

EMBRACING

CHANGE

ANNUAL REPORT

2018

Star
MEDIA GROUP



CONSUMERS

Putting them at the heart
of everything we do

CONTENT

Quality, relevant and timely
content for our consumers

CONNECTIONS

Meaningful connections through
our content and platforms

EMBRACING CHANGE

As the media landscape continues to shift, so does our business. We are rebuilding and reshaping ourselves so we may continue to deliver on our commitments: consumers, content and connections. Organisational agility will be part of the building blocks of our success and sustainability.

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VISION

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

SOAR TO GREATER HEIGHTS.

MAKE A DIFFERENCE ALWAYS.

GROW THE RIGHT WAY.

MISSION

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

INFORM, INSPIRE AND INNOVATE

TheStar
people's paper

288,417

**DAILY PRINT AND EPAPER
CIRCULATION**

(as at 30 June 2018)

Source: Audit Bureau
of Circulations

**THE
Star** ONLINE

82.10 MILLION

AVERAGE MONTHLY PAGE VIEWS

8.29 MILLION

AVERAGE MONTHLY USERS

2.63 MILLION

SOCIAL MEDIA FOLLOWERS

Source: Google Analytics
(Jan – Dec 2018)

AT A
GLANCE

120.31 MILLION

**TOTAL WEBSITE PAGE
VIEWS**

68.7%
INCREASE

IN TOTAL ANNUAL VISITORS

Star
urban.versatil

2.50 MILLION

**AVERAGE MONTHLY
VISITORS**

759,651

SOCIAL MEDIA FOLLOWERS

Source: Google Analytics (Jan – Dec 2018)



490,000

AVERAGE ACTIVE DIGITAL
RADIO STREAMING
LISTENERS

15 MILLION

DIGITAL RADIO STREAMS
(ABOVE 1 MINUTE)

7 MILLION

WEBSITE PAGE VIEWS

600,000

UNIQUE WEBSITE VISITORS

770,000

SOCIAL MEDIA FOLLOWERS

*Source: Radioactive (Jan - Dec 2018),
Google Analytics (Monthly Average for
Jan - Dec 2018), Facebook Insights
(Jan - Dec 2018)*

LEI dimsum

CLOSE TO

1 MILLION

SUBSCRIBERS

GAINED

**SIX REGIONAL
CONTENT PARTNERS**

SURIA

1.8 MILLION

LISTENERSHIP

2.23 MILLION

DIGITAL LISTENERSHIP

1.07 MILLION

SOCIAL MEDIA FOLLOWERS

Source: Radioactive (Jan - Dec 2018), Gfk (Oct 2018)

103

EVENTS HELD NATIONWIDE

ENGAGING OVER

632,400

MALAYSIANS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE FORTY-SEVENTH ANNUAL GENERAL MEETING (“AGM”) OF STAR MEDIA GROUP BERHAD (“THE COMPANY”) WILL BE HELD AT THE CYBERTORIUM, LEVEL 2, MENARA STAR, 15, JALAN 16/11, 46350 PETALING JAYA, SELANGOR DARUL EHSAN ON WEDNESDAY, 15 MAY 2019 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 December 2018 together with the Directors’ and Auditors’ Reports thereon.
Please refer to Explanatory Note 1
2. To re-elect the following Directors who retire pursuant to Article 117 of the Constitution of the Company:

(a) Tan Sri Dato’ Sri IR Kuan Peng Ching @ Kuan Peng Soon	Ordinary Resolution 1
(b) Dato’ Dr. Mohd Aminuddin bin Mohd Rouse	Ordinary Resolution 2
<i>Please refer to Explanatory Note 2</i>	
3. To re-elect the following Directors who retire pursuant to Article 101 of the Constitution of the Company:

(a) Mr. Chan Seng Fatt	Ordinary Resolution 3
(b) Mr. Loh Chee Can	Ordinary Resolution 4
<i>Please refer to Explanatory Note 2</i>	
4. To approve the payment of Directors’ fees amounting to RM653,000 for the Non-Executive Directors in respect of the financial year ended 31 December 2018.
Please refer to Explanatory Note 3 **Ordinary Resolution 5**
5. To approve the payment of benefits payable to the Non-Executive Directors up to RM500,000 from the conclusion of the Forty-Seventh AGM until the next AGM of the Company in year 2020.
Please refer to Explanatory Note 4 **Ordinary Resolution 6**
6. To re-appoint BDO PLT as Auditors of the Company for the financial year ending 31 December 2019 and to authorise the Directors to fix their remuneration.
Please refer to Explanatory Note 5 **Ordinary Resolution 7**

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

AS SPECIAL BUSINESS

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

7. **ORDINARY RESOLUTION**

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

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

Ordinary Resolution 8

Please refer to Explanatory Note 6

8. **ORDINARY RESOLUTION**

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

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

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

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier.

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

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

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

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

Ordinary Resolution 9

Please refer to Explanatory Note 7

9. **ORDINARY RESOLUTION PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

"THAT, pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiaries ("Star Media Group") be and are hereby authorised to enter into any of the recurrent transactions of a revenue or trading nature as set out in Section 2.3 of Part B of the Circular to Shareholders dated 23 April 2019 with the related party mentioned therein which are necessary for the Star Media Group's day-to-day operations, subject further to the following:-

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

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

THAT such approval shall continue to be in force until:

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

whichever is earlier;

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

Please refer to Explanatory Note 8

Ordinary Resolution 10

10. SPECIAL RESOLUTION

PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY

"**THAT** the proposed new Constitution as set out in Part C of the Circular to Shareholders dated 23 April 2019 be and is hereby adopted in place of the existing Memorandum and Articles of Association with immediate effect, **AND THAT** the Directors of the Company be and are hereby authorised to assent to any modifications and/or amendments as may be required by the relevant authorities and to do all acts and things and take such steps as may be considered necessary to give full effect to the foregoing."

Please refer to Explanatory Note 9

Special Resolution 1

- 11. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

BY ORDER OF THE BOARD

HOH YIK SIEW (MAICSA 7048586)

Company Secretary

Petaling Jaya
23 April 2019

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes:

Proxy

1. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice shall be put to vote by way of poll.
2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his/her stead. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy. A proxy may but need not be a member of the Company and there shall be no restrictions as to the qualification of the proxy. In the case of a corporation, the Form of Proxy must be executed under seal or signed by an officer or attorney duly authorised. Any alteration to the Form of Proxy must be initialled.
3. 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") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. All original Forms of Proxy must be deposited at the Share Registrar's Office, Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the meeting.
5. Only Members whose names appear in the General Meeting Record of Depositors as at **7 May 2019** shall be entitled to attend, participate, speak and vote at this Forty-Seventh AGM or appoint proxy(ies) to attend, participate, speak and/or vote on their behalf.

Personal Data Privacy

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

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

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes

1. Audited Financial Statements for the financial year ended 31 December 2018

The Audited Financial Statements are laid before the shareholders pursuant to the provision of 340(1)(a) of the Companies Act 2016 for discussion only and will not be put forward for voting.

2. Ordinary Resolutions 1 to 4 Re-election of Directors pursuant to Articles 117 and 101 of the Company's Constitution

(a) Article 117 of the Constitution provides that at every AGM of the Company, one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3) then the number nearest one-third (1/3) shall retire from office. In addition, Article 119 of the Constitution states that a retiring Director shall be eligible for re-election.

Tan Sri Dato' Sri IR Kuan Peng Ching @ Kuan Peng Soon and Dato' Dr. Mohd Aminuddin bin Mohd Rouse being eligible, have offered themselves for re-election at the Forty-Seventh AGM pursuant to Article 117 of the Constitution.

(b) Article 101 of the Constitution states that any Director appointed during the year shall hold office only until the next AGM and shall then be eligible for re-election.

Mr. Chan Seng Fatt and Mr. Loh Chee Can who were appointed on 11 August 2018 and 3 January 2019 respectively, being eligible, have offered themselves for re-election at the Forty-Seventh AGM pursuant to Article 101 of the Constitution.

The Board recommends the re-election of the Directors standing for re-election. All Directors standing for re-election have abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Nomination Committee and Board Meetings and will continue to abstain from deliberations and decisions on their own eligibility to stand for re-election at this AGM.

3. Ordinary Resolution 5 Payment of Directors' Fees to the Non-Executive Directors for the financial year ended 31 December 2018

Pursuant to Section 230(1) of the Companies Act 2016, fees and benefits payable to the Directors of listed company and its subsidiaries shall be approved by shareholders at a general meeting. The Company is requesting for the shareholders approval for the payment of fees to the Non-Executive Directors (including former Non-Executive Directors who retired/resigned in 2018) for rendering their services to the Company during the financial year ended 31 December 2018 totalling RM653,000.

4. Ordinary Resolution 6 Payment of Benefits Payable to the Non-Executive Directors from the conclusion of the Forty-Seventh AGM until the next AGM of the Company in year 2020

Pursuant to Section 230 of the Companies Act 2016, any fees and benefits payable to the Non-Executive Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The benefits payable to the Non-Executive Directors of the Company comprising the following:

- Board Committee allowance
- Meeting allowance
- Medical and insurance coverage
- Club membership
- Other claimable benefits including reimbursable expenses incurred in the course of carrying out their duties as Directors.

The payment of benefits to the Non-Executive Directors will be made by the Company as and when incurred provided that the proposed Ordinary Resolution 6 be passed at the Forty-Seventh AGM. The Board is of the view that it is just and equitable for the payment of benefits to the Non-Executive Directors be made as and when incurred, after they have discharged their responsibilities and rendered their services to the Company.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

5. Ordinary Resolution 7 Re-appointment of Auditors

The Board had at its meeting held on 26 February 2019 approved the recommendation by the Audit Committee on the re-appointment of BDO PLT as Auditors of the Company. The Board and Audit Committee collectively agreed that BDO PLT has met the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

6. Ordinary Resolution 8 Proposed Authority to Allot and Issue Shares pursuant to Section 75 of the Companies Act 2016

The Company had, during its Forty-Sixth AGM held on 15 May 2018, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 75 of the Companies Act 2016. No share was issued pursuant to the general mandate as at the date of this Notice.

The proposed Ordinary Resolution 8 is a renewal of the general mandate for issuance of shares by the Company under Section 75 of the Companies Act 2016. The general mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue shares in the Company up to an amount of not exceeding in total ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares) for the purpose of funding the working capital or strategy development of the Group. The approval is sought to avoid any delay and cost in convening separate general meetings for such issuance of shares. This authority, unless revoked or varies by the Company at a general meeting, will expire at the next AGM.

7. Ordinary Resolution 9 Proposed Renewal of Authority for Star Media Group Berhad to Purchase its own Ordinary Shares of up to 10% of its total number of Issued Shares or the total number of Voting Shares

The proposed Ordinary Resolution 9, if passed, will allow the Company to purchase its own shares

through Bursa Malaysia Securities Berhad of up to ten percent (10%) of the total number of issued shares of the Company. This authority will, unless revoked or varied at a general meeting, expire at the conclusion of the next AGM of the Company. Please refer to the Share Buy-Back Statement dated 23 April 2019 for further information.

8. Ordinary Resolution 10 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue of Trading Nature

The Proposed Ordinary Resolution 10, if passed, will enable the Company and/or its subsidiary companies to enter into recurrent transactions involving the interests of the related party, which are of a revenue of trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out 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. Detailed information on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is set out in Section 2.3 of Part B of the Circular to Shareholders dated 23 April 2019 despatched together with the Company's Annual Report 2018.

9. Special Resolution 1 Proposed Adoption of New Constitution of the Company

The Special Resolution 1, if passed will streamline the Company's Constitution with the provisions of the Companies Act 2016, amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and enhance administrative efficiency.

In view of the substantial amount of proposed amendments to the Memorandum and Articles of Association, the Board proposed that the existing Memorandum and Articles of Association be amended by the Company in its entirety by the replacement thereof with a new Constitution with immediate effect.

Please refer to Part C of the Circular to Shareholders dated 23 April 2019.

