |
| Tax losses for which no deferred income tax asset was recognised | **1,256** | 1,153 |
| Over provision in prior years — current tax | **(1,457)** | (1,180) |
| De-recognition of deferred tax assets | **80** | 382 |
| Others | **–** | 132 |
| Income tax expense | **7,584** | 11,273 |

The weighted average applicable tax rate for the year was 36% (2016: 29%).

## 11 EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

| | **2017** | 2016 |
|---|---|---|
| Profit attributable to owners of the Company *(US$'000)* | **15,156** | 26,649 |
| Weighted average number of ordinary shares in issue | **1,687,236,241** | 1,687,236,645 |
| Basic earnings per share *(US cents)* | **0.90** | 1.58 |
| Diluted earnings per share *(US cents)* | **0.90** | 1.58 |

The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential shares in issue during the years ended 31 March 2017 and 2016.

## 12 DIVIDENDS

| | 2017 US$'000 | 2016 US$'000 |
|---|---|---|
| **Dividends attributable to the year:** | | |
| First interim, paid, US0.360 cents (2015/2016: US0.500 cents) per ordinary share *(note (a))* | **6,074** | 8,436 |
| Second interim, declared after the end of the reporting period of US0.360 cents (2015/2016: US0.600 cents) per ordinary share *(note (b))* | **6,074** | 10,123 |
| | **12,148** | 18,559 |
| **Dividends paid during the year:** | | |
| Second interim, 2015/2016, US0.600 cents (2014/2015: US0.500 cents) per ordinary share *(note (c))* | **10,123** | 8,436 |
| First interim, 2016/2017, US0.360 cents (2015/2016: US0.500 cents) per ordinary share | **6,074** | 8,436 |
| | **16,197** | 16,872 |

*Notes:*

(a) The first interim dividend of US0.360 cents (2015/2016: US0.500 cents) per ordinary share totaling US$6,074,000 in respect of the year ended 31 March 2017 was paid on 30 December 2016.

(b) The Board of Directors has declared a second interim dividend of US0.360 cents (2015/2016: US0.600 cents) per ordinary share in lieu of a final dividend for the year ended 31 March 2017. The dividend will be payable on 10 July 2017 to shareholders whose names appear on the register of members of the Company at the close of business on 20 June 2017 in cash in RM or in HK$ at the average exchange rates used during the year ended 31 March 2017 for the translation of the results of the subsidiaries whose functional currencies are not US$. No tax is payable on the dividend declared by the Company to be received by shareholders in Malaysia as it is income from foreign source in accordance with paragraph 28 of Schedule 6 of Malaysian Income Tax Act 1967.

The average exchange rates used during the year ended 31 March 2017 of US$ to RM and US$ to HK$, and the amount of the second interim dividend payable are as follows:

| | **Exchange rates** | **Dividend per ordinary share** |
|---|---|---|
| US$ to RM | 4.4542 | 1.604 sen |
| US$ to HK$ | 7.8129 | HK2.813 cents |

(c) The second interim dividend of US0.600 cents per ordinary share totaling US$10,123,000 in respect of the year ended 31 March 2016 was paid on 13 July 2016.

## 13 EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

| | 2017 US$'000 | 2016 US$'000 |
|---|---|---|
| Wages and salaries | **73,002** | 76,456 |
| Unutilised annual leave | **36** | (73) |
| Pension costs — defined contribution plans | **7,030** | 7,192 |
| Pension costs — defined benefit plans *(Note 29(b))* | **197** | 211 |
| Retirement benefit obligations *(Note 28(a))* | **53** | 155 |
| Other staff costs | **13,247** | 15,404 |
| | **93,565** | 99,345 |

## 14 BENEFITS AND INTERESTS OF DIRECTORS

(a) The remuneration of every director and chief executive for the years ended 31 March 2017 and 2016 is set out below:

| **Name of Director** | **Fees US$'000** | **Salaries US$'000** | **Bonuses US$'000** | **Cash allowance US$'000** | **Other benefits in kind US$'000** *(note (i))* | **Employer's contributions to pension schemes US$'000** | **Total US$'000** |
|---|---|---|---|---|---|---|---|
| **Group Executive Chairman and executive director** | | | | | | | |
| Tan Sri Datuk Sir TIONG Hiew King *(note (ii))* | **140** | **131** | **71** | **–** | **–** | **–** | **342** |
| **Group Chief Executive Officer and executive director** | | | | | | | |
| Mr TIONG Kiew Chiong *(note (iii))* | **17** | **315** | **10** | **–** | **44** | **16** | **402** |
| **Executive directors** | | | | | | | |
| Dato' Sri Dr TIONG Ik King | **21** | **–** | **–** | **–** | **–** | **–** | **21** |
| Mr NG Chek Yong | **–** | **216** | **47** | **–** | **7** | **40** | **310** |
| Mr LEONG Chew Meng | **–** | **149** | **29** | **–** | **6** | **27** | **211** |
| **Non-executive director** | | | | | | | |
| Ms TIONG Choon | **18** | **–** | **–** | **1** | **–** | **–** | **19** |
| **Independent non-executive directors** | | | | | | | |
| Mr YU Hon To, David *(note (iv))* | **54** | **–** | **–** | **–** | **–** | **–** | **54** |
| Datuk CHONG Kee Yuon | **20** | **–** | **–** | **2** | **–** | **–** | **22** |
| Mr KHOO Kar Khoon | **16** | **–** | **–** | **1** | **–** | **–** | **17** |
| **Total for the year ended 31 March 2017** | **286** | **811** | **157** | **4** | **57** | **83** | **1,398** |

| Name of Director | Fees US$'000 | Salaries US$'000 | Bonuses US$'000 | Cash allowance US$'000 | Other benefits in kind US$'000 *(note (i))* | Employer's contributions to pension schemes US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|
| **Group Executive Chairman and executive director** | | | | | | | |
| Tan Sri Datuk Sir TIONG Hiew King *(note (ii))* | 151 | 136 | 74 | – | – | – | 361 |
| **Group Chief Executive Officer and executive director** | | | | | | | |
| Mr TIONG Kiew Chiong *(note (iii))* | 17 | 315 | 26 | – | 41 | 16 | 415 |
| **Executive directors** | | | | | | | |
| Dato' Sri Dr TIONG Ik King | 21 | – | – | – | – | – | 21 |
| Mr NG Chek Yong | – | 211 | 69 | – | 7 | 42 | 329 |
| Mr LEONG Chew Meng | – | 150 | 43 | – | 6 | 29 | 228 |
| **Non-executive director** | | | | | | | |
| Ms TIONG Choon | 19 | – | – | 1 | – | – | 20 |
| **Independent non-executive directors** | | | | | | | |
| Mr YU Hon To, David *(note (iv))* | 54 | – | – | – | – | – | 54 |
| Tan Sri Dato' Lau Yin Pin | 21 | – | – | 2 | – | – | 23 |
| Temenggong Datuk Kenneth Kanyan ANAK TEMENGGONG KOH | 21 | – | – | 1 | – | – | 22 |
| Total for the year ended 31 March 2016 | 304 | 812 | 212 | 4 | 54 | 87 | 1,473 |

## 14 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) *(Continued)*

*Notes:*

(i) Other benefits in kind included housing, use of company cars, air tickets for home trips, insurance coverage and club membership.

(ii) The director's fee for Tan Sri Datuk Sir TIONG Hiew King included his fee as a non-executive director of One Media in the amount of US$17,000 (2016: US$17,000).

(iii) The remuneration of Mr TIONG Kiew Chiong included his fee as an executive director of One Media in the amount of US$17,000 (2016: US$17,000).

(iv) The director's fee for Mr YU Hon To, David included his fee as an independent non-executive director of One Media in the amount of US$23,000 (2016: US$23,000).

(v) No director waived any emoluments and no emoluments were paid to the directors as an inducement fee to join or as compensation for loss of office during the years ended 31 March 2017 and 2016.

(b) Directors' retirement and termination benefits

No retirement and termination benefits were paid or receivable by any directors during the years ended 31 March 2017 and 2016 in respect of services as a director of the Company and its subsidiaries undertakings or in respect of other services in connection with the management of the affairs of the Company or its subsidiary undertakings.

(c) Consideration provided to third parties for making available directors' services

No consideration was provided to or receivable by third parties for making available directors' services during the years ended 31 March 2017 and 2016.

(d) Information about loans, quasi-loans and other dealings entered into by the Company and its subsidiaries undertakings, where applicable, in favour of the directors

There were no loans, quasi-loans or other dealings in favour of directors, their controlled bodies corporate and connected parties during the years ended 31 March 2017 and 2016.

(e) Directors' material interests in transactions, arrangements or contracts

There were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 March 2017 and 2016.

## 14 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(f) The 5 highest paid individuals during the year included 2 (2016: 3) executive directors whose emoluments are reflected in the analysis presented above. The emoluments paid to the remaining 3 (2016: 2) individuals during the year are as follows:

| | **2017** | 2016 |
|---|---|---|
| | **US$'000** | US$'000 |
| Fees | **17** | 17 |
| Salaries | **792** | 592 |
| Bonuses | **220** | 44 |
| Other benefits in kind | **2** | 2 |
| Employer's contributions to pension schemes | **6** | 4 |
| | **1,037** | 659 |

The emoluments of the 3 (2016: 2) individuals fall within the following bands:

| | **Number of individuals** | |
|---|---|---|
| | **2017** | 2016 |
| From US$257,772 to US$322,215 (equivalent to HK$2,000,001 to HK$2,500,000) | **2** | – |
| From US$322,216 to US$386,658 (equivalent to HK$2,500,001 to HK$3,000,000) | **–** | 2 |
| From US$386,659 to US$451,101 (equivalent to HK$3,000,001 to HK$3,500,000) | **1** | – |
| | **3** | 2 |

## 15 PROPERTY, PLANT AND EQUIPMENT

| | Property | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Freehold land and buildings outside Hong Kong US$'000 | Long-term leasehold land outside Hong Kong US$'000 | Long-term buildings outside Hong Kong US$'000 | Medium-term leasehold land in Hong Kong US$'000 | Medium-term buildings in Hong Kong US$'000 | Medium-term leasehold land outside Hong Kong US$'000 | Medium-term buildings outside Hong Kong US$'000 | Leasehold improvements, furniture, fixtures and office equipment US$'000 | Machinery and printing equipment US$'000 | Motor vehicles US$'000 | Construction-in-progress US$'000 | Total US$'000 |
| **At 31 March 2015** | | | | | | | | | | | | |
| Cost | 23,404 | 2,010 | 4,824 | 15,382 | 8,787 | 14,230 | 23,545 | 37,115 | 112,550 | 2,634 | 2,818 | 247,299 |
| Accumulated depreciation | (2,656) | (215) | (624) | (6,321) | (4,586) | (2,651) | (10,559) | (27,319) | (63,689) | (1,770) | – | (120,390) |
| Net book amount | 20,748 | 1,795 | 4,200 | 9,061 | 4,201 | 11,579 | 12,986 | 9,796 | 48,861 | 864 | 2,818 | 126,909 |
| **Year ended 31 March 2016** | | | | | | | | | | | | |
| Opening net book amount | 20,748 | 1,795 | 4,200 | 9,061 | 4,201 | 11,579 | 12,986 | 9,796 | 48,861 | 864 | 2,818 | 126,909 |
| Additions | – | – | – | – | – | – | 17 | 2,229 | 368 | 157 | 41 | 2,812 |
| Currency translation differences | (1,008) | (91) | (217) | (2) | – | (595) | (697) | (590) | (2,258) | (31) | (245) | (5,734) |
| Reclassifications | – | – | – | – | – | – | – | (2,224) | 4,707 | – | (2,483) | – |
| Reclassifications to intangible assets | – | – | – | – | – | – | – | – | – | – | (84) | (84) |
| Disposals | – | – | – | – | – | – | – | (54) | (30) | – | – | (84) |
| Depreciation *(note (a))* | (288) | (30) | (148) | (279) | (244) | (250) | (1,075) | (2,116) | (4,506) | (287) | – | (9,223) |
| Closing net book amount | 19,452 | 1,674 | 3,835 | 8,780 | 3,957 | 10,734 | 11,231 | 7,041 | 47,142 | 703 | 47 | 114,596 |
| **At 31 March 2016** | | | | | | | | | | | | |
| Cost | 22,281 | 1,908 | 4,579 | 15,382 | 8,787 | 13,510 | 22,364 | 34,626 | 113,135 | 2,632 | 47 | 239,251 |
| Accumulated depreciation | (2,829) | (234) | (744) | (6,602) | (4,830) | (2,776) | (11,133) | (27,585) | (65,993) | (1,929) | – | (124,655) |
| Net book amount | 19,452 | 1,674 | 3,835 | 8,780 | 3,957 | 10,734 | 11,231 | 7,041 | 47,142 | 703 | 47 | 114,596 |
| **Year ended 31 March 2017** | | | | | | | | | | | | |
| Opening net book amount | **19,452** | **1,674** | **3,835** | **8,780** | **3,957** | **10,734** | **11,231** | **7,041** | **47,142** | **703** | **47** | **114,596** |
| Additions | **–** | **–** | **–** | **–** | **–** | **–** | **10** | **1,072** | **78** | **64** | **110** | **1,334** |
| Currency translation differences | **(2,053)** | **(195)** | **(444)** | **(19)** | **(6)** | **(1,255)** | **(1,270)** | **(604)** | **(4,962)** | **(61)** | **(9)** | **(10,878)** |
| Reclassifications to intangible assets | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **(37)** | **(37)** |
| Provision for impairment of property, plant and equipment | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **(35)** | **–** | **–** | **–** | **(35)** |
| Disposals | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **(32)** | **(1)** | **–** | **–** | **(33)** |
| Depreciation *(note (a))* | **(278)** | **(28)** | **(140)** | **(280)** | **(244)** | **(241)** | **(1,033)** | **(1,880)** | **(4,307)** | **(250)** | **–** | **(8,681)** |
| Closing net book amount | **17,121** | **1,451** | **3,251** | **8,481** | **3,707** | **9,238** | **8,938** | **5,562** | **37,950** | **456** | **111** | **96,266** |
| **At 31 March 2017** | | | | | | | | | | | | |
| Cost | **19,949** | **1,684** | **4,039** | **15,349** | **8,769** | **11,918** | **19,740** | **32,873** | **102,968** | **2,291** | **111** | **219,691** |
| Accumulated depreciation and impairment provision | **(2,828)** | **(233)** | **(788)** | **(6,868)** | **(5,062)** | **(2,680)** | **(10,802)** | **(27,311)** | **(65,018)** | **(1,835)** | **–** | **(123,425)** |
| Net book amount | **17,121** | **1,451** | **3,251** | **8,481** | **3,707** | **9,238** | **8,938** | **5,562** | **37,950** | **456** | **111** | **96,266** |

*Note:*

(a) Depreciation expense of US$4,307,000 (2016: US$4,506,000) was included in "Cost of goods sold" and US$4,374,000 (2016: US$4,717,000) was included in "Other operating expenses" in the consolidated statement of profit or loss.