FINANCIAL CALENDAR

FINANCIAL YEAR 1 JANUARY 2018 to 31 DECEMBER 2018

ANNOUNCEMENT OF 2018 PRELIMINARY RESULTS

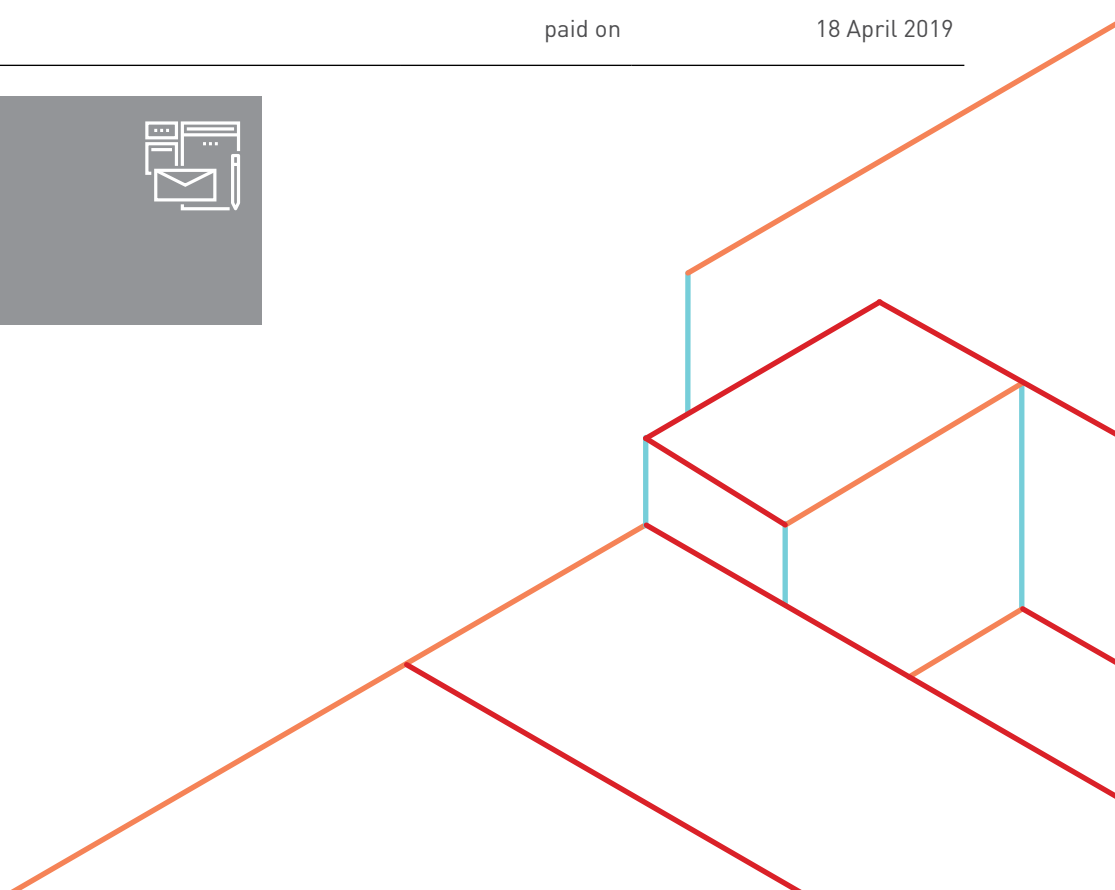
First quarter	announced	16 May 2018
Second quarter	announced	17 August 2018
Third quarter	announced	30 November 2018
Fourth quarter	announced	26 February 2019

DIVIDEND

Interim	declared	26 February 2019
	entitlement date	29 March 2019
	paid on	18 April 2019

ANNUAL GENERAL
MEETING

15 MAY 2019



FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

AS AT 31 DECEMBER

		2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000
KEY BALANCE SHEET DATA						
Total assets		1,670,312	1,722,081	1,649,401	1,153,184*	946,699
Current liabilities		223,985	358,125	255,214	250,422*	86,000
Total funds employed		1,446,327	1,363,956	1,394,187	902,762*	860,699
Share capital		738,564	738,564	738,564	738,564*	738,564
Shareholders' funds		1,142,520	1,145,275	1,128,655	873,613*	832,282
OPERATING RESULTS						
Revenue		1,013,737	1,019,020	630,432*	469,189* [Ⓐ]	392,680[Ⓐ]
Profit before tax		153,421	170,073	122,972*	39,812*	8,936
Profit after tax attributable to shareholders		111,416	132,956	97,474*	77,620*	5,226
FINANCIAL RATIOS						
Revenue growth	%	(1.1)	0.5	(14.9)*	(17.4)* [Ⓐ]	(16.3)[Ⓐ]
Net earnings per share [#]	sen	15.10	18.02	13.20*	10.52*	0.71
Return on shareholders' funds	%	9.8	11.6	10.8*	8.9*	0.6
Dividend per share - Gross	sen	18.0	18.0	18.0	42.0	3.0
Net assets per share [^]	RM	1.55	1.55	1.53	1.18*	1.13

Computed based on adjusted weighted average number of ordinary shares.

^ Computed based on net number of outstanding paid-up capital.

* Excludes discontinued operations.

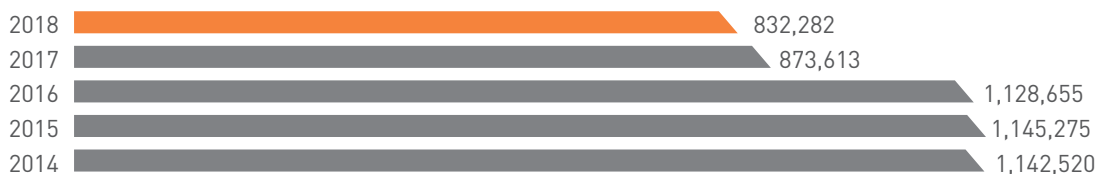
Ⓐ Nett of agency commissions due to first time adoption of MFRS 15.

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

AS AT 31 DECEMBER (CONT'D)

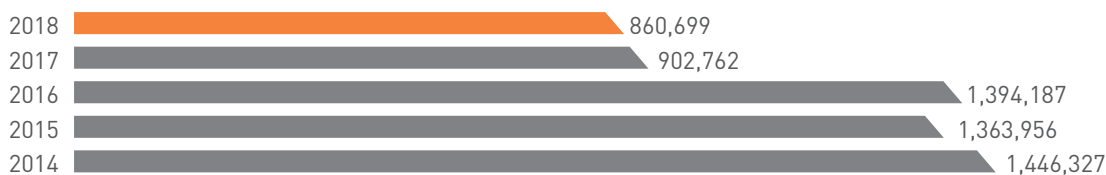
SHAREHOLDERS' FUNDS

(RM'000)



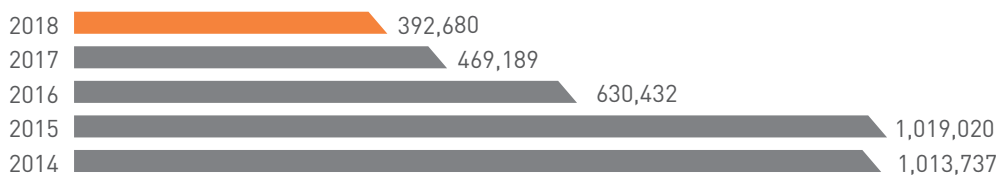
TOTAL FUNDS EMPLOYED

(RM'000)



REVENUE

(RM'000)



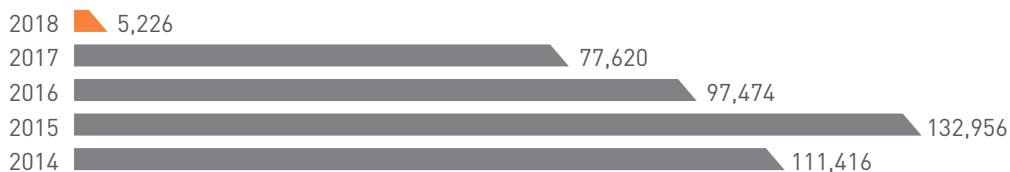
PROFIT BEFORE TAX

(RM'000)



PROFIT AFTER TAX ATTRIBUTABLE TO SHAREHOLDERS

(RM'000)



BOARD OF DIRECTORS

DATO' FU AH KIOU

(Independent Non-Executive Director & Chairman)

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

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

DATO' DR. MOHD AMINUDDIN BIN MOHD ROUSE

(Non-Independent Non-Executive Director)

MR. CHOONG TUCK OON

(Independent Non-Executive Director)

MADAM WONG YOU FONG

(Independent Non-Executive Director)

MR. CHAN SENG FATT

(Independent Non-Executive Director)

MR. LOH CHEE CAN

(Independent Non-Executive Director)

BOARD COMMITTEES

AUDIT COMMITTEE

Chairman : MR. CHAN SENG FATT

Members : MR. CHOONG TUCK OON

: DATO' DR. MOHD AMINUDDIN BIN MOHD ROUSE

: MR. LOH CHEE CAN

NOMINATION COMMITTEE

Chairman : TAN SRI DATO' SRI IR KUAN PENG CHING @ KUAN PENG SOON

Members : MADAM WONG YOU FONG

: MR. CHAN SENG FATT

REMUNERATION COMMITTEE

Chairman : DATO' FU AH KIOU

Members : TAN SRI DATO' SRI IR KUAN PENG CHING @ KUAN PENG SOON

: DATO' DR. MOHD AMINUDDIN BIN MOHD ROUSE

: MR. CHOONG TUCK OON

CORPORATE
INFORMATION
AS AT 8 APRIL 2019

CORPORATE INFORMATION

AS AT 8 APRIL 2019 (CONT'D)

COMPANY SECRETARY

HOH YIK SIEW (MAICSA 7048586)
(Group Company Secretary)

REGISTERED ADDRESS

Level 15, Menara Star
15 Jalan 16/11
46350 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 – 7967 1388
Fax : +603 – 7954 6752

AUDITORS

BDO PLT (LLP0018825-LCA & AF 0206)
Chartered Accountants
Level 8, BDO @ Menara CenTARa
360 Jalan Tunku Abdul Rahman
50100 Kuala Lumpur
Tel : +603 – 2616 2888
Fax : +603 – 2616 3190



WEBSITE

www.starmediagroup.my

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
(11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Tel : +603 – 2783 9299
Fax : +603 – 2783 9222
Email: is.enquiry@my.tricorglobal.com

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

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

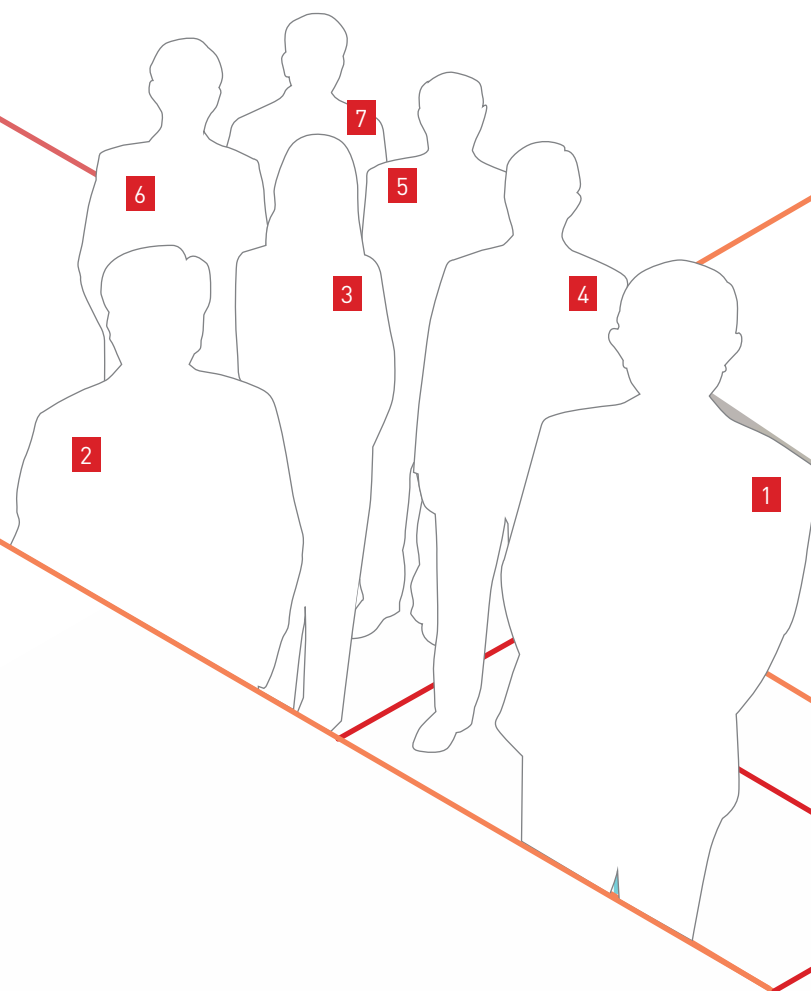


CON SUMERS

Our consumers are at the heart of all that we do. As we lay the foundation for our future, we will be guided by their needs, wants and aspirations so we may deliver superior products and services every time.



BOARD OF DIRECTORS



1. **DATO' FU AH KIOU**
(Independent Non-Executive Director & Chairman)
2. **TAN SRI DATO' SRI IR KUAN PENG CHING & KUAN PENG SOON**
(Non-Independent Non-Executive Director & Deputy Chairman)
3. **MADAM WONG YOU FONG**
(Independent Non-Executive Director)
4. **MR. CHAN SENG FATT**
(Independent Non-Executive Director)

5. **DATO' DR. MOHD AMINUDDIN BIN MOHD ROUSE**
(Non-Independent Non-Executive Director)
6. **MR. CHOONG TUCK OON**
(Independent Non-Executive Director)
7. **MR. LOH CHEE CAN**
(Independent Non-Executive Director)



BOARD OF DIRECTORS' PROFILES

DATO' FU AH KIOW

- Independent Non-Executive Director & Chairman
- Chairman of Remuneration Committee

Nationality Malaysian
Age 69
Gender Male
Date of Appointment 27 February 2014

Academic/Professional Qualification(s)

- Bachelor of Science (Honours) Degree in Physics, University of Malaya
- Master's Degree in Industrial Engineering and Management Science, University of Cranfield, United Kingdom

Present Directorship(s)

Listed Entity

- Tiong Nam Logistics Holdings Berhad
- Fitters Diversified Berhad

Other Public Companies

- Star Foundation (non-profit organisation)

Working Experience

Dato' Fu has many years of distinguished service in the Malaysian Government. He was elected a Member of Parliament in 1995 and was a Deputy Minister in several ministries prior to his retirement in 2008. Before joining the Government, Dato' Fu had worked as an engineer and in various managerial roles, with multinational companies engaged in construction and M&E engineering services including Intel Malaysia Sdn. Bhd..

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

- Non-Independent Non-Executive Director & Deputy Chairman
- Chairman of Nomination Committee
- Member of Remuneration Committee

Nationality Malaysian
Age 73
Gender Male
Date of Appointment 27 February 2014

Academic/Professional Qualification(s)

- Bachelor of Engineering in Electrical Engineering, University of Adelaide, South Australia
- Professional Engineer, Board of Engineers, Malaysia
- Member of the Institution of Engineers, Malaysia

Present Directorship(s)

Listed Entity

Nil

Other Public Companies

- Koperasi Usaha Mewah Berhad
- Star Foundation (non-profit organisation)
- Kojadi Skill Development Foundation (non-profit organisation)
- TARC Education Foundation (non-profit organisation)

Working Experience

Tan Sri Kuan sits on the board of several public and private companies.

BOARD OF DIRECTORS' PROFILES (CONT'D)

DATO' DR. MOHD AMINUDDIN BIN MOHD ROUSE

- Non-Independent Non-Executive Director
- Member of Audit Committee
- Member of Remuneration Committee

Nationality Malaysian
Age 73
Gender Male
Date of Appointment 23 July 1997

Academic/Professional Qualification(s)

- Bachelor of Science (Honours) in Biochemistry, University of Malaya
- PhD in Agricultural Chemistry, University of Adelaide, South Australia

Present Directorship(s)

Listed Entity

- Ajiya Berhad
- Tanco Holdings Berhad
- Karambrunai Corp Berhad
- ManagePay Systems Berhad

Other Public Companies

- Trustgate Berhad
- Star Foundation (non-profit organisation)

Working Experience

Dato' Dr. Mohd Aminuddin began his career as the Head and Lecturer at the Department of Biochemistry and Microbiology before becoming the professor of Biochemistry and Deputy Dean at Universiti Pertanian Malaysia in 1977.

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

MR. CHOONG TUCK OON

- Independent Non-Executive Director
- Member of Audit Committee
- Member of Remuneration Committee

Nationality Malaysian
Age 61
Gender Male
Date of Appointment 1 June 2017

Academic/Professional Qualification(s)

- Bachelor of Science (First Class) in Mathematics, University of Malaya
- Masters of Science in Computer Applications, Asian Institute of Technology
- Executive Diploma in Directorship, Singapore Management University

Present Directorship(s)

Listed Entity

Nil

Other Public Companies

- Credit Guarantee Corporation Malaysia Berhad
- FIDE Forum

Working Experience

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

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

BOARD OF DIRECTORS' PROFILES (CONT'D)

MR. CHAN SENG FATT

- Independent Non-Executive Director
- Chairman of Audit Committee
- Member of Nomination Committee

Nationality Malaysian
Age 56
Gender Male
Date of Appointment 11 August 2018

Academic/Professional Qualification(s)

- Chartered Accountant of Malaysia Institute of Accountants

Present Directorship(s)

Listed Entity

- Fitters Diversified Berhad
- Salcon Berhad

Other Public Companies

Nil

Working Experience

Mr. Chan brings with him an extensive career exposure spanning more than thirty (30) years covering various aspects of experience namely external and management auditing, financial management, corporate finance, stockbroking and senior level operation and general management.

Mr. Chan's last posting was with Tradewinds Plantation Berhad as the Chief Executive Officer, a position which he held for five (5) years. Prior to joining Tradewinds Group, he had held several senior positions in various public and private companies.

MADAM WONG YOU FONG

- Independent Non-Executive Director
- Member of Nomination Committee

Nationality Malaysian
Age 48
Gender Female
Date of Appointment 1 June 2017

Academic/Professional Qualification(s)

- LL.B (Hons) Law (London)
- Certificate in Legal Practice (CLP)

Present Directorship(s)

Listed Entity

Nil

Other Public Companies

Nil

Working Experience

Madam Wong is a practicing lawyer with more than twenty (20) years experience. She is currently practicing under firm of Messrs Wong You Fong & Associates.

BOARD OF DIRECTORS' PROFILES (CONT'D)

MR. LOH CHEE CAN

- Independent Non-Executive Director
- Member of Audit Committee

Nationality Malaysian
Age 50
Gender Male
Date of Appointment 3 January 2019

Academic/Professional Qualification(s)

- Master of Business Administration, Multimedia University
- Class 1 Marine Engineer Officer, Marine Engineer Officer Unlimited (Foreign Going, Motor) Malaysia
- Jurutera Kelas Satu, Jabatan Kilang Dan Jentera Malaysia
- Diploma in Marine Engineering, Ungku Omar Polytechnic

Present Directorship(s)

Listed Entity

Nil

Other Public Companies

Nil

Working Experience

In 1992 to 2002, Mr. Loh began his career in Singapore as a Junior Engineer. He was subsequently promoted to Chief Engineer, served on board ocean-going vessels trading worldwide with Ship Management companies in Singapore and Malaysia.

From 2003 to 2018, he started ashore as an Engineer Superintendent and progressed to Senior Engineer Superintendent, Senior Manager and Engineering Project Head in a leading Shipping Conglomerate in Malaysia. During this period, he served at different units in Fleet Management Services handling LNG/LPG and Crude Tankers, Operations and Performance Improvement, Maritime Education/Training and Project Management. Mr. Loh also covered functional roles of top management during his employment.

Notes:

1. Family Relationship with Director and/or Major Shareholder

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

2. Conflict of Interest

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

3. Convictions for Offences

None of the Directors have any conviction for offences within the past five (5) years other than traffic offences (if any) nor public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.

4. Attendance of Board Meetings

The attendance of the Directors at Board Meetings held during the financial year ended 31 December 2018 is disclosed in the Corporate Governance Overview Statement.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of Star Media Group Berhad (the “Company” or “Star”) and its subsidiaries (the “Group”) for the financial year ended 31 December 2018 (“FYE 2018”).

The last decade has seen a significant global shift in the media industry. The advent of social media, free video streaming services, alternative media and the speed of change in technology have altered the way we consume, experience and engage content.* These disruptive changes have posed many challenges to the media industry, but at the same time opened up new business opportunities especially in the internet world.

2018 IN REVIEW

Our 2018 financial year was buffeted by macroeconomic headwinds as well as uncertainties prior to and after the 14th General Election in Malaysia. Advertisers and businesses at large had also spent less in terms of advertising throughout the year.

The Group's effective implementation of stringent cost control measures, manpower restructuring and realignment of our sales strategy have enabled us to maintain our profitable position despite this challenging period. We will remain committed to improving our performance.

We closed our FYE 2018 with a net profit of RM5.46 million on the back of a revenue of RM392.68 million. Net assets per share was marginally lower at RM1.13 as at 31 December 2018 when compared to RM1.18 a year ago. A further review of the Company's financial performance is presented in the Management Discussion and Analysis section of this Annual Report.

The year under review was also one of ongoing transformation as we continue to transition from a newspaper company to a data-driven, digitally-powered, news and content conglomerate. Through analytics, we will strengthen our customer database across the various platforms of our ecosystem to pave the way for the introduction of marketplaces to diversify our sources of income.

A critical issue that has continued to taint this information and hyper-connected age is the proliferation of fake news, exacerbated by the wide utilisation of social media. The Star, as a citizen watchdog, has been resolute in countering fake news with stringent fact-checking measures and traditional editorial ethics to help our readers distinguish between fact and fiction. These measures have not only borne fruit but placed the Company at the forefront of news delivery, having been recognised as one of the most trusted source of news in Malaysia in Reuters Institute Digital News Report 2018.

Alongside all this was our continued commitment to content excellence, evidenced in the slew of local and international awards won by the content team, particularly R.AGE, our social impact journalism team. Awards included WAN-IFRA Asian Digital Media Awards, Asian Media Awards, KC Kulish International Award and Society of Publishers in Asia (SOPA) Awards. The full list of accolades won is available in the Awards section of this report.

* <https://www.forbes.com/sites/aalsin/2018/07/19/the-future-of-media-disruptions-revolutions-and-the-quest-for-distribution/#61f4a5ec60b9>

CHAIRMAN'S STATEMENT (CONT'D)

MOVING FORWARD INTO THE FUTURE OF MEDIA

Last year was certainly productive as several key initiatives were successfully rolled out as part of our transformation agenda.

One of these initiatives was the setup of an Analytics division called SMG NEO. This division will provide the backbone for our business in the future to ensure that all decisions made and solutions delivered are evidence-based and data-driven.

The transformation of the technology to power content across the Group was another initiative. A major overhaul has taken place and transitions continue as we migrate our businesses, division by division, into stronger, more efficient and effective systems, which not only address our needs of today, but can support our ambitions for the future.



CHAIRMAN'S STATEMENT (CONT'D)

One such investment we have made in technology is Cxense, an advanced data management platform to collect and manage customer data, specifically to capture content consumption behaviours, so we may create more meaningful, relevant experiences for our consumers. Coupled with 'Artificial Intelligence' (A.I.) and 'Machine Learning' capabilities, the Group can reach and engage customers and predict behaviours in a more powerful manner.

We reorganised our newsroom and transformed it into an integrated operation, producing both print and digital content via a single Content Management System (CMS). This is in tandem with the "digital first" trend in media. While maintaining our core value as "the People's Paper", our newsroom will also enrich its content, presentation and delivery to meet new expectations of our readers and customers.

Similarly, we have also streamlined our advertising management process into a single platform. Together, these technologies have greatly improved our operational efficiencies in both editorial and advertising. This is particularly important in today's dynamic and evolving media landscape as we are able to remain relevant to all our stakeholders.

dimsum, our investment into the Video-on-Demand (VOD) sector is showing positive progress as envisioned. With its constant product enhancement, dimsum is accessible

via various devices while payment options have been extended to include mobile payments via integration with business partners and all major telcos in Malaysia. Last year, we introduced dimsum into Singapore and Brunei as part of our initial plan to expand into the ASEAN market. We have also diversified our revenue stream from subscription to advertisement, content IP sales and subtitling service.

We aim to introduce new products and services for both the consumer market and the business sector, which address today's demands, needs, and challenges. Our mantra of 'consumer, content, connections' will ensure we are committed to providing solutions that drive business results for clients and enrich lives based on the principles of promoting literacy, diversity and moderation. We are also reassessing our existing pool of brands to unlock its value and potential.

BOARDROOM AND MANAGEMENT CHANGES

As we continue to implement the transformation strategy that will pave the way for the Group's future, the Board and I believe that we have the right balance of skills and experience to support the management team and exercise our fiduciary duties effectively.

The appointments of Mr. Chan Seng Fatt on 11 August 2018 and Mr. Loh Chee Can on 3 January 2019 as additional Independent Non-Executive Directors of the Company have further strengthened the Board from a talent

perspective. We look forward to leveraging on their wealth of experience and expertise in the years to come.

The Board and I would like to thank Datin Linda Ngiam Pick Ngoh and Mr. Lee Siang Chin for their valuable contributions to the Company throughout their tenure as Board members. Datin Linda Ngiam retired on 15 May 2018 after having served for ten (10) years and Mr. Lee Siang Chin resigned from the Board since 10 August 2018.

On behalf of the Board, I would like to thank Datuk Seri Wong Chun Wai, our former Group Managing Director and Chief Executive Officer ("GMD & CEO") for his steadfast and invaluable contributions and services to the Group and Company. After a career spanning more than three (3) decades with Star, Datuk Seri Wong has chosen to retire as GMD & CEO on 1 January 2019. He was appointed as the Group Advisor starting 1 January 2019. We would also like to thank Mr. Roy Tan, our former Group Chief Operating Officer, for his years of dedicated service and contribution to the Group and Company.

In the interim, a temporary Special Committee comprising three (3) Non-Executive Directors was established by the Board to oversee the operations of the Company until the new Group CEO assumes office.