## 16 INVESTMENT PROPERTIES

| | 2017 US$'000 | 2016 US$'000 |
|---|---|---|
| **At 1 April** | **15,451** | 15,943 |
| Fair value gains on investment properties — net *(Note 33(a))* | **558** | 145 |
| Currency translation differences | **(1,422)** | (637) |
| **At 31 March** | **14,587** | 15,451 |

The fair value of the Group's investment properties is analysed as follows:

| | 2017 US$'000 | 2016 US$'000 |
|---|---|---|
| In Malaysia, held on: | | |
| Freehold | **4,074** | 4,567 |
| Leases of over 50 years | **4,535** | 4,682 |
| Leases of between 10 to 50 years | **2,498** | 2,832 |
| | **11,107** | 12,081 |
| In the United States ("USA"), held on: | | |
| Freehold | **3,480** | 3,370 |
| | **14,587** | 15,451 |

### Fair value hierarchy

| | Fair value measurements at 31 March 2017 using | | |
|---|---|---|---|
| **Description** | **Quoted prices in active markets for identical assets (Level 1) US$'000** | **Significant other observable inputs (Level 2) US$'000** | **Significant unobservable inputs (Level 3) US$'000** |
| Recurring fair value measurements | | | |
| Malaysia | – | 11,107 | – |
| USA | – | – | 3,480 |

There were no transfers between levels 1, 2 and 3 during the year.

## 16 INVESTMENT PROPERTIES *(Continued)*

### Valuation processes and techniques

Independent valuations were performed by Raine & Horne International Zaki + Partners Sdn Bhd and Betsy Mak Appraisal Group to determine the fair values of the Group's investment properties as at 31 March 2017 and 2016. The revaluation gains or losses were included in 'Other (losses)/gains, net' in the consolidated statement of profit or loss (Note 7).

For the properties in Malaysia, fair values of investment properties have been generally determined using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

For the property in the USA, the valuation was determined using income capitalisation approach and sales comparison approach based on significant unobservable inputs. These inputs included:

| | | |
|---|---|---|
| Future rental cash inflows | — | Based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts and external evidence such as current market rents for similar properties; |
| Estimated vacancy rates | — | Based on current and expected future market conditions after expiry of any current lease; |
| Maintenance costs | — | Including necessary investments to maintain functionality of the property for its expected useful life; |
| Capitalisation rates | — | Based on actual location, size and quality of the properties and taking into account market data at the valuation date. |

Information about fair value measurements using significant unobservable inputs (Level 3):

| Description | Fair value at 31 March 2017 US$'000 | Valuation techniques | Unobservable inputs | Range of unobservable inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|
| Commercial building — USA | 3,480 | Income capitalisation approach and sales comparison approach | Rental value | US$246,012 per annum | The higher the rental value, the higher the fair value |
| | | | Capitalisation rate | 4.75% | The higher the capitalisation rate, the lower the fair value |
| | | | Vacancy rate | 2%–4% | The higher the vacancy rate, the lower the fair value |
| | | | Estimated expenses | US$22.3 per square foot | The higher the estimated expenses, the lower the fair value |

There are inter-relationships between unobservable inputs. Estimated vacancy rates may impact the yield, with higher vacancy rates resulting in lower yields. An increase in future rental income may be linked with higher expenses. If the remaining lease term increases, the yield may decrease.

## 16 INVESTMENT PROPERTIES *(Continued)*

The following amounts have been recognised in the consolidated statement of profit or loss:

| | 2017 US$'000 | 2016 US$'000 |
|---|---|---|
| Rental income | **711** | 729 |
| Direct operating expenses arising from investment properties that generate rental income | **(236)** | (235) |
| | **475** | 494 |

At 31 March 2017, the Group has future aggregate minimum rental receivables under non-cancellable operating leases as follows:

| | 2017 US$'000 | 2016 US$'000 |
|---|---|---|
| No later than one year | **400** | 407 |
| Later than one year and no later than five years | **283** | 585 |
| | **683** | 992 |

## 16 INVESTMENT PROPERTIES *(Continued)*

Particulars of the Group's investment properties at fair values as at 31 March 2017 and 2016 are as follows:

| | Location | Tenure/Expiry of lease | Uses | 2017 US$'000 | 2016 US$'000 |
|---|---|---|---|---|---|
| 1 | No. 25, Rawang Integrated Industrial Park, Jalan Batu Arang, 48000 Rawang, Selangor Darul Ehsan, Malaysia | Freehold | Office building and single storey factory building | **4,001** | 4,485 |
| 2 | 37-06, Prince Street, Flushing NY 11354, the USA | Freehold | Commercial building | **3,480** | 3,370 |
| 3 | PT12917 HS(D) 103390 (Ground Floor) Putra Indah A, Putra Nilai, 71800 Nilai, Negeri Sembilan Darul Khusus, Malaysia | Freehold | Commercial building | **59** | 67 |
| 4 | V5-09-05, Block 5, Sri Palma Villa, Jalan KL-Seremban, Bandar University Teknologi Lagenda, 71700 Mantin, Negeri Sembilan Darul Khusus, Malaysia | Freehold | Residential building (1 unit of service apartment) | **14** | 15 |
| 5 | No. 3, Lorong Kilang F, Kelombong, 88450 Kota Kinabalu, Sabah, Malaysia | Leasehold/2920 | Office building | **1,696** | 1,489 |
| 6 | Lot 22, Jalan Sultan Mohamed 4, Taman Perindustrian Bandar Sultan Sulaiman, 42000 Pelabuhan Klang Utara, Selangor Darul Ehsan, Malaysia | Leasehold/2105 | Warehouse | **2,577** | 2,896 |
| 7 | AR09-F3A0, Ara Ria 09, Jalan UTL 9, Bandar University Teknologi Lagenda, 71700 Mantin, Negeri Sembilan Darul Khusus, Malaysia | Leasehold/2099 | Residential building | **14** | 15 |
| 8 | 59-1-2, Jalan TMR 2, Taman Melaka Raya, 75000 Melaka, Malaysia | Leasehold/2094 | Commercial building | **248** | 282 |
| 9 | No. 76 Jalan Universiti, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia | Leasehold/2063 | Office building | **2,498** | 2,832 |
| | | | | **14,587** | 15,451 |

## 17 INTANGIBLE ASSETS

| | Archives, mastheads and publishing rights US$'000 | Computer softwares US$'000 | Broadcast license US$'000 | Sub-total US$'000 | Goodwill US$'000 *(note (b))* | Total US$'000 |
|---|---|---|---|---|---|---|
| **At 1 April 2015** | | | | | | |
| Cost | 24,153 | 6,022 | – | 30,175 | 57,251 | 87,426 |
| Accumulated amortisation and impairment provision | (12,377) | (3,658) | – | (16,035) | (12,387) | (28,422) |
| Net book amount | 11,776 | 2,364 | – | 14,140 | 44,864 | 59,004 |
| **Year ended 31 March 2016** | | | | | | |
| Opening net book amount | 11,776 | 2,364 | – | 14,140 | 44,864 | 59,004 |
| Additions | – | 500 | – | 500 | – | 500 |
| Reclassifications from property, plant and equipment | – | 84 | – | 84 | – | 84 |
| Amortisation expense *(note (a))* | (375) | (717) | – | (1,092) | – | (1,092) |
| Provision for impairment of goodwill | – | – | – | – | (1,957) | (1,957) |
| Currency translation differences | (565) | (92) | – | (657) | (2,366) | (3,023) |
| Closing net book amount | 10,836 | 2,139 | – | 12,975 | 40,541 | 53,516 |
| **At 31 March 2016** | | | | | | |
| Cost | 23,261 | 6,380 | – | 29,641 | 54,524 | 84,165 |
| Accumulated amortisation and impairment provision | (12,425) | (4,241) | – | (16,666) | (13,983) | (30,649) |
| Net book amount | 10,836 | 2,139 | – | 12,975 | 40,541 | 53,516 |
| **Year ended 31 March 2017** | | | | | | |
| Opening net book amount | **10,836** | **2,139** | **–** | **12,975** | **40,541** | **53,516** |
| Additions | **–** | **398** | **138** | **536** | **–** | **536** |
| Reclassifications from property, plant and equipment | **–** | **37** | **–** | **37** | **–** | **37** |
| Amortisation expense *(note (a))* | **(363)** | **(630)** | **(47)** | **(1,040)** | **–** | **(1,040)** |
| Provision for impairment of goodwill | **–** | **–** | **–** | **–** | **(3,603)** | **(3,603)** |
| Disposals | **–** | **(16)** | **–** | **(16)** | **–** | **(16)** |
| Currency translation differences | **(1,236)** | **(177)** | **1** | **(1,412)** | **(4,787)** | **(6,199)** |
| Closing net book amount | **9,237** | **1,751** | **92** | **11,080** | **32,151** | **43,231** |
| **At 31 March 2017** | | | | | | |
| Cost | **21,182** | **6,191** | **137** | **27,510** | **48,526** | **76,036** |
| Accumulated amortisation and impairment provision | **(11,945)** | **(4,440)** | **(45)** | **(16,430)** | **(16,375)** | **(32,805)** |
| Net book amount | **9,237** | **1,751** | **92** | **11,080** | **32,151** | **43,231** |

## 17 INTANGIBLE ASSETS *(Continued)*

*Notes:*

(a) Amortisation expense of US$1,040,000 (2016: US$1,092,000) is included in "Other operating expenses" in the consolidated statement of profit or loss.

(b) Goodwill acquired through business combination is allocated to cash-generating units ("CGUs") for impairment testing. The allocation is made to those CGUs that are expected to benefit from the business combination.

The carrying amounts of goodwill are allocated to the following CGUs:

| | **2017** | 2016 |
|---|---|---|
| | **US$'000** | US$'000 |
| Sin Chew Media Corporation Berhad *(note (i))* | **31,708** | 40,039 |
| Mulu Press Sdn Bhd | **411** | 466 |
| Sinchew-i Sdn Bhd | **32** | 36 |
| | **32,151** | 40,541 |

*Note:*

(i) 506,667,259 ordinary shares of HK$0.1 each were deemed to have been issued on 31 March 2008 for the acquisition of certain equity interest in Sin Chew Media Corporation Berhad ("SCMC") from its non-controlling shareholders. The purchase resulted in the Company recording a goodwill of US$49,018,000 as at 31 March 2008.

The recoverable amount of the SCMC CGU has been determined based on a value-in-use calculation using cash flow projections approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated without any growth rate. Management determined budgeted gross margin based on past performance and Group's business plan. The growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the CGU.

Key assumptions used for the value-in-use calculations:

| | **Average advertising revenue growth rate** | | **Pre-tax discount rate** | |
|---|---|---|---|---|
| | **2017** | 2016 | **2017** | 2016 |
| Goodwill of SCMC | **0.7% – 1.0%** | 3% – 13% | **11.2%** | 11.2% |

The recoverable amount of the SCMC CGU calculated based on a value-in-use calculation was approximately US$160,011,000, which was lower than the carrying amount of the CGU by approximately US$3,603,000. This was primarily attributable to weak advertising sentiments and more cautions spending by the advertisers. Hence, as at 31 March 2017, the goodwill in relation to the SCMC CGU was approximately US$31,708,000 (2016: US$40,039,000) after a provision for impairment of US$3,603,000 (2016: Nil) and a currency translation adjustment of US$4,728,000 (2016: US$2,147,000) during the year.

Management has assessed that, amongst all assumptions used in the value-in-use calculations, the most sensitive key assumptions are the advertising revenue growth rate and the pre-tax discount rate which was arrived at based on weighted average cost of capital.