CHAIRMAN'S STATEMENT (CONT'D)

RESPONSIBLE CORPORATE CITIZENSHIP

As a news and content organisation, the responsible corporate citizen ethos is embedded within the core purpose and value system of the organisation. The Group remains dedicated to the nation with our proactive corporate social responsibility efforts to give back to society. Apart from supporting charitable causes through Star Foundation, the charity arm of Star, many of our initiatives and business dealings embed within it a social benefit.

One such example is the ever successful #StandTogether campaign, in partnership with SP Setia Berhad, now into its second year. Created with the aim of countering the malaise of bullying with kindness, this campaign clearly demonstrates the role of effective partnerships among media, corporates, public sector and civil society towards an economic and social outcome. To date, a total of 730 schools and 900 teachers have joined the campaign. Part of the advocacy for this campaign involved the installation of National Kindness Week in schools, which was officially recognised by the Education Ministry and shall be celebrated in April every year.

Star Foundation continues to utilise contributions to be channelled to deserving charitable causes in support of reducing inequalities, raising the quality of life for the marginalised and

supporting initiatives to create more sustainable communities. In 2018, approximately RM943,000 was donated to 31 charities encompassing education and training centres for the vulnerable, homes for senior citizens, and centres providing medical facilities and support to vulnerable communities. Through the Medical Fund Programme, which raises funds from the public to support surgeries and procedures needed by individuals from the vulnerable communities, a child with severe epileptic seizures was able to undergo brain surgery to manage the ailment and improve his quality of life.

Star Education Fund, one of the most established scholarship funds in Malaysia, celebrated its 25th anniversary in 2018. This milestone was commemorated with a special alumni dinner, which had successful professionals across various fields in attendance. The Fund also awarded RM9.4 million worth of scholarships to 150 students. To date, 4,000 scholarships amounting to RM127.4 million have been awarded to some 4,000 students.

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

APPRECIATION

We appreciate the ongoing trust and support we have received from all our stakeholders, namely our customers, who continue to read, watch and listen to our news and content each day across Malaysia and the region, our shareholders and investment community, who continue to support and believe in our growth journey, and our partners, who are aligned with our goals of creating a better life for everyone. I wish to also express gratitude to all management and staff for their contribution and dedication during this challenging period.

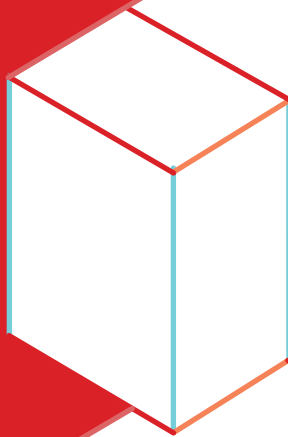
I am confident that together as a team, with the combined hard work, commitment and continued support from all our stakeholders, the Company can overcome obstacles and continue on our digital transformation journey towards achieving organisational and business excellence.

DATO' FU AH KIOH
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF STAR MEDIA GROUP BERHAD

Leveraging on the success of its market-leading English daily, The Star, along with its rich history and heritage in Malaysia's media landscape spanning close to five decades, Star Media Group Berhad has grown from a single-product company to an integrated multi-channel media group.



Today, the Group's core business activities are segmented into Print, Digital & Video-on-Demand ("VOD"), Radio, and Events & Exhibitions. This expansion not only reflects the Group's foresight in the ever-evolving media landscape but also showcases its deep-rooted culture of continuous innovation to drive growth.

The crux of the Group's strategic vision is to grow dynamically and sustainably to become the leading media and digital group in the region.

In order to achieve this, the Group is currently undergoing a bold transformation involving, among others, structural shifts as well as targeted cost-control measures. Ultimately, these initiatives will result in a more streamlined, nimble and dynamic organisation that is future-ready.

In spite of the changes taking place within the organisation, the Group is unwavering in its commitment to delivering its core competency while progressing aggressively towards a more data-driven approach in powering its products and solutions.

Embracing the philosophy of 'Content, Consumer, Connections', the Group is determined to maintain its lead position in this highly competitive domain by relying on forward-looking investment strategies built on a strong foundation of experience.



REVIEW OF FINANCIAL PERFORMANCE

The Group's revenue for the financial year ended 31 December 2018 declined by 16.3% to RM392.68 million from RM469.19 million a year ago. This was mainly due to lower revenue from our Print and Digital segments.

The Group's profit before tax ("PBT") increased by 26.5% in FY2018, with RM28.84 million (excluding Mutual Separation Scheme "MSS" expenses) as compared with the last financial year's RM22.79 million (excluding MSS/Early Retirement Option ("ERO") expenses, impairment on goodwill and assets, write-off of property, plant and equipment as well as gain on disposal of Cityneon). Moreover, PBT margins expanded from 4.9% to 7.3% year-on-year because finance cost reduced by 61.5% in the year under review.

Clearly, the Group's efforts to manage cost effectively and improve our margins are bearing fruits and we are on the right track of transforming the organisation into a leaner and more dynamic and growth-oriented entity.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



Our Print and Digital segments recorded a lower revenue of RM338.74 million (FY2017: RM405.48 million). This segment was impacted by significantly lower advertising expenditure due to economic and political uncertainties before and immediately following the Malaysian 14th General Election (GE14). The segment was also impacted by losses from our over-the-top (“OTT”) startup venture, dimsum.my, and MSS expenses. In spite of the fall in revenue, PBT for this segment rose to RM27.49 million (FY2017: RM26.54 million), when exceptional expenses incurred for MSS/ERO are excluded.

The Group’s Radio segment generated revenue of RM29.51 million in FY2018 as compared with RM35.79 million in FY2017. Despite the lower revenue, this segment earned a PBT of RM2.90 million in FY2018.

Our Events and Exhibitions segment saw improvements in 2018 as PBT grew to RM2.65 million (FY2017: RM0.23 million) on the back of higher revenue of RM17.22 million (FY2017: RM9.57 million). This growth was the result of more events being held throughout 2018 as compared with the previous year.

Corporate Developments

On 13 August 2018, the Company announced that Impian Ikon (M) Sdn. Bhd. (“Impian Ikon”), a wholly-owned subsidiary, had completed the disposal of its 51% equity interest in Leaderonomics Sdn. Bhd. (“Leaderonomics”) for a total cash consideration of RM5.65 million. With the completion of this exercise, Leaderonomics has ceased to be a direct subsidiary of Impian Ikon and a sub-subsidiary company of Star Media Group Berhad.

On 13 August 2018, the Company announced that its wholly-owned dormant subsidiary, Laviani Pte. Ltd., has been placed under members’ voluntary liquidation.

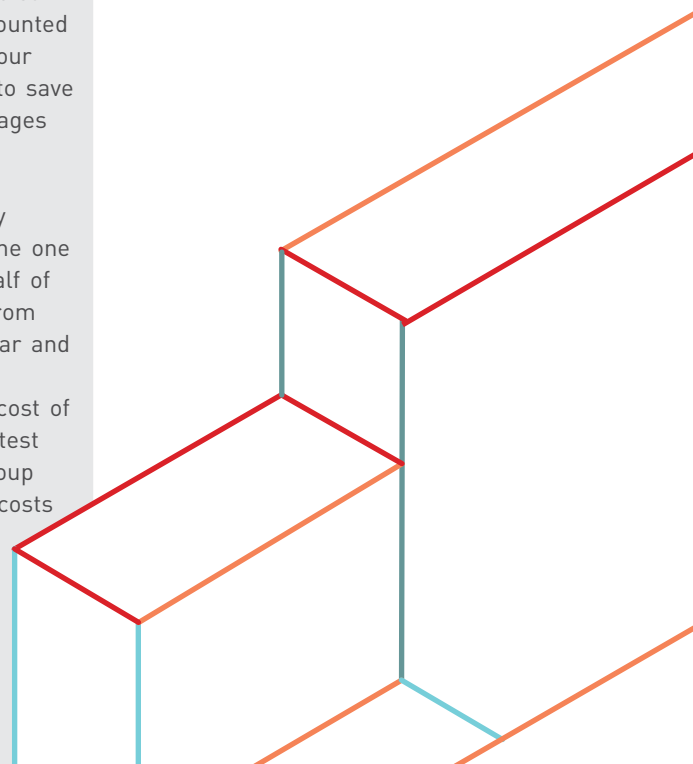
In August 2018, the Company made the difficult decision to cease operations of its printing facilities in Star Northern Hub. This is in line with its on-going focus on reducing cost and streamlining its operations. A total of 99 employees were affected and the separation package amounted to RM12.8 million. Centralising our printing operations is expected to save RM7.0 million in salaries and wages annually.

In December 2018, the Company carried out another MSS after the one that took place in the second half of 2017. A total of 90 employees from the Print segment at Menara Star and Star Media Hub opted for this exercise, resulting in a one-off cost of RM14.7 million. However, the latest MSS is expected to save the Group approximately RM7.4 million in costs annually.

DIVIDEND

The Company is appreciative of the support and loyalty of our shareholders, especially during this period of change and transformation. We remain committed to growing shareholder value and rewarding our shareholders in tandem with the performance of our Group.

On this note, the Board of Directors had declared an interim dividend of 3.0 sen per ordinary share in respect of the financial year ended 31 December 2018. The dividend is to be payable to the shareholders on 18 April 2019.



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF OPERATIONS

Print

The Star and Sunday Star have continued to maintain their lead positions in the English newspaper category in 2018. According to the Audit Bureau of Circulations, our combined daily print and ePaper circulation as at 30 June 2018 was 288,417 copies.

The Star saw its ePaper circulation experiencing a slight dip of 2.62% in 2018 to 112,431 from 115,460 a year ago, while traditional print circulation dropped to 175,986 from 217,082 copies year-on-year. Currently, The Star has captured a 35% share of the paid ePaper market in Malaysia, in terms of circulation.

Malaysians may have changed how they consume media, switching from traditional print to digital and mobile channels, but established news and content brands like The Star continue to be in strong demand because of our ability to deliver engaging, accurate and credible content.

In 2018, both The Star and Sunday Star underwent revamps and the digital and print editions took a new look with refreshed content that is more visually appealing to our readers. Furthermore, The Star's continued dominance in the market is also facilitated by our aggressive drive to acquire new subscribers while retaining our current customers.



In an effort to bolster circulation and readership of The Star, a series of subscription campaigns were conducted throughout 2018. These campaigns include *Ramadan* and *Merdeka* promotions as well as our *Star Fiesta* drive, in which Ice Watches were given away to new subscribers at more than 40 roadshows across Klang Valley, Penang and Johor Bahru. Our team also ran subscription drives at residential areas, commercial offices and major shopping malls.

Supporting our efforts to retain subscribers is our *StarTreats* loyalty programme, which rewards our current subscribers with attractive deals and discounts. Currently, *StarTreats* has a total of 19 partners, offering our subscribers a wide range of 'treats' including food and beverage, haircuts, consumer electronics and hotel stays, amongst many others. In 2018, we held the first *StarTreats* Partner Appreciation event to thank the partners for their support.

In terms of enhancing affinity and brand loyalty to The Star, we conducted a series of workshops aimed at reaching out and engaging with various segments of society. In the first half of 2018, StarBiz partnered with Beyond Insight and Rakuten Trade to run three investment workshops for retail investors. 2018 was also the fifth year that we had been running StarLIVE, a regular free talk session held at Menara Star and covering various topical issues from health to personal finance and more. For the first time, StarLIVE was brought to Penang and was greeted with a warm reception, which is a positive indication of the demand for such curated content. We also carried out a total of 14 workshops for teachers and students under our English for Better Opportunities (EBO) programme. This programme emphasises the use of newspapers in education to help students improve their command of the English language.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

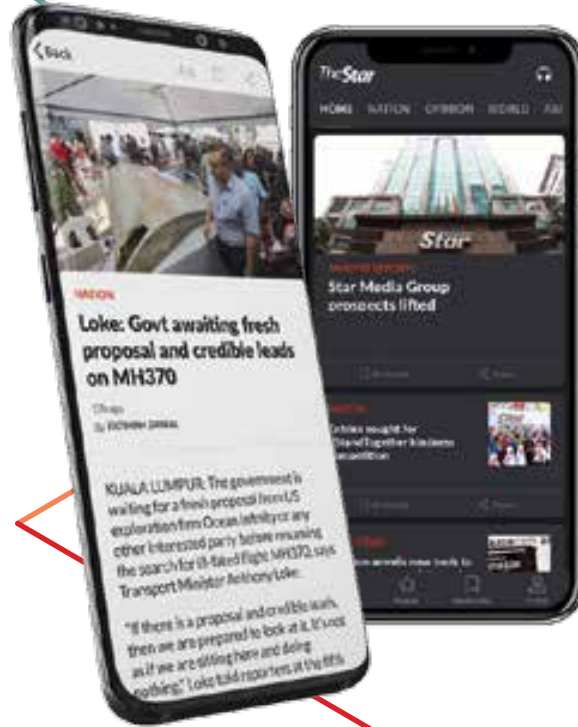
Digital and VOD

The Group's progress towards becoming the market leader in the digital and media space is made all the more tangible with the continued success of The Star Online, Malaysia's No. 1 English news portal. In 2018, visitors to The Star Online were up by 13.69% compared to 2017, with average monthly digital visitors registered at 8.29 million. The Star Online even hit 12.35 million users in the month of May 2018 during the GE14. *[Source: Google Analytics].*

In 2018, The Star Online achieved an average total unique visitors per month (12-month period) of 3.865 million, which is 1.47% ahead of its nearest competitor. In addition, the business section of The Star Online is continuing to lead the market as the No. 1 English business news section. In 2018, The Star Online's Business section recorded an average total unique visitors per month of 1.14 million, a significant 59.5% lead over its nearest competitor.

Our Bahasa Malaysia news portal, mStar, also saw a substantial increase in visitors in 2018. With a new direction of tailoring its content for the urban Malay community, mStar's total yearly visitors jumped by 68.7%.

Investing in technology is one of the core areas under the Group's transformation strategy. In tandem with this direction, the Company sealed an agreement with Norway-based Cxense in 2018 to use the



latter's suite of tools in the Group's websites and mobile applications. Cxense is a company that provides advertising, data-management, search, analytics and content-recommendation services.

The Company also partnered Layout International to accelerate its transformation into a multi-platform and "digital first" news publishing organisation. Turnaround time and efficiency of The Star's automated production cycle will improve for print, digital, online, mobile and social media platforms following the implementation of the *NewsPublish* system.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



dimsum®

The Group remains excited about the prospects of our subscription-based video-on-demand service, dimsum. In line with our strategic goal for regional expansion, the service is now available as dimsum.asia.

In April 2018, dimsum partnered StarHub to provide a dimsum branded environment through StarHub Go in Singapore, a one-stop video streaming service offering thousands of TV shows and movies. In November 2018, in conjunction with dimsum's 2nd anniversary, the dimsum application was made available in Singapore. Singapore is the third country, after Malaysia and Brunei, to be part of its regional expansion plan.

dimsum also sealed several partnerships with entertainment powerhouses like Thailand's GMM Grammy and Artop Media Company, Taiwan's Asia Travel, and Japan's Ani-One, to feature their content on the dimsum. During the year, it gained six regional content partners including *Miao Mi* from Taiwan for children edutainment, *Oh! K* for Korean dramas and *Life Inspired*, a regional lifestyle network.

In order to make dimsum a household brand, the Group continues to invest in marketing and promotion activities. Several artists' tours were held in 2018 including a meet-and-greet session in Penang with Taiwanese celebrity host Chen Mei Feng; an appearance of the main cast of popular Thai Series "My Dear Loser Series: Monster Romance" at the Top Thai Brands 2018 organised by The Royal Thai Embassy; as well as cast appearance and meet-the-fans sessions with stars from China's "The Eternal Love 2" and Singapore's "Till We Meet Again" dramas at the dimsums 2nd Anniversary celebrations.

dimsum is now more than a subscription-video-on-demand service as its business model include advertising, post production services and content licensing with one of the biggest Thai content catalogue in the region as well as exclusive Asian content rights.

These efforts have boosted the subscription for dimsum to over 900,000 subscribers in 2018.

Radio

988

988 remains one of Malaysia's top Chinese language radio stations with a strong online presence. In 2018, the station had an average of 490,000 active digital radio streaming listeners and logged 15 million digital radio streams (above 1 minute). In addition, 988's website recorded 7 million page views and 600,000 unique visitors for the year, while its Facebook and YouTube videos garnered a total of 22 million views. With 770,000 social media followers, 988's weekly reach on social media is approximately 2.7 million and growing.

In September 2018, 988 underwent a major revamp in line with the station's move towards becoming a 360° infotainment hub. Besides a new tagline – 'Discover 988' – and new programme line-up, the revamp also introduced a new 988 logo.

Moving beyond the airwaves, 988 released its first full-length movie called "A House of Happiness" on 12 February 2018. It features a multinational cast including Hong Kong's Richard Ng, Ipoh-born Hong Kong-based actress Mimi Chu, Steve Yap, Miao Lim, Thian Siew Kim and Ong Tee Chuan, alongside 988 deejays Cheryl Lee, Chan Fong, Hau Min, Jason Poon, Cassey Soo, Cynthia Tan, Sean Lee, Piao Ming and Danny One. Box-office takings for the film hit RM2.18 million and it bagged Best Cantonese Film at the Maple Leaf Awards during the Sixth Vancouver Chinese Film Festival in Canada.

The station's move into the silver screen was a natural progression after spending years at the forefront of radio drama. In fact, the 988 radio drama team was recognised by the Malaysian World Book of Records in October 2018 for being the nation's longest-running Cantonese radio drama producer, producing some 1,000 dramas since 1973.

[Source: Radioactive (Jan-Dec 2018), Google Analytics (Monthly Average for Jan – Dec 2018), Facebook Insights (Jan-Dec 2018)].

Suria

Suria recorded an increase in listenership for the first time in three years, registering a listenership of 1.8 million in October 2018. Our programme segments, including *Team Pagi*, *Gaya Suria*, *Suria Petang* and *Suria Cinta*, all registered an increase in listenership in 2018. Suria Cinta continued its dominance of the night-time slot by having the highest Time Spent Listening compared to the same time slot of all major Malay radio stations. As a reflection of the strength of this night segment, its announcer, DJ Lin, was once again nominated as Best Announcer for Anugerah Meletop and Anugerah Bintang Popular Berita Harian.

The station also recorded a significant increase of its digital listenership, up from 1.022 million listening sessions at the end of 2017 to 2.232 million listening sessions at the end of 2018.

Suria's growth can be attributed to several programming and marketing initiatives undertaken by the station



throughout the year. There were significant content additions, while online presence was enhanced through the usage of the Radioactive platform. We expanded our social media reach by going online earlier at 7.00 am (compared to 9.00 am previously) and ending at midnight (6.00 pm previously).

Suria also began to produce short videos and audio clips highlighting activities of its announcers, namely well-known personalities Sharifah Shahirah and Cik Piah (Feeya Iskandar), whose presence has also resulted in a large increase of listenership of *Gaya Suria* and attracted a new sponsor to the show.

On the road, *Konsert Jelajah Suria* was held in Melaka and Negeri Sembilan in 2018. The on-ground engagements with fans featured numerous activities ranging from hilarious sketches by announcers to live performances by notable local celebrities. The station also spearheaded *Belanja Makan*, which is a series of food events to promote *Team Suria Pagi*.

[Source: Radioactive (Jan-Dec 2018), Gfk Survey (Oct 2018)]



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

EVENTS & EXHIBITIONS

The Group continues to see its themed events and exhibitions generating loyal following and contributing positively to the Group's earnings. Annual events like WOW Fiesta, Anak-Anak Malaysia, StarWalk and CHEER attracted record crowds while at the same time creating viable and attractive platforms for advertisers and brands to reach out to their respective target audience.

The Group also organised a series of events throughout 2018 that underscore our strong presence and following amongst the small-and-medium enterprises or SME community. Driven by programmes such as our annual Star Outstanding Business Awards (SOBA), we are able to recognise and celebrate excellence in the SME segment. At the same time, we also continue to support capacity-building of SME players across different industries through workshops, conferences and forums such as SOBA Lab, Star Empowerment and Programmatic Malaysia.



In 2018, StarProperty.my, also spearheaded several award programmes like StarProperty.my Awards and Real Estate Awards as well as organised property fairs and forums throughout the country. These events strengthened the portal's presence in the Malaysian property industry and solidified its position as a leading industry thought leader.

I.Star Ideas Factory Sdn. Bhd.'s Perfect Livin' and Perfect Lifestyle Expos continued to attract large crowds with their vast array of home and lifestyle options.

I.Star Events Sdn. Bhd. on the other hand focused on Star-branded events such as the Star Education Fair and Star Health Expo. A milestone event organised by the company was the inaugural Star Supa Comic, which was held in December 2018. Focused on anime, cosplay, e-games and manga, the event featured an attractive line-up of cosplayers, including a renowned one from Italy. This drew crowds that have already expressed interest in returning for the next show. We aim to be a strong contender in the cosplay event arena to take on the current market leader.



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

MOVING FORWARD

The Group will hold steadfast to its current course of transformation and rationalisation. Change is the only constant and while a challenging path lies ahead for the media industry – uncertain advertising expenditure and the substantial shift by companies and consumers towards digital platforms – this has given us the impetus to drive the Group's transformation forward.

In view of our 2018 performance, we can confidently postulate that we are on the right course. Our cost of operations have declined in a tangible manner and we are today leaner, more nimble and more efficient than ever. Nevertheless, we are not in safe territory yet. Macroeconomic and industry-specific challenges remain. Competition for advertising dollars and consumer attention is also getting stiffer. We have to remain ever vigilant on managing our costs and be more innovative in unlocking the value of our assets so that we can turn in better results and improve value for our shareholders.

Moving forward, we expect our Print and Digital as well as Radio segments to perform satisfactorily in 2019 as a result of our transformation efforts as well as the expected improvement in advertising expenditure. According to MAGNA, an organisation that develops intelligence, investment and innovation strategies, Malaysia's advertising economy is expected to increase by +1.1% in 2019, slightly stronger than 2018's +0.3% performance.

The Group's emphasis on growing our Digital segment over the recent years has delivered quantifiable value to our performance and will continue to do so. We expect revenue from this segment to strengthen even further as more advertisers embrace this space. In addition, Star Media Group is also putting in place new technologies and analytics to improve, deepen and predict customer behaviour vis-à-vis our content, enabling us to maximise our engagements and monetise our digital assets more effectively.

Our dynamic though relatively nascent VOD platform, dimsum, will continue to grow from strength to strength in terms of its reach and subscription base as it carves a niche for itself as the VOD service that offers the best East Asian content. Through constant product enhancement and entry into more and more markets in Asia, we believe that dimsum will become a force to be reckoned with in the foreseeable future.

The Group's Radio segment has now pivoted towards strengthening our presence in the Chinese and Malay target audience following our restructuring exercise that began in 2016. Today, our Radio brands continue to appeal and attract loyal following across the nation and we are confident that this segment will contribute positively to the Group.

In the Events and Exhibitions segment, the Group will continue its efforts to strengthen the position and visibility of its core events, perhaps even increasing the number of events year-on-year. We can also derive greater value from our events by integrating advertising and branding opportunities with the right advertisers and sponsors.

The Group is also in search of new investment opportunities, specifically in the digital space, to further complement and enhance our existing assets. We believe that blending both organic and inorganic growth in a clever way will help elevate the Group to greater heights within a shorter time frame.

In addition, the Group will also be exploring investment opportunities in sectors and industries that may be unrelated to our core business activities. These investments will be evaluated carefully and prudently to ensure their ability to deliver strong returns on investments and value to our shareholders.

In view of the operating landscape ahead and the Group's strategic goals, the Company and the Board of Directors are confident of a satisfactory performance in 2019.

KEY MANAGEMENT TEAM PROFILES

AS AT 8 APRIL 2019

DATUK SERI WONG CHUN WAI

Group Advisor

Nationality	Malaysian
Age	58
Gender	Male
Date of Appointment	1 January 2019

Academic/Professional Qualification(s)

- Bachelor of Arts Degree, majoring in Political Science and History, Universiti Kebangsaan Malaysia

Present Directorship(s)

Listed Entity

Nil

Other Public Companies

Asian Strategy & Leadership Institute (ASLI)

Working Experience

Datuk Seri Wong was appointed Group Advisor of the Company on editorial and corporate relation matters since 1 January 2019. Before his current position, he was the Group Managing Director and CEO ("GMD & CEO") of the Company since November 2013. Prior to his appointment as the GMD & CEO, he was an Executive Director of the Company since 2010. He has had over thirty (30) years of experience in the media industry. He served in various capacities including the Group Chief Editor of The Star.

Datuk Seri Wong is an advisory panel member of Universiti Kebangsaan Malaysia (UKM) Graduate School of Business. He was a Fellow at the UKM and an adjunct professor at Northern University of Malaysia (UUM). He was also a member of supervisory council of the national news agency (BERNAMA) and had served as member of the Governance Council of the National Innovation Agency in the Prime Minister's Department. He was chairman of the Bangkok-based Asia News Network, an alliance of twenty-one (21) media groups in Asian cities.



Datuk Seri Wong was awarded the Lifetime Achievement Award for Leadership in Media Industry by the World Chinese Economic Forum in Chongqing, China in 2014. He is also an Honorary Advisor (2016-2019) of the Malaysia-China Chamber of Commerce (MCCC). He is the first Malaysian to be elected into the board of the Paris-based World Editors Forum.