## 18 DEFERRED INCOME TAX

The analysis of deferred income tax assets and liabilities is as follows:

| | **2017** | 2016 |
|---|---|---|
| | **US$'000** | US$'000 |
| Deferred income tax assets: | | |
| to be recovered within 12 months | **(29)** | (48) |
| to be recovered after 12 months | **(197)** | (252) |
| | **(226)** | (300) |
| Deferred income tax liabilities: | | |
| to be settled within 12 months | **810** | 842 |
| to be settled after 12 months | **7,812** | 9,139 |
| | **8,622** | 9,981 |
| Deferred income tax liabilities — net | **8,396** | 9,681 |

Movements in net deferred income tax liabilities are as follows:

| | **2017** | 2016 |
|---|---|---|
| | **US$'000** | US$'000 |
| **At 1 April** | **9,681** | 10,415 |
| Credited to the consolidated statement of profit or loss *(Note 10)* | **(459)** | (272) |
| Currency translation differences | **(826)** | (462) |
| **At 31 March** | **8,396** | 9,681 |

## 18 DEFERRED INCOME TAX *(Continued)*

The components of deferred income tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements (prior to offsetting of the balances within the same tax jurisdiction) during the year are as follows:

| | Accelerated tax depreciation US$'000 | Provision for impairment and write-off of trade and other receivables US$'000 | Provision for employee benefits and other liabilities US$'000 | Decelerated tax depreciation US$'000 | Tax losses US$'000 | Revaluation on other properties US$'000 | Deferred revenue US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|
| **At 1 April 2015** | 11,758 | (134) | (1,346) | (406) | (147) | 690 | – | 10,415 |
| (Credited)/charged to the consolidated statement of profit or loss | (5) | 71 | (222) | 360 | 96 | (21) | (551) | (272) |
| Currency translation differences | (490) | 6 | 61 | 22 | – | (16) | (45) | (462) |
| **At 31 March 2016** | 11,263 | (57) | (1,507) | (24) | (51) | 653 | (596) | 9,681 |
| **At 1 April 2016** | **11,263** | **(57)** | **(1,507)** | **(24)** | **(51)** | **653** | **(596)** | **9,681** |
| (Credited)/charged to the consolidated statement of profit or loss | **(632)** | **12** | **136** | **10** | **9** | **4** | **2** | **(459)** |
| Currency translation differences | **(1,037)** | **1** | **171** | **–** | **–** | **(32)** | **71** | **(826)** |
| **At 31 March 2017** | **9,594** | **(44)** | **(1,200)** | **(14)** | **(42)** | **625** | **(523)** | **8,396** |

Deferred income tax assets are recognised for tax loss carried-forwards to the extent that the realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of US$76,594,000 (2016: US$72,488,000) to be carried forward against future taxable income. Losses amounting to US$15,562,000 (2016: US$11,029,000) will expire within 5 years. Losses amounting to US$23,535,000 (2016: US$25,991,000) will expire between 6 and 20 years. The remaining tax losses amounting to US$37,497,000 (2016: US$35,468,000) can be carried forward indefinitely.

## 19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Movements in the interests in joint ventures and associates are as follows:

| | **2017 US$'000** | 2016 US$'000 |
|---|---|---|
| **At 1 April** | **749** | 796 |
| Share of results | **435** | 82 |
| Dividends received from an associate | **(451)** | (130) |
| Currency translation differences | **(2)** | 1 |
| **At 31 March** | **731** | 749 |

## 19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

*Notes:*

(a) Particulars of the Group's associates are as follows:

| Name of associate | Place of incorporation | Effective equity interest | | Principal activities |
|---|---|---|---|---|
| | | **2017** | 2016 | |
| ByRead Inc. | The Cayman Islands | **24.97%** | 24.97% | *note (ii)* |
| Blackpaper Limited | Hong Kong | **10%** | 10% | *note (iii)* |

*Notes:*

(i) All the investments in associates are owned by the subsidiaries of One Media, a listed subsidiary owned as to 73.01% (2016: 73.01%) by the Company as at 31 March 2017.

(ii) ByRead Inc. is engaged in investment holding and the principal activities of its subsidiaries include the provision of mobile value-added services such as entertainment and online reading for individuals and enterprises in Mainland China. During the year ended 31 March 2015, the Group's interest in ByRead Inc. was fully impaired.

(iii) Blackpaper Limited is engaged in the publication of a magazine and books as well as the provision of creative multimedia services and advertising campaigns.

(b) Particulars of the Group's joint ventures are as follows:

| Name of joint venture | Place of incorporation | Effective equity interest | | Principal activities |
|---|---|---|---|---|
| | | **2017** | 2016 | |
| Chu Kong Culture Media Company Limited | The British Virgin Islands | **40%** | 40% | Investment holding |
| Connect Media Company Limited ("CMCL") | Hong Kong | **40%** | 40% | Provision of advertising services in Hong Kong |

*Note:* All the above interests in joint ventures are held by a subsidiary of One Media.

During the year ended 31 March 2017, CMCL entered into a subcontracting agreement with a fellow subsidiary of the other joint venturer (the "Subcontractor"), to manage the daily operations of CMCL for three years. For each year, all losses incurred by CMCL will be borne by the Subcontractor, while the Subcontractor will be entitled to a certain amount of profit generated by CMCL as service fee. Any profit exceeding that amount will be shared equally between CMCL and the Subcontractor.

## 20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | **2017** | 2016 |
|---|---|---|
| | **US$'000** | US$'000 |
| Listed equity securities in Hong Kong, at market value | **346** | 340 |

*Note:*

The listed equity securities were designated as financial assets at fair value through profit or loss at inception. The fair values of the listed equity securities were based on their current bid prices in an active market. Fair value gains on the listed equity securities — net at 31 March 2017 of US$7,000 (2016: US$46,000) were included under "Other (losses)/gains, net" in the consolidated statement of profit or loss.

## 21 FINANCIAL INSTRUMENTS BY CATEGORY

| Assets | Loans and receivables US$'000 | Assets at fair value through profit or loss US$'000 | Available-for-sale US$'000 | Total US$'000 |
|---|---|---|---|---|
| Available-for-sale financial assets *(Note 23)* | **–** | **–** | **97** | **97** |
| Trade and other receivables excluding prepayments | **35,889** | **–** | **–** | **35,889** |
| Financial assets at fair value through profit or loss *(Note 20)* | **–** | **346** | **–** | **346** |
| Short-term bank deposits *(Note 25)* | **10,086** | **–** | **–** | **10,086** |
| Cash and cash equivalents *(Note 25)* | **79,946** | **–** | **–** | **79,946** |
| **At 31 March 2017** | **125,921** | **346** | **97** | **126,364** |
| Available-for-sale financial assets *(Note 23)* | – | – | 97 | 97 |
| Trade and other receivables excluding prepayments | 46,282 | – | – | 46,282 |
| Financial assets at fair value through profit or loss *(Note 20)* | – | 340 | – | 340 |
| Cash and cash equivalents *(Note 25)* | 140,950 | – | – | 140,950 |
| At 31 March 2016 | 187,232 | 340 | 97 | 187,669 |

| Liabilities | Financial liabilities at amortised cost **2017** **US$'000** | 2016 US$'000 |
|---|---|---|
| Bank and other borrowings *(Note 27)* | **53,376** | 116,116 |
| Trade and other payables excluding non-financial liabilities | **26,586** | 35,346 |
| | **79,962** | 151,462 |

## 22 INVENTORIES

| | 2017<br>US$'000 | 2016<br>US$'000 |
|---|---|---|
| Raw materials and consumables | **18,935** | 22,937 |
| Finished goods | **983** | 932 |
| | **19,918** | 23,869 |

Raw materials and consumables recognised as expenses and included in "Cost of goods sold" amounted to US$51,376,000 (2016: US$61,328,000).

## 23 AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | 2017<br>US$'000 | 2016<br>US$'000 |
|---|---|---|
| At 1 April and 31 March | **97** | 97 |

Available-for-sale financial assets comprised unlisted club debentures.

As at 31 March 2017 and 2016, the available-for-sale financial assets were denominated in HK$ and the fair values approximated the carrying amounts.

The maximum exposure to credit risk at the reporting date is the carrying amounts of the available-for-sale financial assets.

## 24 TRADE AND OTHER RECEIVABLES

| | 2017 US$'000 | 2016 US$'000 |
|---|---|---|
| Trade receivables | **35,199** | 44,144 |
| Less: provision for impairment of trade receivables | **(2,294)** | (2,132) |
| Trade receivables, net *(note (a))* | **32,905** | 42,012 |
| Deposits and prepayments *(note (b))* | **6,139** | 6,274 |
| Other receivables *(note (b))* | **2,195** | 3,383 |
| | **41,239** | 51,669 |

As at 31 March 2017 and 2016, the fair values of trade and other receivables approximated the carrying amounts.

*Notes:*

(a) The Group allows in general a credit period ranging from 7 to 120 days to its trade customers.

As at 31 March 2017 and 2016, the ageing analysis of the net trade receivables based on invoice date is as follows:

| | 2017 US$'000 | 2016 US$'000 |
|---|---|---|
| 1 to 60 days | **22,320** | 29,113 |
| 61 to 120 days | **7,934** | 9,409 |
| 121 to 180 days | **1,196** | 2,140 |
| Over 180 days | **1,455** | 1,350 |
| | **32,905** | 42,012 |

The carrying amounts of the net trade receivables were denominated in the following currencies:

| | 2017 US$'000 | 2016 US$'000 |
|---|---|---|
| RM | **19,311** | 25,669 |
| HK$ | **8,872** | 11,070 |
| CAD | **2,770** | 3,311 |
| RMB | **823** | 878 |
| US$ | **742** | 618 |
| Other currencies | **387** | 466 |
| | **32,905** | 42,012 |

The Group has trade receivables from customers engaged in various industries and which are not concentrated in any specific geographical area. Credit risk concentration with respect to trade receivables is mitigated by the Group's large customer base.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers are monitored on an ongoing basis to reduce the Group's exposure to bad debts. The credit period on trade receivables, depending on the business area, is 7 days to 120 days.

## 24 TRADE AND OTHER RECEIVABLES *(Continued)*

*Notes (a): (Continued)*

As at 31 March 2017, trade receivables that were neither past due nor impaired amounted to US$20,356,000 (2016: US$26,312,000), which represented about 62% (2016: 63%) of the net trade receivables balance. These balances related to a wide range of customers for whom there were good trade records without default history. Based on past experience and the credit quality of the customers, there is no evidence of impairment in respect of these balances and the balances are considered fully recoverable.

As at 31 March 2017 and 2016, the ageing analysis of the net trade receivables that were past due but not impaired is as follows:

| | **2017** | 2016 |
|---|---|---|
| | **US$'000** | US$'000 |
| Overdue by: | | |
| 1 to 60 days | **9,387** | 12,032 |
| 61 to 120 days | **1,691** | 2,016 |
| 121 to 180 days | **414** | 630 |
| Over 180 days | **1,057** | 1,022 |
| | **12,549** | 15,700 |

During the year ended 31 March 2017, the Group has recognised a net loss of US$361,000 (2016: US$463,000) for the impairment of its trade receivables and directly written off an amount of US$439,000 as bad debts (2016: US$142,000). The individually impaired receivables mainly related to customers that were in unexpected difficult economic situations. It was assessed that a portion of the receivables was expected to be recovered. These are included in "Selling and distribution expenses" in the consolidated statement of profit or loss.

As at 31 March 2017, trade receivables amounted to US$2,294,000 (2016: US$2,132,000) were past due and fully impaired.

Movements in the provision for impairment of trade receivables are as follows:

| | **2017** | 2016 |
|---|---|---|
| | **US$'000** | US$'000 |
| **At 1 April** | **2,132** | 2,064 |
| Provision for impairment of receivables | **821** | 847 |
| Receivables written off against allowance | **(54)** | (325) |
| Allowance reversed | **(460)** | (384) |
| Currency translation differences | **(145)** | (70) |
| **At 31 March** | **2,294** | 2,132 |

The creation and release of provision for impairment of receivables have been included in "Selling and distribution expenses" in the consolidated statement of profit or loss. Amounts in the allowance account are generally utilised to write off receivables when there is no expectation of further recovery.

The Group holds deposits and bank guarantees of US$1,622,000 (2016: US$2,716,000) and US$4,916,000 (2016: US$6,415,000) respectively provided by the customers as security for certain trade receivables with a carrying amount of US$4,581,000 (2016: US$8,245,000). Other than that, the Group does not hold any collateral as security.

(b) The deposits and other receivables were neither past due nor impaired.

(c) The maximum exposure to credit risk at the reporting date is the carrying amounts of each class of receivables mentioned above.

## 25 CASH AND CASH EQUIVALENTS AND SHORT-TERM BANK DEPOSITS

| | **2017** | 2016 |
|---|---|---|
| | **US$'000** | US$'000 |
| Cash at bank and on hand | **35,269** | 41,711 |
| Short-term bank deposits (maturity date within 3 months) | **44,677** | 99,239 |
| Cash and cash equivalents | **79,946** | 140,950 |
| Short-term bank deposits (maturity date over 3 months) | **10,086** | – |
| | **90,032** | 140,950 |

The carrying amounts of the cash and cash equivalents and short-term bank deposits were denominated in the following currencies:

| | **2017** | 2016 |
|---|---|---|
| | **US$'000** | US$'000 |
| RM | **58,824** | 99,632 |
| HK$ | **17,787** | 28,503 |
| US$ | **5,767** | 5,529 |
| CAD | **4,399** | 3,972 |
| RMB | **1,361** | 1,780 |
| Others | **1,894** | 1,534 |
| | **90,032** | 140,950 |

The effective interest rates on short-term bank deposits ranged from 0.78% to 3.73% per annum during the year ended 31 March 2017 (2016: 1.13% to 3.95%); the maturity dates of these deposits ranged from 3 to 184 days (2016: 2 to 91 days).

## 26 TRADE AND OTHER PAYABLES

| | **2017** **US$'000** | 2016 US$'000 |
|---|---|---|
| Trade payables *(note (a))* | **11,474** | 13,089 |
| Accrued charges and other payables | **19,110** | 26,011 |
| Receipts in advance | **15,206** | 13,711 |
| Amounts due to related parties *(Note 37)* | **844** | 320 |
| | **46,634** | 53,131 |

As at 31 March 2017 and 2016, the fair values of trade and other payables approximated the carrying amounts.