KEY MANAGEMENT TEAM PROFILES

AS AT 8 APRIL 2019 (CONT'D)



MR. RAGESH A/L RAJENDRAN

Group Chief Financial Officer

Nationality	Malaysian
Age	51
Gender	Male
Date of Appointment	1 April 2011

Academic/Professional Qualification(s)

- Master of Business Administration, RMIT University Australia
- Member of Malaysian Institute of Accountants
- Member of Chartered Institute of Management Accountants

Present Directorship(s)

Listed Entity

Nil

Other Public Companies

Nil

Working Experience

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

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

MS. JUNE WONG HAR LENG

Chief Special Projects Officer

Nationality	Malaysian
Age	59
Gender	Female
Date of Appointment	1 May 2014

Academic/Professional Qualification(s)

- Bachelor of Arts (Hons), University of Malaya

Present Directorship(s)

Listed Entity

Nil

Other Public Companies

Nil

Working Experience

Ms. June Wong was appointed as Chief Operating Officer, Content Development in May 2014 and was responsible for content on the digital platforms. She was redesignated to Chief Special Projects Officer on 1 June 2018. She has more than thirty (30) years of experience in the media industry.

Ms. June Wong previously served as Executive Editor, Managing Editor and Group Chief Editor of The Star. She was responsible for starting or building up almost all the features sections and planned and executed the first phase of the Company's convergence of news operations strategy.

She writes commentaries and a regular column called "So Aunt, So What?" on current issues.



KEY MANAGEMENT TEAM PROFILES

AS AT 8 APRIL 2019 (CONT'D)

MS. ESTHER NG SEK YEE

Chief Content Officer

Nationality Malaysian
Age 50
Gender Female
Date of Appointment 1 June 2018

Academic/Professional Qualification(s)

- Bachelor of Arts (Hons), University Kebangsaan Malaysia

Present Directorship(s)

Listed Entity

Nil

Other Public Companies

Nil

Working Experience

Ms. Esther Ng joined the Company as a news reporter in June 1992, a few months before formally graduating from Universiti Kebangsaan Malaysia. She was a court reporter, covering the Legal Affairs beat for a number of years before joining the Parliament beat, reporting on current news and happenings, and writing about the goings-on in the August House. She rejoined the general news team after leaving courts, covering government and ministerial leaders, elections, among other news stories.

She was made News Editor in 2010, co-leading the main desk of the Editorial Department before being made Sunday Star Editor five (5) years later, taking charge of the weekend edition, focusing on news issues, weekend cover stories and profile pieces.

Ms. Esther was promoted to Executive Editor in 2017 before being made Star Media Group's first ever Chief Content Officer in June 2018, taking charge of the Group's Content in the print, online and video platforms.



MS. LYDIA WANG CHEN CHOO

Chief Revenue Officer

Nationality Malaysian
Age 48
Gender Female
Date of Appointment 1 May 2018

Academic/Professional Qualification(s)

- Bachelor of Science in Resource Economics, University Pertanian Malaysia

Present Directorship(s)

Listed Entity

Nil

Other Public Companies

Nil

Working Experience

Ms. Lydia Wang joined Star in 2014 as General Manager in charge of direct clients. In May 2018, she was promoted to Chief Revenue Officer of Star.

Ms. Lydia Wang is a dedicated Sales and Marketing strategist with over twenty (20) years of experience in various industries spanning FMCG, Finance, Retail, Telecommunications, Education and Media.

She has vast experience in leading multiple business units and large teams. She has a proven track record of introducing many successful first and business growth initiatives. Some of her notable achievements include works in Product Development for instance Malaysia's first multi-party loyalty programme – BonusLink, Brand Development and turnarounds such as Parkson and Taylor's Education Group.



KEY MANAGEMENT TEAM PROFILES

AS AT 8 APRIL 2019 (CONT'D)



MR. KANG YEW JIN

Group Chief Technology Officer

Nationality Malaysian
Age 48
Gender Male
Date of Appointment 16 April 2018

Academic/Professional Qualification(s)

- Bachelor of Engineering in Computer Engineering, University of New South Wales
- Project Management Professional
- The Open Group TOGAF 9 Certified Practitioner

Present Directorship(s)

Listed Entity

Nil

Other Public Companies

Nil

Working Experience

Mr. Kang oversees the Group's overall strategies and initiatives related to technology and focuses on digital transformation across the Group.

In a previous employment, Mr. Kang was the Chief Information Technology Officer for Hong Leong Bank where he uplifted the bank's technology capabilities and won the bank many awards for their innovations, such as the Best Internet Bank Malaysia 2015 from Global Banking and Finance Review and The Asian Banker Technology Innovation Award 2016 for Best Cloud based Project. Mr. Kang joined Hong Leong Bank from OCBC Bank where he was responsible for the regional technology operations for OCBC's subsidiaries. Prior to OCBC, he worked at AmBank as Chief Architect where he was responsible for the bank's technology transformations.

Before all these, he has had consulting stints at Accenture and at IBM where he ran international technology projects for Metropolitan Life which gave him experience working on projects in India, Hong Kong, Korea, Australia and Mexico.

MR. TERENCE RAJ

General Manager, Group People

Nationality Malaysian
Age 45
Gender Male
Date of Appointment 1 January 2014

Academic/Professional Qualification(s)

- Bachelor of Arts, University of Malaya

Present Directorship(s)

Listed Entity

Nil

Other Public Companies

Nil

Working Experience

Mr. Terence is responsible for the overall Human Resources function of the Group. He has had over twenty (20) years of experience in Human Resources of the media industry.

Prior to assuming this role, he served as Manager, Compensation & Benefits of the Company. He also currently serves on the employers' panel of the Industrial Court of Malaysia as well as the SOCSO Appellate Board.



KEY MANAGEMENT TEAM PROFILES

AS AT 8 APRIL 2019 (CONT'D)

MS. CHAI MING JYE

Assistant General Manager, Internal Audit

Nationality	Malaysian
Age	41
Gender	Female
Date of Appointment	1 February 2015

Academic/Professional Qualification(s)

- Fellow of the Association of Chartered Certified Accountants
- Member of the Malaysian Institute of Accountants
- Professional member of the Institute of Internal Auditors Malaysia

Present Directorship(s)

Listed Entity

Nil

Other Public Companies

Nil

Working Experience

Ms. Chai began her career with reputable audit firm, Messrs BDO where she spent several years before moving to join the finance department of an oil and gas company and was subsequently attached with the Management Reporting Unit of a media company prior to joining Star.

Her career with Star began in year 2008 with Finance Department. In year 2012, Ms. Chai was transferred to Internal Audit Department, where she assumed the role to head the Internal Audit Department of the Company.



KEY MANAGEMENT TEAM PROFILES

AS AT 8 APRIL 2019 (CONT'D)

Notes:

1. Family Relationship with Director and/or Major Shareholder

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

2. Conflict of Interest

All the Key Management has no conflict of interest with the Company.

3. Convictions for Offences

None of the Key Management has any conviction for offences within the past five (5) years other than traffic offences (if any) nor public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.



Star ONLINE

TOPICS • **WOW 2018** • **Media Fair 2018** • **Aviation** • **Travel & Hot** • **Do You Know** • **Star Golden Hearts Awards**

News

The Star app: New look, new features
PETALING JAYA: The Star app has been enhanced with new features to make the daily dose of news more interactive, personalised and just a little more fun.

Just In

World: New Zealand... shared with...

A hand is shown typing on a silver laptop keyboard. The laptop is open, and the screen displays a website with a small image of a lion. The background is a vibrant red with a subtle wood grain texture. Overlaid on the red background are several thin, colorful lines (blue, yellow, green) that form a series of interconnected geometric shapes, resembling a wireframe or a stylized architectural structure. The word "CONTENT" is written in a large, white, sans-serif font, tilted at an angle, and positioned within one of the geometric shapes.

CONTENT

Consistently creating and crafting credible, timely and relevant content has helped us maintain our position as the preferred English news source. Applying the same standard across our other products will ensure we remain a force to be reckoned with.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



The Board of Directors of Star Media Group Berhad (“Star” or “the Company”) firmly believes that commitment to good business ethics and corporate governance is essential to the sustainability of the business performance of the Company and its subsidiaries (the “Group”) and key to delivering shareholders’ value. The Board evaluates and continues to reinforce the current corporate governance practices in order to remain relevant with development of market practice and regulations.

With this, the Board of Directors of Star is pleased to provide shareholders and investors with an overview of the principal features of the Group corporate governance framework as set out in the Malaysian Code on Corporate Governance (“MCCG”) and summary of the corporate governance practices.

This statement is supported by the Corporate Governance Report, based on a prescribed format as outlined in Paragraph 15.25(2) of Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). The Corporate Governance Report is available on the Company’s website, www.starmediagroup.my, as well as via an announcement on Bursa Malaysia Berhad’s website. The Corporate Governance Report provides the details on how the Company had applied most of the Practices as set out in the MCCG during the financial year 2018.

The explanations on the departures and measures taken or to be taken by the Company to adopt the departed Practices are stipulated in the Corporate Governance Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Group is headed by an experienced and effective Board. The Board has the overall responsibility in leading and determining the Group's strategic direction. The responsibilities of the Board include formulating and reviewing the Group's strategic plan and annual business plans of each operating units and ensuring the necessary resources and capabilities are in place to deliver its strategic aims and objectives. Discussions during the yearly retreat set the tone and provided direction in the formulation of the Company's strategy and business plans.

In discharging its roles and responsibilities, the Board is guided by its Board Charter which outlines the duties and responsibilities of the Board and delegated day-to-day management of the Group to the Group Managing Director and Chief Executive Officer ("GMD & CEO"). The Board

Charter is reviewed from time to time and updated regularly to ensure that it remains relevant to the Company's objectives and in line with the practices in the MCCG. The Board Charter of the Company was last reviewed in November 2018 to reflect changes in the existing corporate conduct and good governance practice. The updated Board Charter is available for reference at the Company's website.

The Board is currently supported by three (3) Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee, which operate within clearly defined Terms of Reference. Each Board Committee will review, report and make recommendation to the Board during Board Meeting on matters relevant to their roles and responsibilities. The minutes of the Board Committee Meetings are tabled at the quarterly Board Meetings to keep the Board informed of the salient issues discussed. The Company's Finance Committee which was set up by the Board to review the investment and

strategic proposals as well as the annual budget and strategic plans of the Group, was dissolved in March 2018. The primary functions of the Finance Committee are carried out by the Board from then on.

Roles and Responsibilities of the Chairman and GMD & CEO

The Company recognises the importance of the separation of the positions of the Chairman and GMD & CEO in order to ensure a balance of power and authority. This segregation of roles also facilitates a healthy open, exchange of views between the Board and Management in their deliberation of the business, strategic aims and key activities of the Company.

The Chairman is primarily responsible for the orderly conduct of the Board meetings and ensures the smooth functioning of the Board including the effectiveness of the overall governance systems and processes.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The GMD & CEO is responsible for executing the Group's strategies and policies, managing the overall operations and resources of the Group and acting as the main point of communication between the Board and corporate operations. The GMD & CEO is also responsible for the day-to-day management of operations and business as well as implementation of the Board's policies and decisions. The GMD & CEO leads the fortnightly management meetings to ensure the Group's businesses are progressing in line with strategy and commercial objectives agreed by the Board and encourages active engagement and participation by Management. A townhall session is also held by the GMD & CEO from time to time to keep the employees updated on important matters involving the Company and the Group.

Company Secretaries

The Board has direct access to the advice and services of the Company Secretaries. The Company Secretaries play significant role in supporting the Board for ensuring that all governance matters and Board procedures are followed and that applicable laws and regulations are complied with.

Code of Conduct and Ethics

The Company had adopted and implemented a Code of Conduct and Ethics ("Code") for Directors and employees that reflects the Company's core values and culture. The Code set forth the relevant guidelines in dealing with employees, customers and business associates, work environment, company assets, conflict of interest and etc.

The Directors and employees are expected to behave ethically and professionally at all times and protect and promote the reputation and performance of the Company. The Group communicates its Code to all its Directors and employees upon their appointment or employment. The Code is published on the Company's website.

Whistleblowing Policy

The Company also has in place a Whistleblowing Policy which provides a mechanism for officers and employees of the Company to report instances of unethical behavior, actual or suspected fraud or dishonesty or violation of the Company's Code or ethics policy.

All such concerns and communications made in good faith that discloses information that may evidence unethical activity should be addressed to either the Head of Internal Audit or Chairman of the Audit

Committee if the concerns cannot be resolved through the normal reporting lines and procedures. The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retaliation.

Further details pertaining to the Whistleblowing Policy and Procedures are available at the Company's website.

Trading on Insider Information

Directors and employees of the Group who have access to price-sensitive information relating to the Company's listed securities which are not available to the public must not deal in such securities in line with the Capital Markets and Services Act 2007 which prohibits insider trading.

Directors and employees of the Group who do not have access to price-sensitive information mentioned above can deal in the securities of the Company provided that the procedures set out in the Listing Requirements of Bursa Securities are strictly adhered to. Notices on the closed period for trading in the Company's securities are sent to Directors and principal officers on a quarterly basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

II. Board Composition

The Board, as at the date of this Statement, consists of seven (7) members, comprising five (5) Independent Non-Executive Directors, including the Chairman and two (2) Non-Independent Non-Executive Directors. Its composition comprises majority Independent Non-Executive Directors who account for more than half of the members on the Board.