*Note:*

(a) As at 31 March 2017 and 2016, the ageing analysis of the trade payables based on invoice date is as follows:

| | **2017** **US$'000** | 2016 US$'000 |
|---|---|---|
| 1 to 60 days | **8,820** | 11,076 |
| 61 to 120 days | **2,434** | 1,796 |
| 121 to 180 days | **91** | 84 |
| Over 180 days | **129** | 133 |
| | **11,474** | 13,089 |

## 27 BANK AND OTHER BORROWINGS

| | **2017** **US$'000** | 2016 US$'000 |
|---|---|---|
| Current | | |
| Short-term bank borrowings *(note (a))* | **2,506** | 790 |
| Medium-term notes *(note (b))* | **–** | 57,663 |
| | **2,506** | 58,453 |
| Non-current | | |
| Medium-term notes *(note (b))* | **50,870** | 57,663 |
| | **53,376** | 116,116 |

## 27 BANK AND OTHER BORROWINGS *(Continued)*

*Notes:*

(a) Short-term bank borrowings

| | 2017 US$'000 | 2016 US$'000 |
|---|---|---|
| Secured | **1,636** | 361 |
| Unsecured | **870** | 429 |
| | **2,506** | 790 |

The carrying amounts of the short-term bank borrowings were denominated in the following currencies:

| | 2017 US$'000 | 2016 US$'000 |
|---|---|---|
| RM | **870** | 308 |
| US$ | **349** | 482 |
| HK$ | **1,287** | – |
| | **2,506** | 790 |

As at 31 March 2017 and 2016, the fair values of the short-term bank borrowings approximated the carrying amounts.

(b) Medium-term notes

| | 2017 US$'000 | 2016 US$'000 |
|---|---|---|
| 4.58% notes due on 24 February 2017 | **–** | 57,663 |
| 4.80% notes due on 24 February 2019 | **50,870** | 57,663 |
| | **50,870** | 115,326 |

On 25 February 2014, the Company issued two tranches of RM225,000,000 each of medium-term notes. The first tranche medium-term notes had annual coupon rate of 4.58% and matured on 24 February 2017. The second tranche medium-term notes have annual coupon rate of 4.80% and will mature on 24 February 2019.

The carrying amounts of the remaining medium-term notes were denominated in RM.

As at 31 March 2017 and 2016, the fair values of the medium-term notes approximated the carrying amounts, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the average coupon rate of 4.80% (2016: 4.69%) and the medium-term notes are classified within level 2 of the fair value hierarchy.

On 24 February 2017, the Company redeemed the first tranche medium-term notes of US$50,630,000 (equivalent to RM225,000,000).

## 28 OTHER NON-CURRENT LIABILITIES

| | 2017<br>US$'000 | 2016<br>US$'000 |
|---|---|---|
| Retirement benefit obligations *(note (a))* | **773** | 841 |
| Defined benefit plan liabilities *(Note 29)* | **442** | 273 |
| | **1,215** | 1,114 |
| Current portion of other non-current liabilities | **(26)** | (83) |
| | **1,189** | 1,031 |

*Note:*

(a) Retirement benefit obligations represent the present value of the Group's obligations under the following:

(i) long service payment and severance payment obligations for its employees in Hong Kong (the "HK LSP/SP"); and

(ii) an unfunded defined benefit retirement scheme for its eligible employees in Malaysia (the "Malaysia Scheme").

The amounts recognised in the consolidated statement of financial position are as follows:

| | 2017<br>US$'000 | 2016<br>US$'000 |
|---|---|---|
| Present value of the retirement benefit obligations | **773** | 841 |

Movements in the retirement benefit obligations during the year are as follows:

| | 2017<br>US$'000 | 2016<br>US$'000 |
|---|---|---|
| **At 1 April** | **841** | 771 |
| Current service cost | **50** | 153 |
| Interest cost | **3** | 2 |
| Retirement benefit obligations paid | **(63)** | (34) |
| Remeasurements of post-employment benefit obligations | **2** | (16) |
| Currency translation differences | **(60)** | (35) |
| **At 31 March** | **773** | 841 |

The amounts recognised in the consolidated statement of profit or loss are as follows:

| | 2017<br>US$'000 | 2016<br>US$'000 |
|---|---|---|
| Current service cost | **50** | 153 |
| Interest cost | **3** | 2 |
| Total included in employee benefit expense *(Note 13)* | **53** | 155 |

## 28 OTHER NON-CURRENT LIABILITIES *(Continued)*

*Note (a) (Continued)*

The principal actuarial assumptions used are as follows:

For obligations under the HK LSP/SP:

| | **2017** | 2016 |
|---|---|---|
| Discount rate | **2.0%** | 2.0% |
| Expected inflation rate | **2.5%** | 3.0% |
| Expected rate of future salary increases | **3.5%** | 3.5% |
| Interest on employer balances in the Scheme *(Note 29)* | **5.0%** | 5.5% |
| Interest on employer balances in the Mandatory Provident Fund Scheme | **4.0%** | 4.0% |

For obligations under the Malaysia Scheme:

| | **2017** | 2016 |
|---|---|---|
| Discount rate | **4.7%** | 4.7% |
| Expected inflation rate | **3.0%** | 3.5% |
| Expected rate of future salary increases | **7.0%** | 7.0% |

## 29 DEFINED BENEFIT PLAN LIABILITIES

The Group operates a number of staff retirement schemes which include a hybrid retirement benefit scheme (the "Scheme") for its employees in Hong Kong.

### (a) The Scheme has three categories of members: Regular Member, Special Member and Defined Benefit ("DB") Member

Regular Member — defined contribution type of benefits based on accumulated employer's contributions and investment gains and losses thereon.

Special Member — benefits based on salary and service or accumulated employer's contributions with credited investment gains and losses, whichever is higher.

DB Member — benefits based on final salary and service only.

Regular Members and Special Members are required to contribute monthly at 5% of their basic monthly salaries to the Scheme. The accumulated members' contributions with investment gains and losses thereon will be paid to the members upon their cessation of employment in addition to the benefits described above.

Expected Group's contributions to the Scheme for the year ending 31 March 2018 are US$44,000.

## 29 DEFINED BENEFIT PLAN LIABILITIES *(Continued)*

### (b) Defined benefit scheme for Special Member and DB Member

Pension costs are assessed using the projected unit credit method. The pension costs are charged to the consolidated statement of profit or loss so as to spread the regular costs over the service lives of employees. A full valuation of the defined benefit scheme based on the projected unit credit method has been carried out by Towers Watson Hong Kong Limited, an independent qualified actuary, and the pension costs are charged to the consolidated statement of profit or loss in accordance with its advice.

The amounts recognised in the consolidated statement of financial position are determined as follows:

| | **2017**<br>**US$'000** | 2016<br>US$'000 |
|---|---|---|
| Fair value of the plan assets | **2,402** | 2,989 |
| Present value of the defined benefit obligations | **(2,844)** | (3,262) |
| Net liabilities in the consolidated statement of financial position | **(442)** | (273) |

Movements in the fair value of the plan assets are as follows:

| | **2017**<br>**US$'000** | 2016<br>US$'000 |
|---|---|---|
| **At 1 April** | **2,989** | 3,986 |
| Group contributions paid | **49** | 62 |
| Interest income | **33** | 51 |
| Scheme administration costs | **(102)** | (102) |
| Actual benefits paid | **(670)** | (579) |
| Remeasurements on plan assets | **111** | (432) |
| Currency translation differences | **(8)** | 3 |
| **At 31 March** | **2,402** | 2,989 |

## 29 DEFINED BENEFIT PLAN LIABILITIES *(Continued)*

### (b) Defined benefit scheme for Special Member and DB Member *(Continued)*

Movements in the present value of the defined benefit obligations are as follows:

| | **2017** | 2016 |
|---|---|---|
| | **US$'000** | US$'000 |
| **At 1 April** | **3,262** | 4,124 |
| Current service costs | **93** | 108 |
| Interest cost | **35** | 52 |
| Actual benefits paid | **(670)** | (579) |
| Remeasurements on obligations | **132** | (445) |
| Currency translation differences | **(8)** | 2 |
| **At 31 March** | **2,844** | 3,262 |

The amounts recognised in the consolidated statement of profit or loss are as follows:

| | **2017** | 2016 |
|---|---|---|
| | **US$'000** | US$'000 |
| Current service costs | **(93)** | (108) |
| Interest cost | **(35)** | (52) |
| Interest income | **33** | 51 |
| Scheme administration costs | **(102)** | (102) |
| Total pension costs included in employee benefit expense *(Note 13)* | **(197)** | (211) |

Movements in the net liabilities recognised in the consolidated statement of financial position are as follows:

| | **2017** | 2016 |
|---|---|---|
| | **US$'000** | US$'000 |
| **At 1 April** | **(273)** | (138) |
| Total pension costs recognised in the consolidated statement of profit or loss *(Note 13)* | **(197)** | (211) |
| Remeasurements recognised in other comprehensive income | **(21)** | 13 |
| Group contributions paid | **49** | 62 |
| Currency translation differences | **–** | 1 |
| **At 31 March** | **(442)** | (273) |

## 29 DEFINED BENEFIT PLAN LIABILITIES *(Continued)*

### (b) Defined benefit scheme for Special Member and DB Member *(Continued)*

The principal actuarial assumptions used are as follows:

| | **2017** | 2016 |
|---|---|---|
| Discount rate | **1.6%** | 1.1% |
| Expected rate of future salary increases | **3.5%** | 3.5% |
| Interest on employer balances | **5.0%** | 5.5% |

Other disclosure figures for the current and previous years are as follows:

| | **2017 US$'000** | 2016 US$'000 | 2015 US$'000 | 2014 US$'000 | 2013 US$'000 |
|---|---|---|---|---|---|
| Present value of the defined benefit obligations | **(2,844)** | (3,262) | (4,124) | (4,530) | (5,236) |
| Fair value of the plan assets | **2,402** | 2,989 | 3,986 | 4,479 | 4,871 |
| Net liabilities | **(442)** | (273) | (138) | (51) | (365) |

The plan assets are managed by independent investment managers and are invested in unit trusts based on the long-term benchmark allocation of roughly 70% in equities and 30% in bonds and cash.

## 30 SHARE CAPITAL AND PREMIUM

| | **Number of ordinary shares** | **Issued share capital US$'000** | **Share premium US$'000** | **Total US$'000** |
|---|---|---|---|---|
| **At 31 March 2015** | 1,687,237,241 | 21,715 | 54,664 | 76,379 |
| Repurchase of ordinary shares *(note (a))* | (1,000) | –* | –* | –* |
| **At 31 March 2016 and 2017** | **1,687,236,241** | **21,715** | **54,664** | **76,379** |

* *negligible*

The number of authorised ordinary shares is 2,500 million shares (2016: 2,500 million shares) with a par value of HK$0.10 per share. All issued shares are fully paid.

## 30 SHARE CAPITAL AND PREMIUM *(Continued)*

*Note:*

(a) Details of the repurchase during the year ended 31 March 2016 is summarised as follows:

| Month/Year | Number of ordinary shares repurchased | Purchase price per share Highest HK$ | Lowest HK$ | Aggregate purchase consideration HK$ | Equivalents in US$ |
|---|---|---|---|---|---|
| August 2015 | 1,000 | 1.15 | 1.15 | 1,150 | 148 |

## 31 OTHER RESERVES

| | Capital redemption reserve US$'000 | Exchange fluctuation reserve US$'000 | Employee share-based payment reserve US$'000 | Merger reserve US$'000 | Other reserves US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|
| **At 1 April 2015** | 183 | (8,862) | 506 | (92,647) | 59 | (100,761) |
| Currency translation differences | – | (7,015) | – | – | – | (7,015) |
| Repurchase of ordinary shares *(Note 30)* | –* | – | – | – | – | –* |
| Issue of shares under the share option scheme of a listed subsidiary | – | – | – | – | 61 | 61 |
| Reclassification of equity elements upon exercise of the share option scheme of a listed subsidiary | – | – | (50) | – | 50 | – |
| **At 31 March 2016** | 183 | (15,877) | 456 | (92,647) | 170 | (107,715) |
| **At 1 April 2016** | **183** | **(15,877)** | **456** | **(92,647)** | **170** | **(107,715)** |
| Currency translation differences | **–** | **(18,551)** | **–** | **–** | **–** | **(18,551)** |
| **At 31 March 2017** | **183** | **(34,428)** | **456** | **(92,647)** | **170** | **(126,266)** |

* *negligible*

## 32 RETAINED EARNINGS

(a) Movements in the Group's retained earnings for the years ended 31 March 2017 and 2016 are presented in the consolidated statement of changes in equity on pages 92 and 93.

(b) Movements in the retained earnings of the Company for the years ended 31 March 2017 and 2016 are presented in Note 39(b).

## 33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Cash generated from operations

| | **2017** **US$'000** | 2016 US$'000 |
|---|---|---|
| Operating profit | **25,152** | 42,641 |
| Fair value gains on financial assets at fair value through profit or loss — net | **(7)** | (46) |
| Fair value gains on investment properties — net *(Note 16)* | **(558)** | (145) |
| Depreciation of property, plant and equipment *(Note 15)* | **8,681** | 9,223 |
| Amortisation of intangible assets *(Note 17)* | **1,040** | 1,092 |
| Provision for impairment and write-off of trade and other receivables | **800** | 605 |
| Provision for impairment and write-off of inventories | **162** | 119 |
| Dividend income | **(15)** | (11) |
| Interest income | **(3,189)** | (2,810) |
| Provision for impairment of property, plant and equipment | **35** | – |
| Provision for impairment of goodwill | **3,603** | 1,957 |
| (Gains)/losses on disposal of property, plant and equipment — net | **(3)** | 50 |
| Losses on disposal of intangible assets | **16** | – |
| Pension costs — defined benefit plans | **197** | 211 |
| Retirement benefit obligations | **53** | 155 |
| Operating profit before working capital changes | **35,967** | 53,041 |
| Changes in working capital | | |
| Inventories | **958** | 15,128 |
| Trade and other receivables | **6,192** | 4,966 |
| Trade and other payables | **(2,957)** | (5,672) |
| **Cash generated from operations** | **40,160** | 67,463 |

**(b)** In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment, and intangible assets comprised:

| | **2017** **US$'000** | 2016 US$'000 |
|---|---|---|
| Property, plant and equipment — net book amount *(Note 15)* | **33** | 84 |
| Gains/(losses) on disposal of property, plant and equipment — net | **3** | (50) |
| Proceeds from disposal of property, plant and equipment | **36** | 34 |

| | **2017** **US$'000** | 2016 US$'000 |
|---|---|---|
| Intangible assets — net book amount *(Note 17)* | **16** | – |
| Losses on disposal of intangible assets | **(16)** | – |
| Proceeds from disposal of intangible assets | **–** | – |

## 34 PLEDGE OF ASSETS

As at 31 March 2017 and 2016, none of the Group's assets were pledged to secure any banking facilities.