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

The profile of each member of the Board is presented on pages 22 to 25 of this Annual Report.

The Nomination Committee carried out an annual assessment on the independence of the Independent Directors per the criteria stipulated in the Listing Requirements of Bursa Securities and other independence criteria applied by the Company, where none of the tenure of an Independent Director exceeds a cumulative nine (9) years, and therefore would be able to function as a check and balance and bring an element of objective to the Board.

Access to Information and Advice

In discharging their duties, all Directors have full and unrestricted access to all information pertaining to the Group's business affairs, whether as a full Board or in their individual capacity. There are matters specifically reserved for the Board's decision to ensure that the direction and control of the Group is firmly in its hands.

Procedures have been established for timely dissemination of the agenda papers to the Directors in advance of the scheduled meetings to allow Directors to study and evaluate the matters to be discussed. The Company leverages on information technology for effective dissemination of information to the Board and Board Committees. Notice of meeting

is sent to Directors at least fourteen (14) days before the meeting. Meanwhile, the detailed agenda papers in electronic format are sent to the Directors at least five (5) days prior to the meeting; specifying relevant actions required from the Board during the meeting, either for notation or approval for proposal.

This will enable Directors to review, consider, and if necessary, obtain further information or research on the matters to be deliberated in order to be well prepared for the meetings, thereby enabling informed decisions to be made. The Directors also may, if necessary, obtain independent professional advice from external consultants at the Company's expense, with consents from the Chairman or the Committee Chairman, as the case may be. Senior Management is invited to join the meetings to brief the Board on the requisite information on matters being discussed, where necessary.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Meetings of the Board and Board Committees

The Board will meet at least five (5) times annually, with additional meetings to be convened when necessary to review the financial, operational and business performances of the Company/ Group. Meeting dates for each financial year are scheduled before the end of the preceding financial year. Ad hoc meetings are normally held to consider and deliberate urgent proposals or matters that require the expeditious direction of the Board.

Directors are allowed to participate in Board and Board Committees meetings via tele-conferencing. All minutes of the meetings are properly kept by the Company Secretaries.

During the year under review, the Board held seven (7) meetings. All Directors attended at least fifty percent (50%) of the Board meetings, with the majority having full attendance, which complied with the Listing Requirements of Bursa Securities in terms of attendance. This reflects Board Members' commitment and dedication in fulfilling their duties and responsibilities.

The details of the attendance of the Board Members during the financial year 2018 are set out below:

Director	Designation	Total Meetings Attended
Dato' Fu Ah Kiow (Chairman)	Independent Non-Executive Director & Chairman	7/7
Tan Sri Dato' Sri IR Kuan Peng Soon	Non-Independent Non-Executive Director & Deputy Chairman	6/7
Dato' Dr. Mohd Aminuddin bin Mohd Rouse	Non-Independent Non-Executive Director	7/7
Mr. Choong Tuck Oon	Independent Non-Executive Director	7/7
Madam Wong You Fong	Independent Non-Executive Director	7/7
Mr. Chan Seng Fatt <i>(Appointed on 11 August 2018)</i>	Independent Non-Executive Director	3/3
Datuk Seri Wong Chun Wai <i>(Retired on 1 January 2019)</i>	GMD & CEO	7/7
Mr. Lee Siang Chin <i>(Resigned on 10 August 2018)</i>	Independent Non-Executive Director	3/4
Datin Linda Ngiam Pick Ngoh <i>(Retired on 15 May 2018)</i>	Independent Non-Executive Director	3/3

Note:

Mr. Loh Chee Can was appointed as Director on 3 January 2019 and therefore, he was excluded from the above disclosure.

Board Committees

The Board delegates specific responsibilities to the respective Committees of the Board, which is governed by clear Terms of Reference ("TOR"). From time to time, the Board reviews the composition, duties and functions and other terms stipulated in the respective TOR of the Board Committees to ensure that they are relevant and updated in line with the MCCG and other related policies or regulatory requirements. The TOR of each Board Committee is accessible for reference at the Company's website.

These Board Committees have the authority to examine particular issues and report to the Board on their proceedings and deliberations together with their recommendations. However, the ultimate responsibility for the final decision on all matters lies with the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

a) Audit Committee

The Audit Committee ("AC") assists the Board in its oversight of the Company's financial statements and reporting in fulfilling its fiduciary responsibilities relating to internal control function, risk management system, financial and accounting records and policies as well as related party transactions that may arise within the Group. The AC is also responsible for assessing the independence of both the external and internal audit functions by providing direction to and oversight these functions on behalf of the Board.

As of the date of this Annual Report, the AC comprises four (4) members, majority of whom are Independent Non-Executive Directors. The AC is led by Mr. Chan Seng Fatt who is a Chartered Accountant of Malaysia Institute of Accountants. The other AC members are Mr. Choong Tuck Oon, Dato' Dr. Mohd Aminuddin bin Mohd Rouse and Mr. Loh Chee Can.

The AC Report is presented on pages 64 to 66 of this Annual Report.

b) Nomination Committee

The Nomination Committee ("NC") assists the Board in identifying and evaluating suitable candidates to fill board vacancies and key management positions as and when they arise, assessing the effectiveness of the Board and contribution of each Director annually as well as reviewing the succession planning for the Board and key management personnel of the Group.

The NC also reviews its own performance, constitution and TOR to ensure it is operating at maximum effectiveness and recommends any changes it considers necessary to the Board for approval.

Composition and Meetings

The NC is made up exclusively of Non-Executive Directors, with a majority of them being independent directors.

The NC meets as and when required, at least once annually. During the FYE 2018, the NC met twice and the meeting attendance is as follows:

Director	Designation	Total Meetings Attended
Tan Sri Dato' Sri IR Kuan Peng Soon (Chairman)	Non-Independent Non-Executive Director	2/2
Madam Wong You Fong	Independent Non-Executive Director	2/2
Mr. Choong Tuck Oon (Appointed on 11 August 2018)	Independent Non-Executive Director	1/1
Datin Linda Ngiam Pick Ngoh*	Independent Non-Executive Director	1/1

Notes:

* Datin Linda Ngiam Pick Ngoh ceased as a Member of NC following her retirement as a Director of the Company at the last Annual General Meeting held on 15 May 2018.

Mr. Choong Tuck Oon ceased as a Member of NC on 26 February 2019.

Mr. Chan Seng Fatt was appointed as a Member of NC on 26 February 2019 and therefore, he was excluded from the above disclosure.

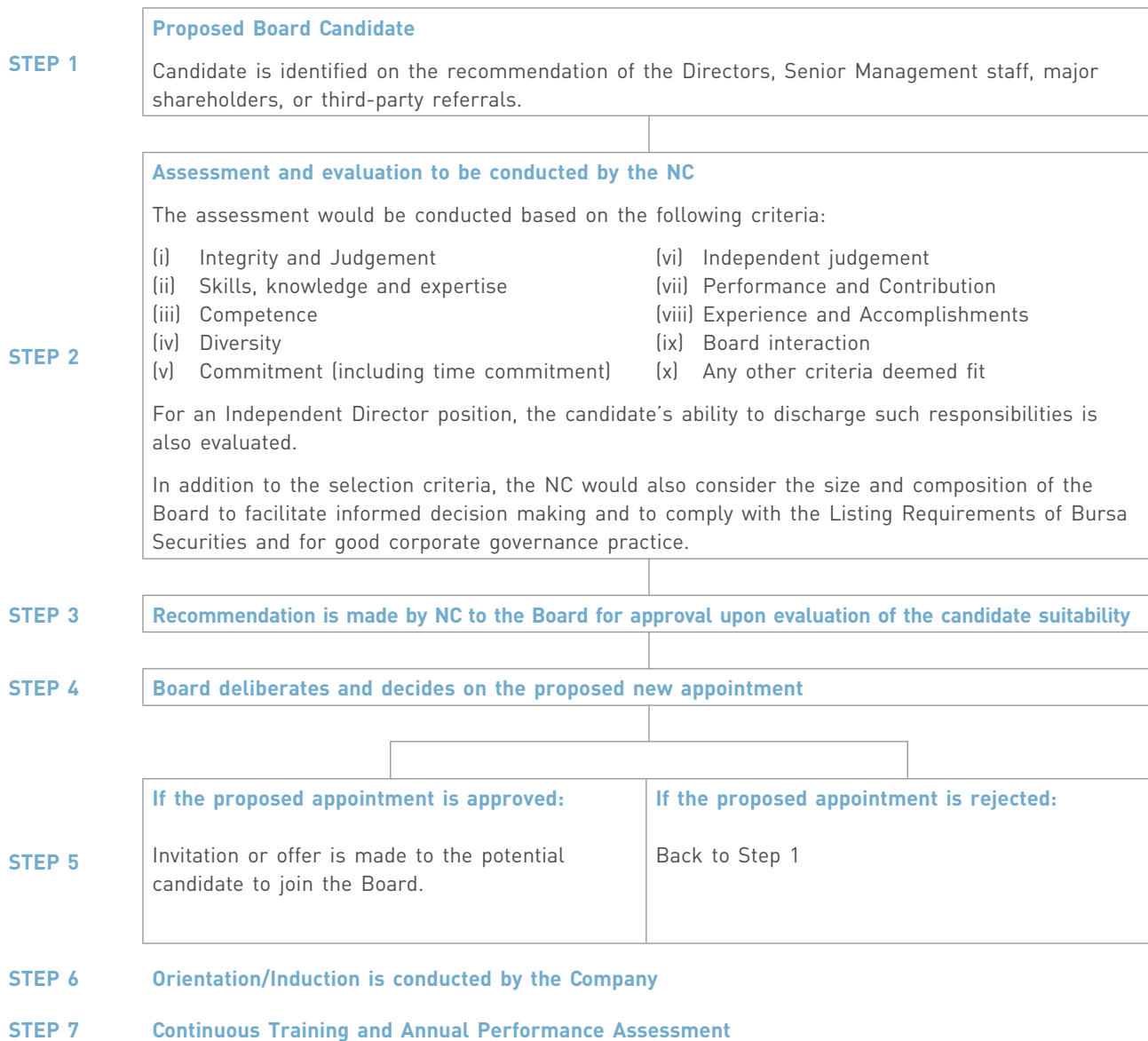
All proceedings of the NC meetings are properly recorded by the Company Secretaries. Minutes of the NC meetings are tabled for confirmation at the next NC meeting and subsequently presented to the Board for notation. At the Board meetings, the Chairman of the NC would provide a report, highlighting pertinent issues, significant points of decisions and recommendations made by the NC to the Board for approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Board Appointment Process

The Company is committed to maintaining a transparent process for the appointment of new directors. The NC is responsible for assessing a potential candidate for a proposed directorship and submitting its recommendation to the Board for decision.

The process for the appointment of a new Director adopted by the Company is summarised in the diagram below:



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Diversity

The Board recognises the importance to establish a diverse Board and Management team in terms of skills, experience, age, gender and cultural background within the Group to help boost performance and decision making quality. Currently, the Board has one female Independent Non-Executive Director. The Board believes that while it is important to promote gender diversity, it decided not to set specific targets just to fill the quota of women representation on board as the selection criteria of a Director will be based on effective blend of competencies, skill, experience and knowledge in areas identified by the Board. The Board endeavours that suitably qualified women candidates will be sought and included in the pool of candidates for evaluation in respect of new appointments to the Board.

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

Re-election of Directors

The NC is also responsible for recommending to the Board, Directors who are retiring by rotation and are standing for re-election at the Annual General Meeting ("AGM") in accordance with the Constitution of the Company. The Board confirms that each of its Directors offering themselves for re-election has the relevant skill and experience required and all of them demonstrated commitment to their roles.

The Board does not fix a policy on age of Directors as it believes that the ability of a Director to serve effectively is dependant on his/her calibre, experience, qualifications and personal quality in particular, his/her integrity and objectivity.

Annual Assessment

The annual evaluation process to review amongst others, the effectiveness of the Board as a whole, the contribution of each individual Director, independence of the Independent Non-Executive Directors and the Board's mix of skills, is led by the NC Chairman and facilitated by the Company Secretaries. The scope of the board evaluation covers various areas which include the following:

Dimensions	Key Areas
Board and Board Committee Effectiveness	<ul style="list-style-type: none"> Board mix and composition Quality of information and decision making Boardroom activities
Directors' Self Evaluation	<ul style="list-style-type: none"> Board mix of skills Contribution and Performance Calibre and personality

Based on the results of the annual performance assessment carried out for the FYE 2018, the Board was generally satisfied that the size and composition of the Board are optimum with appropriate mix of knowledge, skills, attributes and core competencies. The Board has been able to discharge its duties professionally and effectively in consideration of the scale and breath of the operations. All assessments and evaluations carried out by the NC are properly documented.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Summary of Activities

During the financial year under review, the NC had carried out the following key activities:

- (i) Reviewed the results/ findings of the performance evaluation of the Board as a whole, Board Committees, Individual Directors and Independent Directors.
- (ii) Reviewed the terms of office and performance of all the Board Committees including the AC and each of its members in discharging their duties and responsibilities in accordance with the respective TOR.
- (iii) Reviewed the performance evaluation of key management personnel.
- (iv) Recommended the re-election of Directors at the AGM to the Board for consideration.
- (v) Reviewed and recommended to the Board for approval, the appointment of Independent Non-Executive Directors.
- (vi) Reviewed and recommended the appointment and promotion of key management personnel to the Board for consideration.

c) Remuneration Committee

The Remuneration Committee's ("RC") main responsibility is to review and recommend to the Board the framework on the terms of remuneration package in all its form for the Executive Director and key management personnel of the Group and fees payable to the Non-Executive Directors. The TOR of the RC sets out the authority, duties and responsibilities of the RC.