## 35 CONTINGENCIES

There are several libel suits which involve claims against some companies in the Group. The Group has been strongly contesting those claims. Even though the final outcome of the proceedings is still uncertain as of the date these financial statements are authorised for issue, the directors of the Company are of the opinion that the respective ultimate liability, if any, will not have a material adverse impact upon the Group's financial position.

## 36 COMMITMENTS

### (a) Capital commitments

Capital commitments outstanding at 31 March 2017 and 2016 are as follows:

| | **2017** | 2016 |
|---|---|---|
| | **US$'000** | US$'000 |
| Property, plant and equipment | | |
| Authorised and contracted for | **192** | 280 |
| Authorised but not contracted for | **390** | 938 |
| | **582** | 1,218 |

### (b) Operating lease commitments

The Group leases various offices under non-cancellable operating lease agreements. The majority of these lease agreements have terms between one and five years and are renewable at the end of the lease period at market rates.

At 31 March 2017 and 2016, the Group has future aggregate minimum lease payments under non-cancellable operating leases as follows:

| | **2017** | 2016 |
|---|---|---|
| | **US$'000** | US$'000 |
| No later than one year | **1,905** | 1,813 |
| Later than one year and no later than five years | **1,102** | 1,084 |
| Later than five years | **388** | 517 |
| | **3,395** | 3,414 |

## 37 RELATED PARTY TRANSACTIONS

### (a) Transactions with related parties

| | **2017** **US$'000** | 2016 US$'000 |
|---|---|---|
| Newsprint purchases from a related company *(note (a))* | **11,984** | 12,925 |
| Rental expenses paid to related companies *(note (a))* | **86** | 77 |
| Purchases of honey from a related company *(note (a))* | **63** | – |
| Purchases of air tickets from a related company *(note (a))* | **50** | 34 |
| Purchases of a motor vehicle from a related company *(note (a))* | **25** | – |
| Motor vehicle insurance premiums paid to a related company *(note (a))* | **–** | 1 |
| Scrap sales of old newspapers and magazines to a related company *(note (a))* | **(1,382)** | (1,517) |
| Provision of accounting service to an associate | **(112)** | (78) |
| Provision of air tickets and accommodation arrangement services to related companies *(note (a))* | **(42)** | (36) |
| Provision of accounting and administrative services to related companies *(note (a))* | **(16)** | (12) |
| Advertising income received from related companies *(note (a))* | **(4)** | (21) |
| Rental income received from a related company *(note (a))* | **(4)** | – |
| Content providing income received from a joint venture | **(1)** | (66) |

*Notes:*

(a) Certain shareholders and directors of the Company are shareholders and/or directors of these related companies.

(b) All the transactions above have been entered into in the normal course of business and have been charged at predetermined rates agreed mutually by the parties involved.

## 37 RELATED PARTY TRANSACTIONS *(Continued)*

### (b) Key management compensation

Key management comprised members of the Group's executive committees, some of whom are directors of the Company. The compensation paid or payable to the key management for employee services is shown below:

| | **2017** | 2016 |
|---|---|---|
| | **US$'000** | US$'000 |
| Directors' fees, basic salaries, bonuses, other allowances and benefits in kind | **2,439** | 2,668 |
| Contributions to pension scheme | **140** | 157 |
| | **2,579** | 2,825 |

### (c) Year-end balances with related parties

| | **2017** | 2016 |
|---|---|---|
| | **US$'000** | US$'000 |
| Receivables from related companies | **27** | – |
| Payables to related companies *(note (a))* | **(871)** | (320) |

*Note:*

(a) The payables to related companies mainly arose from purchases of newsprint from a related company. The payables are unsecured, interest-free and repayable on demand.

### (d) Ultimate controlling party

The ultimate controlling party of the Group is Tan Sri Datuk Sir TIONG Hiew King, who is the Group Executive Chairman and the controlling shareholder holding an aggregate equity of 52.40% in the Company as at 31 March 2017. Details of interests held by Tan Sri Datuk Sir TIONG Hiew King in the Company are set out in paragraph (i) "Interests and short positions in the shares, underlying shares and debentures of the Company" on page 79.

## 38 PARTICULARS OF PRINCIPAL SUBSIDIARIES

(a) Particulars of the Company's principal subsidiaries at 31 March 2017 that are incorporated and operate in Hong Kong are as follows:

| Name of subsidiary | Paid-up issued/ registered capital | Effective equity interest | Principal activities |
|---|---|---|---|
| Charming Holidays Limited | HK$1,000,000 | 100% | Provision of travel and travel related services |
| Charming Holidays (North America) Limited | HK$2 | 100% | Investment holding |
| Holgain Limited | HK$20 | 100% | Property investment |
| Kin Ming Printing Company Limited | HK$10,000 | 100% | Provision of printing services |
| MCIL Digital Limited | HK$1 | 100% | Digital multimedia business |
| Media2U Company Limited | HK$101 | 73.01% | Magazines advertising and operation |
| MediaNet Advertising Limited | HK$100 | 73.01% | Media operation |
| Mingpao.com Limited | HK$2 | 97.78% | Internet related businesses |
| Ming Pao Education Publications Limited | HK$1 | 100% | Digital multimedia business and books publishing |
| Ming Pao Holdings Limited | HK$1,000,000 | 100% | Investment holding and provision of management services |
| Ming Pao Magazines Limited | HK$1,650,000 | 73.01% | Publication and distribution of magazines |
| Ming Pao Newspapers Limited | HK$2 | 100% | Publication and distribution of newspaper and periodical |
| Ming Pao Publications Limited | HK$10 | 100% | Publication and distribution of books |
| ST Productions Limited | HK$3,000,003 | 51.11% | Artiste and events management |
| Yazhou Zhoukan Limited | HK$9,500 | 100% | Publication and distribution of magazine |

## 38 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

(b) Particulars of the Company's principal subsidiaries at 31 March 2017 that are incorporated and operate in Malaysia are as follows:

| Name of subsidiary | Paid-up issued/ registered capital | Effective equity interest | Principal activities |
|---|---|---|---|
| The China Press Berhad | RM4,246,682 | 99.75% | Publication of newspaper and provision of printing services |
| Guang-Ming Ribao Sdn Bhd | RM4,000,000 | 100% | Publication and distribution of newspaper and provision of electronic commerce services |
| MCIL Multimedia Sdn Bhd | RM16,500,000 | 100% | Provision of electronic commerce and multimedia services and organisation of events |
| MCIL Business Incubation Sdn Bhd (formerly known as Media Communications Sdn Bhd) | RM100,000 | 100% | Provision of electronic commerce services |
| Mulu Press Sdn Bhd | RM500,000 | 100% | Distribution of newspapers and provision of editorial and advertising services |
| Nanyang Press Holdings Berhad | RM79,466,375 | 100% | Publication and distribution of newspapers and magazines, investment holding and letting of properties |
| Nanyang Press Marketing Sdn Bhd | RM1,000,000 | 100% | Provision of marketing and circulation services of newspapers |
| Nanyang Siang Pau Sdn Bhd | RM60,000,000 | 100% | Publication of newspapers and magazines |
| Sinchew-i Sdn Bhd | RM25,000,000 | 100% | Investment holding |
| Sin Chew Media Corporation Berhad | RM151,467,497 | 100% | Publication and distribution of newspaper and magazines, provision of printing and electronic commerce services |

## 38 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

(c) Particulars of the Company's principal subsidiaries at 31 March 2017 that are incorporated outside Hong Kong and Malaysia are as follows:

| Name of subsidiary | Place of incorporation/ operation | Paid-up issued/ registered capital | Effective equity interest | Principal activities |
|---|---|---|---|---|
| Beijing OMG Advertising Company Limited *(note (ii))* | The People's Republic of China ("PRC")/PRC | RMB30,000,000 | 73.01% | Magazines operation |
| Beijing OMG M2U Advertising Company Limited *(note (ii))* | PRC/PRC | RMB50,000,000 | 73.01% | Magazines advertising |
| Beijing Times Resource Technology Consulting Limited *(note (i) & (ii))* | PRC/PRC | RMB3,000,000 | 73.01% | Magazines operation |
| Comwell Investment Limited | The British Virgin Islands ("BVI")/HK | HK$1 | 100% | Investment holding |
| Delta Tour & Travel Services (Canada), Inc. | Canada/Canada | CAD530,000 | 100% | Provision of travel and travel related services |
| Delta Tour & Travel Services, Inc. | The United States of America ("USA")/USA | US$300,500 | 100% | Provision of travel and travel related services |
| First Collection Limited | BVI/HK | US$1 | 100% | Investment holding |
| Media Connect Investment Limited | BVI/HK | HK$1 | 73.01% | Investment holding |
| Ming Pao Enterprise Corporation Limited | The Cayman Islands ("CI")/HK | US$1 | 100% | Investment holding |
| Ming Pao Finance Limited | BVI/HK | US$10 | 73.01% | Licensing of trademarks |
| Ming Pao Holdings (Canada) Limited | Canada/Canada | CAD1 | 100% | Investment holding |
| Ming Pao Holdings (USA) Inc. | USA/USA | US$1 | 100% | Investment holding |

## 38 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

(c) *(Continued)*

| Name of subsidiary | Place of incorporation/ operation | Paid-up issued/ registered capital | Effective equity interest | Principal activities |
|---|---|---|---|---|
| Ming Pao Investment (USA) L.P. | USA/USA | US$150,150 | 100% | Publication and distribution of newspaper and periodicals |
| Ming Pao Newspapers (Canada) Limited | Canada/Canada | CAD11 | 100% | Publication and distribution of newspapers and periodicals |
| One Media Group Limited | CI/HK | HK$400,900 | 73.01% | Investment holding |
| One Media Holdings Limited | BVI/HK | US$200 | 73.01% | Investment holding |
| PT Sinchew Indonesia | Indonesia/Indonesia | US$1,500,000 | 80% | Acting as newspaper distribution agent |
| Sinchew (USA) Inc. | USA/USA | US$200 | 100% | Letting of property |
| Taiwan One Media Group Limited | Taiwan/Taiwan | New Taiwan dollars 1,000,000 | 73.01% | Magazine publishing |

*Notes:*

(i) Beijing Times Resource Technology Consulting Limited ("TRT") is a domestic enterprise in Mainland China owned legally by a Chinese national, who engages in magazines operation in Mainland China. The Group had entered into contractual agreements with the legal owner of TRT so that the decision-making rights, operating and financing activities of TRT are ultimately controlled by the Group. The Group is entitled to substantially all of the operating profits and residual benefits generated by TRT. In particular, the legal owner of TRT is required under the contractual arrangements to transfer the interests in TRT to the Group or the Group's designee upon the Group's request at a pre-agreed nominal consideration. In addition, the Group can receive the cash flows derived from the operations of TRT through the levying of service and consultancy fees. The ownership interests in TRT have also been pledged by the legal owner of TRT to the Group. Based on the above, the directors regard TRT as a subsidiary of the Company.

During the years ended 31 March 2017 and 2016, TRT did not generate any revenue. As at 31 March 2017, the total assets of TRT amounted to US$48,000 (2016: US$88,000), which represented 0.02% of the total assets of the Group (2016: 0.02%).

(ii) These subsidiaries have 31 December as their financial accounting year end date, which is not coterminous with that of the Group for the reason of compliance with local regulations.

The table above includes the subsidiaries of the Company which, in the opinion of the directors, principally affected the Group's results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

## 39 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

| | Note | At 31 March 2017 US$'000 | 2016 US$'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Interests in subsidiaries | | **310,256** | 351,682 |
| **Current assets** | | | |
| Other receivables | | **44** | 47 |
| Cash and cash equivalents | | **84** | 81 |
| | | **128** | 128 |
| **Current liabilities** | | | |
| Other payables | | **2,744** | 2,762 |
| Bank and other borrowings | | **–** | 57,663 |
| | | **2,744** | 60,425 |
| **Net current liabilities** | | **(2,616)** | (60,297) |
| **Total assets less current liabilities** | | **307,640** | 291,385 |
| **EQUITY** | | | |
| **Equity attributable to owners of the Company** | | | |
| Share capital | | **21,715** | 21,715 |
| Share premium | | **54,664** | 54,664 |
| Other reserves | *(a)* | **(44,477)** | (17,894) |
| Retained earnings | *(b)* | **224,868** | 175,237 |
| **Total equity** | | **256,770** | 233,722 |
| **Non-current liabilities** | | | |
| Bank and other borrowings | | **50,870** | 57,663 |
| | | **307,640** | 291,385 |

The statement of financial position of the Company was approved by the Board of Directors on 29 May 2017 and was signed on its behalf by:

**Dato' Sri Dr TIONG Ik King**
*Director*

**TIONG Kiew Chiong**
*Director*

## 39 STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

*Notes:*

(a) Movements in the Company's other reserves for the years ended 31 March 2017 and 2016 are as follows:

| | **Capital redemption reserve US$'000** | **Exchange fluctuation reserve US$'000** | **Contributed surplus US$'000** | **Total US$'000** |
|---|---|---|---|---|
| **At 1 April 2015** | 183 | (31,964) | 26,228 | (5,553) |
| Currency translation differences | – | (12,341) | – | (12,341) |
| Repurchase of ordinary shares *(Note 30)* | –* | – | – | –* |
| **At 31 March 2016** | 183 | (44,305) | 26,228 | (17,894) |
| **At 1 April 2016** | **183** | **(44,305)** | **26,228** | **(17,894)** |
| Currency translation differences | **–** | **(26,583)** | **–** | **(26,583)** |
| **At 31 March 2017** | **183** | **(70,888)** | **26,228** | **(44,477)** |

* *negligible*

The contributed surplus of the Company arose when the Company issued shares in exchange for the shares of subsidiaries being acquired, and represented the difference between the nominal value of the Company's shares issued and the value of net assets of the subsidiaries acquired. Under the Companies Act 1981 of Bermuda, the contributed surplus is distributable to owners of the Company. At the Group level, the contributed surplus is reclassified into its components of reserves of the underlying subsidiaries.

(b) Movements in the Company's retained earnings for the years ended 31 March 2017 and 2016 are as follows:

| | **2017 US$'000** | 2016 US$'000 |
|---|---|---|
| **At 1 April** | **175,237** | 175,419 |
| Profit for the year | **65,828** | 16,690 |
| Second interim dividend, 2015/2016, paid, US0.600 cents (2014/2015: US0.500 cents) | **(10,123)** | (8,436) |
| First interim dividend, 2016/2017, paid, US0.360 cents (2015/2016: US0.500 cents) | **(6,074)** | (8,436) |
| **At 31 March** | **224,868** | 175,237 |

## 40 PROPOSED DISPOSAL

Reference is made to the announcements of the Company dated 1 August 2016 (the "First Announcement") and 1 March 2017 (the "Subsequent Announcement"), the Board of Directors announced that on 22 July 2016, Comwell Investment Limited ("Comwell", as vendor), a wholly-owned subsidiary of the Company, the Company (as guarantor) and Qingdao West Coast Holdings (Internation) Limited ("Qingdao West Coast", as purchaser) entered into a share transfer agreement (the "Share Transfer Agreement"), pursuant to which Comwell conditionally agreed to sell and Qingdao West Coast conditionally agreed to purchase 292,700,000 shares in One Media Group Limited ("One Media"), representing approximately 73.01% of the entire issued share capital of One Media (the "Proposed Disposal"). Qingdao West Coast is a company incorporated in the British Virgin Islands, whose ultimate controlling shareholder is Qingdao West Coast Development (Group) Limited, which is a PRC state-owned enterprise. Completion of the Share Transfer Agreement is conditional upon the fulfilment (or, as appropriate, waiver by Qingdao West Coast) of the conditions precedent stipulated in the Share Transfer Agreement, which amongst others, include certain agreements ("CP Agreements") becoming executed and unconditional. As stated in the Subsequent Announcement, the Company announced that on 28 February 2017, all the terms of the CP Agreements have been finalised.

Reference is also made to the announcement of the Company dated 28 March 2017 (the "Extension Announcement"), the Board of Directors announced that on 28 March 2017, Comwell and Qingdao West Coast entered into a fourth supplemental agreement which further extended the long stop date of the Share Transfer Agreement to 30 June 2017. For details, please refer to the First Announcement, the Subsequent Announcement and the Extension Announcement.

The Proposed Disposal has no material impact on the Group's consolidated financial statements for the year ended 31 March 2017.

## DISCLOSURE OF REALISED AND UNREALISED RETAINED PROFITS/ (ACCUMULATED LOSSES)

The following analysis of realised and unrealised retained profits is prepared in accordance with the Guidance on Special Matter No.1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements", as issued by the Malaysian Institute of Accountants and based on the prescribed format by Bursa Securities.

| | Group | | Company | |
|---|---|---|---|---|
| | **As at 31 March 2017 US$'000** | As at 31 March 2016 US$'000 | **As at 31 March 2017 US$'000** | As at 31 March 2016 US$'000 |
| Total retained profits: | | | | |
| Realised | **272,018** | 271,806 | **224,868** | 175,237 |
| Unrealised | **(6,258)** | (8,903) | **–** | – |
| | **265,760** | 262,903 | **224,868** | 175,237 |
| Total share of accumulated losses of joint ventures and associates: | | | | |
| Realised | **(868)** | (1,303) | **–** | – |
| Less: consolidation adjustments | **(21,311)** | (17,240) | **–** | – |
| Retained profits as per consolidated statement of financial position/statement of financial position | **243,581** | 244,360 | **224,868** | 175,237 |

The disclosure of realised and unrealised retained profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

# Additional Compliance Information

## STATUTORY DECLARATION

*Pursuant to Paragraph 4A.16 of the Listing Requirements of Bursa Malaysia Securities Berhad*

I, FU Shuk Kuen, being the person primarily responsible for the financial management of Media Chinese International Limited, do solemnly and sincerely declare that the financial statements and supplementary information set out on pages 88 to 165 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 Oaths and Declarations Ordinance (Chapter 11) of the Laws of Hong Kong.

Subscribed and solemnly declared by FU Shuk Kuen
at Hong Kong
on 29 May 2017

Before me,

Notary Public

# Five-Year Financial Summary

The results of the Group for the last five financial years are as follows:

| | For the year ended 31 March | | | | |
|---|---|---|---|---|---|
| | **2017** | 2016 | 2015 | 2014 | 2013 |
| | **US$'000** | US$'000 | US$'000 | US$'000 | US$'000 |
| Turnover | **302,586** | 349,126 | 429,140 | 468,728 | 477,853 |
| Profit attributable to owners of the Company | **15,156** | 26,649 | 31,429 | 48,236 | 56,678 |
| Basic earnings per share (US cents) | **0.90** | 1.58 | 1.86 | 2.86 | 3.36 |

The assets and liabilities of the Group for the last five financial years are as follows:

| | As at 31 March | | | | |
|---|---|---|---|---|---|
| | **2017** | 2016 | 2015 | 2014 | 2013 |
| | **US$'000** | US$'000 | US$'000 | US$'000 | US$'000 |
| Property, plant and equipment | **96,266** | 114,596 | 126,909 | 144,308 | 150,935 |
| Investment properties | **14,587** | 15,451 | 15,943 | 17,144 | 17,579 |
| Intangible assets | **43,231** | 53,516 | 59,004 | 72,920 | 77,908 |
| Deferred income tax assets | **226** | 300 | 723 | 1,455 | 1,674 |
| Investments accounted for using the equity method | **731** | 749 | 796 | 2,956 | 3,142 |
| **Non-current assets** | **155,041** | 184,612 | 203,375 | 238,783 | 251,238 |
| Current assets | **153,765** | 218,328 | 219,441 | 224,035 | 227,849 |
| Current liabilities | **(50,810)** | (115,538) | (73,216) | (86,918) | (250,705) |
| **Net current assets/(liabilities)** | **102,955** | 102,790 | 146,225 | 137,117 | (22,856) |
| **Total assets less current liabilities** | **257,996** | 287,402 | 349,600 | 375,900 | 228,382 |
| Non-controlling interests | **(3,621)** | (5,703) | (6,361) | (7,237) | (6,939) |
| Bank and other borrowings — non-current portion | **(50,870)** | (57,663) | (121,506) | (137,804) | – |
| Deferred income tax liabilities | **(8,622)** | (9,981) | (11,138) | (12,306) | (13,105) |
| Other non-current liabilities | **(1,189)** | (1,031) | (851) | (741) | (1,332) |
| **Equity attributable to owners of the Company** | **193,694** | 213,024 | 209,744 | 217,812 | 207,006 |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | (Unaudited) Year ended 31 March | |
|---|---|---|
| | **2017** | 2016 |
| | **RM'000** | RM'000 |
| | ***(note)*** | *(note)* |
| Turnover | **1,338,338** | 1,544,184 |
| Cost of goods sold | **(839,326)** | (953,550) |
| **Gross profit** | **499,012** | 590,634 |
| Other income | **38,498** | 40,271 |
| Other (losses)/gains, net | **(1,486)** | 690 |
| Selling and distribution expenses | **(247,839)** | (262,518) |
| Administrative expenses | **(136,844)** | (145,906) |
| Other operating expenses | **(24,158)** | (25,914) |
| | **127,183** | 197,257 |
| Provision for impairment of goodwill | **(15,936)** | (8,656) |
| **Operating profit** | **111,247** | 188,601 |
| Finance costs | **(21,283)** | (23,566) |
| Share of results of joint ventures and associates | **1,924** | 363 |
| **Profit before income tax** | **91,888** | 165,398 |
| Income tax expense | **(33,544)** | (49,860) |
| **Profit for the year** | **58,344** | 115,538 |
| **Profit/(loss) attributable to:** | | |
| Owners of the Company | **67,035** | 117,869 |
| Non-controlling interests | **(8,691)** | (2,331) |
| | **58,344** | 115,538 |
| **Earnings per share attributable to owners of the Company** | | |
| Basic (sen) | **3.98** | 6.99 |
| Diluted (sen) | **3.98** | 6.99 |

*Note:* The presentation currency of these consolidated financial statements is US$. Additional information in RM for the year ended 31 March 2017 with comparatives are shown for reference only and have been made at the same exchange rate of US$1 to RM4.4230 ruling at 31 March 2017. This translation should not be construed as a representation that the US$ amounts actually represented have been, or could be, converted into RM at this or any other rate.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | (Unaudited) Year ended 31 March 2017 RM'000 *(note)* | 2016 RM'000 *(note)* |
|---|---|---|
| **Profit for the year** | **58,344** | 115,538 |
| **Other comprehensive (loss)/income** | | |
| **Item that may be reclassified subsequently to profit or loss:** | | |
| Currency translation differences | **(81,109)** | (29,382) |
| **Item that will not be reclassified subsequently to profit or loss:** | | |
| Remeasurements of post-employment benefit obligations | **(102)** | 128 |
| **Other comprehensive loss for the year, net of tax** | **(81,211)** | (29,254) |
| **Total comprehensive (loss)/income for the year** | **(22,867)** | 86,284 |
| **Total comprehensive (loss)/income for the year attributable to:** | | |
| Owners of the Company | **(13,857)** | 88,863 |
| Non-controlling interests | **(9,010)** | (2,579) |
| | **(22,867)** | 86,284 |

*Note:* The presentation currency of these consolidated financial statements is US$. Additional information in RM for the year ended 31 March 2017 with comparatives are shown for reference only and have been made at the same exchange rate of US$1 to RM4.4230 ruling at 31 March 2017. This translation should not be construed as a representation that the US$ amounts actually represented have been, or could be, converted into RM at this or any other rate.

# Additional Information

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | (Unaudited) At 31 March 2017 RM'000 *(note)* | 2016 RM'000 *(note)* |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | **425,785** | 506,858 |
| Investment properties | **64,518** | 68,340 |
| Intangible assets | **191,211** | 236,701 |
| Deferred income tax assets | **1,000** | 1,327 |
| Investments accounted for using the equity method | **3,233** | 3,313 |
| | **685,747** | 816,539 |
| **Current assets** | | |
| Inventories | **88,098** | 105,573 |
| Available-for-sale financial assets | **429** | 429 |
| Financial assets at fair value through profit or loss | **1,531** | 1,504 |
| Trade and other receivables | **182,400** | 228,532 |
| Income tax recoverable | **9,434** | 6,205 |
| Short-term bank deposits | **44,610** | – |
| Cash and cash equivalents | **353,601** | 623,422 |
| | **680,103** | 965,665 |
| **Current liabilities** | | |
| Trade and other payables | **206,262** | 234,998 |
| Income tax liabilities | **7,271** | 17,121 |
| Bank and other borrowings | **11,084** | 258,538 |
| Current portion of other non-current liabilities | **115** | 367 |
| | **224,732** | 511,024 |
| **Net current assets** | **455,371** | 454,641 |
| **Total assets less current liabilities** | **1,141,118** | 1,271,180 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | (Unaudited) At 31 March 2017 RM'000 *(note)* | 2016 RM'000 *(note)* |
|---|---|---|
| **EQUITY** | | |
| **Equity attributable to owners of the Company** | | |
| Share capital | **96,045** | 96,045 |
| Share premium | **241,779** | 241,779 |
| Other reserves | **(558,474)** | (476,423) |
| Retained earnings | **1,077,360** | 1,080,805 |
| | **856,710** | 942,206 |
| **Non-controlling interests** | **16,016** | 25,225 |
| **Total equity** | **872,726** | 967,431 |
| **Non-current liabilities** | | |
| Bank and other borrowings | **225,000** | 255,043 |
| Deferred income tax liabilities | **38,134** | 44,146 |
| Other non-current liabilities | **5,258** | 4,560 |
| | **268,392** | 303,749 |
| | **1,141,118** | 1,271,180 |

*Note:* The presentation currency of these consolidated financial statements is US$. Additional information in RM as at 31 March 2017 with comparatives are shown for reference only and have been made at the same exchange rate of US$1 to RM4.4230 ruling at 31 March 2017. This translation should not be construed as a representation that the US$ amounts actually represented have been, or could be, converted into RM at this or any other rate.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | (Unaudited) Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital RM'000 *(note)* | Share premium RM'000 *(note)* | Other reserves RM'000 *(note)* | Retained earnings RM'000 *(note)* | Total RM'000 *(note)* | Non-controlling interests RM'000 *(note)* | Total equity RM'000 *(note)* |
| **Balance at 1 April 2015** | 96,045 | 241,779 | (445,666) | 1,035,539 | 927,697 | 28,135 | 955,832 |
| **Comprehensive income/(loss)** | | | | | | | |
| Profit/(loss) for the year | – | – | – | 117,869 | 117,869 | (2,331) | 115,538 |
| **Other comprehensive (loss)/income** | | | | | | | |
| **Item that may be reclassified subsequently to profit or loss:** | | | | | | | |
| Currency translation differences | – | – | (31,027) | 1,884 | (29,143) | (239) | (29,382) |
| **Item that will not be reclassified subsequently to profit or loss:** | | | | | | | |
| Remeasurements of post-employment benefit obligations | – | – | – | 137 | 137 | (9) | 128 |
| **Other comprehensive (loss)/income, net of tax** | – | – | (31,027) | 2,021 | (29,006) | (248) | (29,254) |
| **Total comprehensive (loss)/income for the year ended 31 March 2016** | – | – | (31,027) | 119,890 | 88,863 | (2,579) | 86,284 |
| **Transactions with owners** | | | | | | | |
| **Total contributions by and distributions to owners of the Company recognised directly in equity** | | | | | | | |
| Repurchase of ordinary shares | –* | –* | –* | – | –* | – | –* |
| 2014/2015 second interim dividend paid | – | – | – | (37,312) | (37,312) | – | (37,312) |
| 2015/2016 first interim dividend paid | – | – | – | (37,312) | (37,312) | – | (37,312) |
| **Total contributions by and distributions to owners of the Company** | – | – | – | (74,624) | (74,624) | – | (74,624) |
| Issue of shares under the share option scheme of a listed subsidiary | – | – | 270 | – | 270 | 345 | 615 |
| 2014/2015 interim dividend paid by an unlisted subsidiary | – | – | – | – | – | (35) | (35) |
| 2015/2016 interim dividends paid by an unlisted subsidiary | – | – | – | – | – | (22) | (22) |
| 2014/2015 final dividend paid by a listed subsidiary | – | – | – | – | – | (619) | (619) |
| **Total transactions with owners** | – | – | 270 | (74,624) | (74,354) | (331) | (74,685) |
| **Balance at 31 March 2016** | 96,045 | 241,779 | (476,423) | 1,080,805 | 942,206 | 25,225 | 967,431 |

* *negligible*

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | (Unaudited) Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital RM'000 *(note)* | Share premium RM'000 *(note)* | Other reserves RM'000 *(note)* | Retained earnings RM'000 *(note)* | Total RM'000 *(note)* | Non-controlling interests RM'000 *(note)* | Total equity RM'000 *(note)* |
| **Balance at 1 April 2016** | **96,045** | **241,779** | **(476,423)** | **1,080,805** | **942,206** | **25,225** | **967,431** |
| **Comprehensive income/(loss)** | | | | | | | |
| Profit/(loss) for the year | – | – | – | **67,035** | **67,035** | **(8,691)** | **58,344** |
| **Other comprehensive (loss)/income** | | | | | | | |
| **Item that may be reclassified subsequently to profit or loss:** | | | | | | | |
| Currency translation differences | – | – | **(82,051)** | **1,269** | **(80,782)** | **(327)** | **(81,109)** |
| **Item that will not be reclassified subsequently to profit or loss:** | | | | | | | |
| Remeasurements of post-employment benefit obligations | – | – | – | **(110)** | **(110)** | **8** | **(102)** |
| **Other comprehensive (loss)/income, net of tax** | – | – | **(82,051)** | **1,159** | **(80,892)** | **(319)** | **(81,211)** |
| **Total comprehensive (loss)/income for the year ended 31 March 2017** | – | – | **(82,051)** | **68,194** | **(13,857)** | **(9,010)** | **(22,867)** |
| **Transactions with owners** | | | | | | | |
| **Total contributions by and distributions to owners of the Company recognised directly in equity** | | | | | | | |
| 2015/2016 second interim dividend paid | – | – | – | **(44,774)** | **(44,774)** | – | **(44,774)** |
| 2016/2017 first interim dividend paid | – | – | – | **(26,865)** | **(26,865)** | – | **(26,865)** |
| **Total contributions by and distributions to owners of the Company** | – | – | – | **(71,639)** | **(71,639)** | – | **(71,639)** |
| 2015/2016 interim dividend paid by an unlisted subsidiary | – | – | – | – | – | **(22)** | **(22)** |
| 2016/2017 interim dividends paid by an unlisted subsidiary | – | – | – | – | – | **(177)** | **(177)** |
| **Total transactions with owners** | – | – | – | **(71,639)** | **(71,639)** | **(199)** | **(71,838)** |
| **Balance at 31 March 2017** | **96,045** | **241,779** | **(558,474)** | **1,077,360** | **856,710** | **16,016** | **872,726** |

*Note:* The presentation currency of these consolidated financial statements is US$. Additional information in RM for the year ended 31 March 2017 with comparatives are shown for reference only and have been made at the same exchange rate of US$1 to RM4.4230 ruling at 31 March 2017. This translation should not be construed as a representation that the US$ amounts actually represented have been, or could be, converted into RM at this or any other rate.

## CONSOLIDATED STATEMENT OF CASH FLOWS

| | (Unaudited) Year ended 31 March 2017 RM'000 *(note)* | 2016 RM'000 *(note)* |
|---|---|---|
| **Cash flows from operating activities** | | |
| Cash generated from operations | **177,628** | 298,388 |
| Interest paid | **(22,301)** | (22,482) |
| Income tax paid | **(47,583)** | (53,478) |
| Net cash generated from operating activities | **107,744** | 222,428 |
| **Cash flows from investing activities** | | |
| Purchases of property, plant and equipment | **(5,900)** | (12,437) |
| Purchases of intangible assets | **(2,371)** | (2,212) |
| Proceeds from disposal of property, plant and equipment | **159** | 150 |
| Increase in short-term bank deposits with original maturity over three months | **(44,610)** | – |
| Interest received | **14,105** | 12,429 |
| Dividends received | **2,061** | 624 |
| Net cash used in investing activities | **(36,556)** | (1,446) |
| **Cash flows from financing activities** | | |
| Proceeds from issue of shares under the share option scheme of a listed subsidiary | **–** | 615 |
| Dividends paid | **(71,639)** | (74,624) |
| Dividends paid to non-controlling interests by an unlisted subsidiary | **(199)** | (57) |
| Dividend paid to non-controlling interests by a listed subsidiary | **–** | (619) |
| Proceeds from bank and other borrowings | **25,158** | 10,407 |
| Repayments of bank and other borrowings | **(241,385)** | (49,206) |
| Net cash used in financing activities | **(288,065)** | (113,484) |
| **Net (decrease)/increase in cash and cash equivalents** | **(216,877)** | 107,498 |
| Cash and cash equivalents at beginning of year | **623,422** | 524,655 |
| Exchange adjustments on cash and cash equivalents | **(52,944)** | (8,731) |
| **Cash and cash equivalents at end of year** | **353,601** | 623,422 |

*Note:* The presentation currency of these consolidated financial statements is US$. Additional information in RM for the year ended 31 March 2017 with comparatives are shown for reference only and have been made at the same exchange rate of US$1 to RM4.4230 ruling at 31 March 2017. This translation should not be construed as a representation that the US$ amounts actually represented have been, or could be, converted into RM at this or any other rate.

# Analysis of Shareholdings

As at 20 June 2017

| | |
|---|---|
| Authorised share capital | : HK$250,000,000 divided into 2,500,000,000 ordinary shares of HK$0.10 each |
| Issued and paid-up capital | : HK$168,723,624.10 |
| Class of shares | : ordinary shares of HK$0.10 each |
| Voting rights | : one vote per ordinary share |

## ANALYSIS BY SIZE OF SHAREHOLDINGS

| Size of shareholdings | Number of shareholders | % of shareholders | Number of shares held | % of issued ordinary shares |
|---|---|---|---|---|
| 1 to 99 | 595 | 6.05 | 26,347 | –* |
| 100 to 1,000 | 1,316 | 13.37 | 910,579 | 0.05 |
| 1,001 to 10,000 | 5,362 | 54.49 | 25,256,993 | 1.50 |
| 10,001 to 100,000 | 2,219 | 22.55 | 64,676,683 | 3.83 |
| 100,001 to less than 5% of issued shares | 346 | 3.52 | 978,230,484 | 57.98 |
| 5% and above of issued shares | 2 | 0.02 | 618,135,155 | 36.64 |
| TOTAL | 9,840 | 100.00 | 1,687,236,241 | 100.00 |

* *negligible*

## DIRECTORS' INTERESTS

### (a) The Company

| | Direct interest | | Indirect interest[8] | |
|---|---|---|---|---|
| Name of directors | Number of shares | % of issued ordinary shares | Number of shares | % of issued ordinary shares |
| Tan Sri Datuk Sir TIONG Hiew King | 87,109,058 | 5.16 | 798,478,690[1] | 47.32 |
| | | | 11,495,034[2] | 0.68 |
| Dato' Sri Dr TIONG Ik King | 11,144,189 | 0.66 | 252,487,700[3] | 14.96 |
| Mr TIONG Kiew Chiong | 2,141,039 | 0.13 | – | – |
| Mr LEONG Chew Meng | 80,000 | –* | – | – |
| Ms TIONG Choon | 2,654,593 | 0.16 | 653,320[4] | 0.04 |
| | | | 1,023,632[5] | 0.06 |

* *negligible*

# Analysis of Shareholdings

As at 20 June 2017

## DIRECTORS' INTERESTS *(Continued)*

### (b) Subsidiary — One Media Group Limited

| | Direct interest | | Indirect interest[8] | |
|---|---|---|---|---|
| Name of directors | Number of shares | % of issued ordinary shares of One Media | Number of shares | % of issued ordinary shares of One Media |
| Tan Sri Datuk Sir TIONG Hiew King | – | – | 292,700,000 | 73.01 |
| Dato' Sri Dr TIONG Ik King | – | – | 292,700,000 | 73.01 |
| Ms TIONG Choon | 26,000 | 0.01 | – | – |

## SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

| | Direct interest | | Indirect interest[8] | |
|---|---|---|---|---|
| Name of shareholder | Number of shares | % of issued ordinary shares | Number of shares | % of issued ordinary shares |
| Tan Sri Datuk Sir TIONG Hiew King | 87,109,058 | 5.16 | 798,478,690[1] | 47.32 |
| | | | 11,495,034[2] | 0.68 |
| Dato' Sri Dr TIONG Ik King | 11,144,189 | 0.66 | 252,487,700[3] | 14.96 |
| Progresif Growth Sdn Bhd | 326,463,556 | 19.35 | – | – |
| Conch Company Limited | 252,487,700 | 14.96 | – | – |
| Pertumbuhan Abadi Asia Sdn Bhd | 1,902,432 | 0.11 | 477,025,055[6] | 28.27 |
| Seaview Global Company Limited | – | – | 252,487,700[7] | 14.96 |

*Notes:*

(1) Deemed interested by virtue of his interests in Progresif Growth Sdn Bhd, Conch Company Limited, Ezywood Options Sdn Bhd, Teck Sing Lik Enterprise Sdn Bhd, Madigreen Sdn Bhd, Rimbunan Hijau (Sarawak) Sdn Bhd, Rimbunan Hijau Southeast Asia Sdn Bhd, Pertumbuhan Abadi Asia Sdn Bhd and Tiong Toh Siong Enterprises Sdn Bhd.

(2) Deemed interested by virtue of his family's interests.

(3) Deemed interested by virtue of his interest in Conch Company Limited.

(4) Deemed interested by virtue of her interests in TC Blessed Holdings Sdn Bhd.

(5) Deemed interested by virtue of her spouse's interests.

(6) Deemed interested by virtue of its interest in Progresif Growth Sdn Bhd, Ezywood Options Sdn Bhd, Madigreen Sdn Bhd, Rimbunan Hijau (Sarawak) Sdn Bhd and Rimbunan Hijau Southeast Asia Sdn Bhd.

(7) Deemed interested by virtue of its interest in Conch Company Limited.

(8) The indirect interests of directors and shareholders of the Company presented in the above are calculated pursuant to the Malaysian Companies Act, 2016.

## THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORY OR REGISTER OF MEMBERS

| No. | Name of shareholders | Number of shares held | % of Issued ordinary shares |
|---|---|---|---|
| 1 | Progresif Growth Sdn Bhd | 326,463,556 | 19.35 |
| 2 | HKSCC Nominees Limited | 291,671,599 | 17.29 |
| 3 | Ezywood Options Sdn Bhd | 75,617,495 | 4.48 |
| 4 | Citigroup Nominees (Tempatan) Sdn Bhd (Exempt An for AIA Bhd) | 72,604,790 | 4.30 |
| 5 | Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board) | 71,494,317 | 4.24 |
| 6 | Tan Sri Datuk Sir TIONG Hiew King | 67,109,058 | 3.98 |
| 7 | Teck Sing Lik Enterprise Sdn Bhd | 65,319,186 | 3.87 |
| 8 | Zaman Pemimpin Sdn Bhd | 62,300,000 | 3.69 |
| 9 | Madigreen Sdn Bhd | 52,875,120 | 3.13 |
| 10 | Kinta Hijau Sdn Bhd | 34,750,000 | 2.06 |
| 11 | Cimsec Nominees (Tempatan) Sdn Bhd (CIMB Bank for Nustinas Sdn Bhd (MQ0516)) | 32,242,064 | 1.91 |
| 12 | Raya Abadi Sdn Bhd | 25,124,065 | 1.49 |
| 13 | Suria Kilat Sdn Bhd | 23,429,297 | 1.39 |
| 14 | Malaysia Nominees (Tempatan) Sendirian Berhad (Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)) | 23,402,491 | 1.39 |
| 15 | HLB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tan Sri Datuk Sir TIONG Hiew King) | 20,000,000 | 1.19 |
| 16 | Amanahraya Trustees Berhad (Public Ittikal Sequel Fund) | 18,784,100 | 1.11 |
| 17 | Globegate Alliance Sdn Bhd | 16,750,000 | 0.99 |
| 18 | Persada Jaya Sdn Bhd | 15,565,060 | 0.92 |
| 19 | Rimbunan Hijau (Sarawak) Sdn Bhd | 15,536,696 | 0.92 |
| 20 | UOB Kay Hian Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Insan Anggun Sdn Bhd) | 13,330,500 | 0.79 |
| 21 | Hong Leong Assurance Berhad (As Beneficial Owner (Life Par)) | 13,071,900 | 0.77 |
| 22 | DB (Malaysia) Nominee (Tempatan) Sendirian Berhad (Exempt An for Deutsche Bank AG Singapore (Maybank SG PWM)) | 11,144,189 | 0.66 |
| 23 | Pertumbuhan Tiasa Sdn Bhd | 10,230,945 | 0.61 |
| 24 | Amanahraya Trustees Berhad (Public Islamic Select Treasures Fund) | 10,219,000 | 0.61 |
| 25 | Ms WONG Yiing Ngiik | 10,126,000 | 0.60 |
| 26 | Insan Anggun Sdn Bhd | 9,999,442 | 0.59 |
| 27 | Roseate Garland Sdn Bhd | 7,881,117 | 0.47 |
| 28 | Mr TIONG Chiong Ong | 7,386,037 | 0.44 |
| 29 | Malaysia Nominees (Tempatan) Sendirian Berhad (Great Eastern Life Assurance (Malaysia) Berhad (LGF)) | 7,062,600 | 0.42 |
| 30 | Rimbunan Hijau Southeast Asia Sdn Bhd | 6,532,188 | 0.39 |
| | | 1,418,022,812 | 84.04 |

# List of Properties

As at 31 March 2017

The top 10 land and buildings in terms of highest net book amount owned by the Group are as follows:

| | Location | Year of acquisition | Tenure/Expiry of lease | Description | Approximate area (Sq ft) | Approximate age of buildings | Carrying amount US$'000 |
|---|---|---|---|---|---|---|---|
| 1 | No. 1, Jalan SS7/2, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia | 1994 | Freehold | Office building and factory building | 269,892 | 23 years | 8,612 |
| 2 | No. 19, Jalan Semangat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia | 2008 | Leasehold/2059 | Office building | 150,470 | 8 years | 7,406 |
| 3 | No. 76, Jalan Universiti, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia | 2001 | Leasehold/2063 | Printing plant | 151,769 | 12 years | 5,543 |
| 4 | No. 25, Rawang Integrated Industrial Park, Jalan Batu Arang, 48000 Rawang, Selangor Darul Ehsan, Malaysia | 2002 | Freehold | Office building and single storey factory building | 132,000 | 22 years | 4,001 |
| 5 | No. 37-06, Prince Street, Flushing NY 11354, USA | 2012 | Freehold | Commercial building | 3,938 | 13 years | 3,480 |
| 6 | Workshops 1-16 on 1/F MP Industrial Centre No. 18 Ka Yip Street, Chai Wan, Hong Kong | 1992 | Leasehold/2047 | Storage | 33,232 | 25 years | 2,873 |
| 7 | Workshops 1–7 on G/F MP Industrial Centre No. 18 Ka Yip Street, Chai Wan, Hong Kong | 1992 | Leasehold/2047 | Industrial | 17,857 | 25 years | 2,634 |
| 8 | Lot 22, Jalan Sultan Mohamed 4, Taman Perindustrian Bandar Sultan Sulaiman, 42000 Pelabuhan Klang Utara, Selangor Darul Ehsan, Malaysia | 2012 | Leasehold/2105 | Warehouse | 77,024 | 22 years | 2,577 |
| 9 | No. 76 Jalan Universiti, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia | 2001 | Leasehold/2063 | Office building | 40,500 | 26 years | 2,498 |
| 10 | No. 31, Jalan Lima, Off Jalan Chan Sow Lin, 55200 Kuala Lumpur, Malaysia | 1990 | Leasehold/2066 | Office building and factory building | 46,866 | 9 years | 2,380 |

# Notice of the 27th Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-seventh Annual General Meeting ("AGM") of Media Chinese International Limited will be held at (i) Sin Chew Media Corporation Berhad, Cultural Hall, No. 19, Jalan Semangat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia; and (ii) 15th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong on Friday, 11 August 2017 at 10:00 a.m. for the following purposes:

## AGENDA

## AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2017 together with the Directors' and Independent Auditor's Reports thereon. — Ordinary Resolution 1

2. To approve the payment of Directors' fees for the financial year ended 31 March 2017 in the amount of US$286,000. — Ordinary Resolution 2

3. To re-elect the following Directors who retire pursuant to the Company's Bye-Laws:
   i. Dato' Sri Dr TIONG Ik King — Ordinary Resolution 3
   ii. Mr LEONG Chew Meng — Ordinary Resolution 4
   iii. Mr YU Hon To, David — Ordinary Resolution 5

4. To re-appoint Messrs PricewaterhouseCoopers as auditor of the Company for the ensuing year and to authorise the Directors to fix its remuneration. — Ordinary Resolution 6

## AS SPECIAL BUSINESS

To consider and, if thought fit, pass with or without amendments the following resolutions:

5. ORDINARY RESOLUTION

   RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

   "**THAT**, subject to the passing of resolution No. 5, authority be and is hereby given to Mr YU Hon To, David who has served as an Independent Non-executive Director ("INED") for a cumulative term of more than nine (9) years, to continue to act as INED of the Company until the conclusion of the next AGM in accordance with the Malaysian Code on Corporate Governance 2012." — Ordinary Resolution 7

6. ORDINARY RESOLUTION

   PROPOSED RENEWAL OF AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

   "**THAT**, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with specific classes of Related Parties (as set out in Section 2 of Part A of the circular to shareholders dated 13 July 2017), which are necessary for the day-to-day operations of the Company and its subsidiaries, in the ordinary course of business on terms not more favourable than those generally available to the public and are not detrimental to the minority shareholders of the Company; — Ordinary Resolution 8

**THAT** such an approval shall only continue to be in force until whichever is the earliest of:

(a) the conclusion of the next AGM of the Company at which time it will lapse, unless the mandate is renewed by an ordinary resolution passed at the next AGM;

(b) the expiration of the period within which the next AGM of the Company is required by any applicable laws or the Bye-Laws of the Company to be held; or

(c) the date on which the approval set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

AND **THAT** the Directors of the Company be and are hereby authorised to take all steps and to do all such acts and deeds as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

7. ORDINARY RESOLUTION

PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

Ordinary Resolution 9

"**THAT** subject to the rules, regulations, orders made pursuant to the Malaysian Companies Act, 2016 (the "Act"), provisions of the Company's Bye-Laws, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HK Listing Rules"), the Listing Requirements of Bursa Securities or of any other stock exchange and any other relevant authority or approval for the time being in force or as amended from time to time, and paragraph (a) below, the Directors of the Company be and are hereby authorised to repurchase ordinary shares in the Company's issued share capital as may be determined by the Directors from time to time through The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), Bursa Securities or any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong, the Stock Exchange and Bursa Securities for this purpose, upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:

(a) the total number of shares of the Company which may be repurchased pursuant to the approval in the paragraph above shall not exceed 10% of the total number of issued ordinary shares of the Company as at the date of passing this resolution (such total number to be subject to adjustment in the case of any consolidation or subdivision of any of the shares of the Company into a smaller or larger number of shares of the Company after the passing of this resolution), and the said approval shall be limited accordingly;

(b) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings and share premium reserves 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 during the Relevant Period.

For the purposes of this resolution, "Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next AGM of the Company following the passing of the share buy-back resolution, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed, either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next AGM of the Company is required by any applicable laws or the Bye-Laws of the Company to be held; or

(iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

**THAT** upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to cancel all the shares so purchased pursuant to Rule 10.06(5) of the HK Listing Rules and/or to deal with the shares in any other manner as may be allowed or prescribed by the Act, rules, regulations and orders made pursuant to the Act, the HK Listing Rules and Listing Requirements of Bursa Securities.

AND **THAT** the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the aforesaid purchase(s) of shares with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the best interests of the Company."

8. ORDINARY RESOLUTION

PROPOSED GENERAL MANDATE TO ISSUE NEW SHARES

"**THAT**:

(a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved; Ordinary Resolution 10

(b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;

(c) the number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company; (iii) an issue of shares as scrip dividends pursuant to the Bye-Laws of the Company from time to time; or (iv) an issue of shares under any option scheme or similar arrangement for the grant or issue of shares or rights to acquire shares of the Company, shall not exceed 10% of the total number of the issued shares of the Company as at the date of passing this resolution (such total number to be subject to adjustment in the case of any consolidation or subdivision of any of the shares of the Company into a smaller or larger number of shares of the Company after the passing of this resolution), and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution, "Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next AGM of the Company;

(ii) the expiration of the period within which the next AGM of the Company is required by any applicable laws or the Bye-Laws of the Company to be held; or

(iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

"Rights Issue" means an offer of shares open for a period fixed by the Directors of the Company to the holders of the shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company)."

9. ORDINARY RESOLUTION

PROPOSED GENERAL MANDATE RELATING TO AN EXTENSION TO THE GENERAL MANDATE TO ISSUE NEW SHARES

Ordinary Resolution 11

"**THAT** subject to the passing of the resolutions Nos. 9 and 10 set out in the notice convening the meeting, the general mandate granted to the Directors of the Company to allot, issue and deal with additional shares pursuant to resolution No. 10 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the total number of issued shares of the Company repurchased by the Company under the authority granted pursuant to resolution No. 9 set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the total number of issued shares of the Company as the date of the said resolution (such total number to be subject to adjustment in the case of any consolidation or subdivision of any of the shares of the Company into a smaller or larger number of shares of the Company after the passing of this resolution)."

By Order of the Board
**MEDIA CHINESE INTERNATIONAL LIMITED**
**LAW Yuk Kuen**
**TONG Siew Kheng**
*Joint Company Secretaries*

13 July 2017

*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one proxy or proxies to attend, participate, speak and vote instead of him. A proxy may but need not be a member of the Company. When a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.

2. A member of the Company who is an authorised nominee as defined under the Malaysian Securities Industry (Central Depositories) Act 1991 may appoint at least one (1) proxy (but not more than two proxies) in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. 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.

3. For the purpose of the annual general meeting, the register of members in Hong Kong will be closed on Monday, 7 August 2017 to Friday, 11 August 2017, both days inclusive, during which no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 4 August 2017. In respect of the shareholders in Malaysia, a depositor in Malaysia shall qualify for the entitlement to attend the annual general meeting only in respect of shares transferred into the depositor's securities account before 4:00 p.m. on Friday, 4 August 2017.

   Shareholders who wish to request for transmission of their shares between the Malaysia Register and Hong Kong Register are advised to take note that request for transmission will be suspended from Monday, 7 August 2017 to Friday, 11 August 2017, both days inclusive.

4. To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with (i) Malaysia share registrar office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia; or (ii) the Hong Kong head office and principal place of business of the Company at 15th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

5. Explanatory notes on special business:

   (a) For the proposed Ordinary Resolution No. 7, in line with the Malaysian Code on Corporate Governance 2012, the Nomination Committee and the Board had assessed the independence of Mr YU Hon To, David, who has served as an independent director for a cumulative term of more than nine years, and recommended him to continue to act as an INED of the Company, based on the following justifications:

      (i) he has fulfilled all the requirements regarding independence of an INED and has provided annual confirmation of independence to the Company pursuant to Rule 3.13 of the HK Listing Rules and Paragraph 1.01 of the Listing Requirements of Bursa Securities. There is no evidence that his tenure has had any impact on his independence;

      (ii) he has professional expertise in audit and finance sector, and detailed knowledge in corporate governance and regulatory matters. He has proven commitment and experience to provide an element of objectivity, independent judgement and balance to the Board for informed and balance decision-makings; and

      (iii) he has exercised due care during his tenure as INED and has discharged his duties with reasonable skill and competence, bringing independent judgement and depth into the Board's decision-making in the interest of the Company and its shareholders.

   (b) The proposed Ordinary Resolution No. 8, if passed, will empower the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties in the ordinary course of business based on normal commercial terms which are not more favourable to the related parties than those generally available to the public which are necessary for the day-to-day operations of the Company and its subsidiaries. Please refer to the circular to shareholders dated 13 July 2017 for more information.

   (c) The detailed information on Ordinary Resolution No. 9 on the proposed renewal of share buy-back mandate is set out in the circular to shareholders dated 13 July 2017 accompanying this Annual Report.

   (d) The Company has not issued any new shares under the general mandate for issuance and allotment of shares up to 10% of the total number of issued shares of the Company, which was approved at the 26th AGM held on 12 August 2016 and which will lapse at the conclusion of the 27th AGM to be held on 11 August 2017. A renewal of this mandate is sought at the 27th AGM under proposed Ordinary Resolution No. 10.

      The proposed Ordinary Resolution No. 10, if passed, will authorise the Directors to issue and allot shares up to 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors would consider to be in the interest of the Company. This is to avoid any delay and cost involved in convening a general meeting to approve such an issue of shares. This authority, unless revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

      The general mandate, if passed, will provide flexibility to the Directors of the Company to allot and issue shares for any possible fund raising activities, including but not limited to placement of shares, for the purpose of funding future investment, working capital and/or acquisition.

## Media Chinese International Limited

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