The Company through Star Media Group Berhad's group wide Directors' and Officers' Liability Insurance maintains coverage throughout the financial year to indemnify Directors and key officers against any liability incurred by them in the discharge of their duties while holding office as the Directors and officers of the Company. All the Directors and officers contribute their portion of the premium payment for this policy.

Composition and Meetings

The RC comprises exclusively of Non-Executive Directors. During the FYE 2018, the RC met once. The composition of the RC and the attendance record of its members are as follows:

Director	Designation	Total Meetings Attended
Dato' Fu Ah Kiow (Chairman)	Independent Non-Executive Director	1/1
Tan Sri Dato' Sri IR Kuan Peng Soon	Non-Independent Non-Executive Director	1/1
Dato' Dr. Mohd Aminuddin bin Mohd Rouse	Non-Independent Non-Executive Director	1/1

Note:

Mr. Choong Tuck Oon was appointed as a member of RC on 26 February 2019 and therefore, he was excluded from the above disclosure.

DIRECTORS' TRAINING AND DEVELOPMENT

The Board recognises the importance of continuing education for its Directors to ensure that they are equipped with the necessary skills and knowledge to discharge their duties effectively.

All new Directors appointed to the Board receive a formal induction programme organised by GMD & CEO and Senior Management to familiarise themselves with the Group's business operations, strategies, financial performance and organisation structure. The programme includes site visits to the Company's printing plant at Bukit Jelutong and Radio Office. Both newly appointed Directors, Mr. Chan Seng Fatt and Mr. Loh Chee Can had attended the Mandatory Accreditation Programme ("MAP") accredited by Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Company Secretaries will normally arrange for the Directors' attendance at the training programmes which are conducted either in-house or by external parties and keep a record of the trainings received by the Directors.

Some of the trainings/workshops/conferences/seminars attended by the Directors during the FYE 2018 are as follows:

Director	Training Programme/Conferences/Seminars/Workshop
Dato' Fu Ah Kiow	(i) Briefing on 2019 Budget Highlights
Tan Sri Dato' Sri IR Kuan Peng Soon	(i) Briefing on 2019 Budget Highlights
Dato' Dr. Mohd Aminuddin bin Mohd Rouse	(i) Latest amendments to Listing Requirements of Bursa Securities and MCGG (ii) Financial insights and reporting for public listed companies (iii) Briefing on 2019 Budget Highlights (iv) Companies of the Future – The Role for Boards (v) Non-financials – Does it matter
Mr. Choong Tuck Oon	(i) Briefing on 2019 Budget Highlights (ii) Navigating the VUCA World (iii) Insurance Banana Skins (iv) Trends and Developments in Anti Money Laundering (v) Disruptive Technologies for Directors (vi) Fraud Risk Training (vii) Digital Transformation Journeys a Review of Innovations and Disruptions
Madam Wong You Fong	(i) Briefing on 2019 Budget Highlights
Mr. Chan Seng Fatt (Appointed on 11 August 2018)	(i) Briefing and update on amendments to the Main Market Listing Requirements (ii) Briefing and update on (a) amendments to the Main Market Listing Requirements in relation to Collective Investment Scheme and Business Trust (b) Launch on Bursa Sustain (iii) Common Breaches of the Listing Requirements with Case Studies (iv) Briefing and Update on latest amendments to the Main Market Listing Requirements in relation to Compliance with Paragraph/Rule 9.21 of the Main/ACE Market Listing Requirements (v) Briefing and update on Bursa's guidance on Corporate website for Listed Issuers (vi) Provision of Financial Assistance and Related Party Transactions (vii) Briefing on 2019 Budget Highlights
Datin Linda Ngiam Pick Ngoh (Retired on 15 May 2018)	(i) Malaysian Code of Corporate Governance - Impact on Board and Management of Listed Issuers through MUIP (ii) MFRS 17 Insurance Contracts Technical Training by EY & In the Digital Transformation & Impact to Business by DELL EMC through HLA (iii) SSM National Conference 2018 (iv) The Future of Digital Advertising in a Privacy-First World by MAA & WFA (v) Would a Business Judgement Rule Help Directors Sleep Better at Night? by ICDM
Mr. Lee Siang Chin (Resigned on 10 August 2018)	(i) Invest Malaysia (ii) Invest ASEAN
Datuk Seri Wong Chun Wai (Retired on 1 January 2019)	(i) Publish Asia 2017 (ii) Asia News Network (ANN) Board Meeting

Note:

Mr. Loh Chee Can was appointed as Director on 3 January 2019 and therefore, he was excluded from the above disclosure

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

III. Remuneration

The Board recognises that a comprehensive and fair remuneration package should be in place to retain and attract Directors and Senior Management. In this regard, RC is responsible to formulate and review the remuneration policies and packages for the Directors as well as Senior Management from time to time to ensure that they remain competitive, appropriate and commensurate with their experience, skills and responsibilities.

In the case of Non-Executive Directors, the remuneration is structured according to the overall performance of the Company and commensurate with their level of responsibilities. The Company also reimburses relevant expenses incurred by the Directors in the course of their duties and functions. The remuneration of Non-Executive Directors consists of fixed Directors'

fees for serving as members of the Board and Board Committees. In recognition of the additional time and commitment required, the Chairman of the Board and each Board Committees also receive an annual fixed allowance for his chairmanship in the Board and respective Board Committees. In addition to the fixed annual Directors fees, all Non-Executive Directors are paid a meeting attendance allowance for each meeting attended. The additional benefits offered to Non-Executive Directors are hospitalisation and surgical insurance coverage and use of a club membership at Company's expense, if so required, in accordance with the Company's policies.

All fees, meeting allowance, benefits-in-kind payable to the Non-Executive Directors are subject to the approval of shareholders at the Company's AGM.

The component parts of remuneration for the GMD & CEO are structured so as to link rewards to corporate and individual performance. The RC is responsible for reviewing and recommending to the Board, the policy and framework of the Directors' remuneration and the remuneration package for the Executive Director. All interested Directors abstain from deliberation or voting on decision in respect of their own remuneration.

RC also reviews the remuneration packages of the Group's key management personnel annually taking into consideration, the Company's and/or Group's performance, the individual performance against key performance indicators determined as well as the required qualification, skills and experience and comparable market statistics. The remuneration package for the key management personnel is also subject to Board's approval.

The details of aggregate remuneration of Directors for the FYE 2018 are as follows:

Directors	Company				Subsidiaries	
	Fees & Allowances RM'000	Salaries & Bonus RM'000	Benefits-in-kind RM'000	Company Total RM'000	Allowances RM'000	Group Total RM'000
Dato' Fu Ah Kiow	297	-	71	368	-	368
Tan Sri Dato' Sri IR Kuan Peng Soon	132	-	-	132	-	132
Datuk Seri Wong Chun Wai (Retired on 1 January 2019)	-	1,551	57	1,608	-	1,608
Mr. Lee Siang Chin (Resigned on 10 August 2018)	86	-	6	92	-	92
Datin Linda Ngiam Pick Ngoh (Retired on 15 May 2018)	51	-	16	67	-	67
Dato' Dr. Mohd Aminuddin bin Mohd Rouse	131	-	36	167	72	239
Mr. Choong Tuck Oon	137	-	-	137	-	137
Madam Wong You Fong	103	-	-	103	-	103
Mr. Chan Seng Fatt (Appointed on 11 August 2018)	48	-	-	48	-	48
Total	985	1,551	186	2,722	72	2,794

Note:

Mr. Loh Chee Can was appointed as Director on 3 January 2019 and therefore, he was excluded from the above disclosure.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The AC of the Company comprises majority Independent Non-Executive Directors as stipulated in page 64 of the Annual Report. The Chairman of the AC is not the Chairman of the Board.

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

II. Independence of External Auditors

The Group's Independent External Auditors play an essential role to the shareholders by enhancing the reliability of the Group's financial statements and giving assurance of that reliability to users of these financial statements. The AC manages the relationship with the External Auditors on behalf of the Board. The AC reviews and considers the re-appointment, remuneration and terms of engagement of the External Auditors annually.

The AC meets with the External Auditors at least twice a year to discuss their audit plans and audit findings in relation to the Group's financial statements. Prior to some

AC meetings, private sessions between the AC and the External Auditors were held without the presence of the GMD & CEO and the Management to discuss the audit findings and any other observations they may have had during the audit process. In addition, the External Auditors are invited to attend the AGM of the Company and be available to answer shareholders' queries on the conduct of the statutory audit and the preparation and content of their audit report.

The External Auditors had confirmed that there were no circumstances and relationship that create threats to their independence and that the ethical requirements have been complied with. In compliance with the requirements of the Malaysian Institute of Accountants, the External Auditors rotate their audit partners assigned to the Group every seven (7) years to maintain their independence from the Group in accordance with the Malaysia Institute of Accountants' By-Laws. The AC has also reviewed the nature and extent of the non-audit services rendered by the External Auditors and the affiliated companies to the Company and Group during the year and ascertained that there is no conflicts of interest.

Details of the non-audit fees are provided in page 67 of this Annual Report. Although the total non-audit fees incurred in 2018 are considered significant compared to the total audit fees, the AC is satisfied that the services provided by BDO PLT and its affiliated companies during the year did not impair the auditor's independence nor compromise its objectivity in relation to the audit for the Company and Group for the financial year 2018.

III. Risk Management and Internal Control Framework

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

The AC receives a quarterly report on the risk profiles of the Group and the status of progress towards mitigating the key risk areas. The AC is assisted by the Enterprise Risk Management unit in the overview and management of all identified risks. The Enterprise Risk Management is tasked to ensure that any identified risks are addressed, managed and mitigated on an ongoing basis. The Enterprise Risk Management unit will also review the risk management framework and monitors the effectiveness of risk management plans for the management and controls of the key risks.

The Board and Management drive a proactive risk management culture and ensure that the Group's employees have a good understanding and application of risk management principles towards cultivating a sustainable risk management culture.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

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

Internal Audit Function

The Internal Audit Department carries out internal audit function for the Group. The Head of Internal Audit reports directly to the AC.

The Internal Audit Department has adequate resources and appropriate standing to undertake its role in providing independent and objective assurance to the AC regarding the adequacy and effectiveness of the Group's systems of internal controls.

The details on the Internal Audit function and its activities are set out in the Statement on Risk Management and Internal Control and AC Report on pages 60 to 63 and pages 64 to 66 of this Annual Report respectively.

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

I. Communication with Shareholders and Other Stakeholders

The Company recognises the importance of continuously disclosing and disseminating comprehensive and timely information to its shareholders and other stakeholders. Dialogues and discussions with investors and analysts are conducted within the framework of the relevant Corporate Disclosure Guide under the Listing Requirements and comply with the Best Practices in Corporate Disclosure published by the Malaysian Institute of Chartered Secretaries and Administrators.

The Company has a dedicated investor relations function under the Corporate Finance Department which works closely with GMD & CEO and Group Chief Financial Officer to manage active dialogue with key institutional investors and analysts. The GMD & CEO and Group Chief Financial Officer together with Senior Management personnel also conduct regular engagement with analysts and fund managers. These engagements promote better appreciation and understanding of the Group's performance and strategic direction.

The Board is committed to ensure that the shareholders and other stakeholders are well informed of major corporate developments of the Company and Group and the information is communicated to them through various channels such as annual reports, disclosures and announcements to Bursa Securities

including quarterly results, media releases, posting on the Company's website and dialogues and presentations at the general meetings. Continuous efforts have also been made to enhance the Company's website for ease of navigation and the content has been enriched to make it more informative.

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

II. Greater Shareholder Participation at General Meetings

The Company's AGM and Extraordinary General Meeting ("EGM") (collectively known as the "General Meetings") serve as the principal forum of open dialogue with shareholders to raise questions pertaining to issues in the Annual Report, audited financial statements, circular to shareholders, the resolutions being proposed and/or corporate developments of the Group. The Board supports and encourages active shareholder participation at general meetings. It is a crucial mechanism in shareholder communication for the Company.

The Company's AGM is held within five (5) months after the close of the Company's financial year end. The entitled shareholders of the Company would receive the Notice of the 47th AGM which was

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

despatched at least twenty-one (21) days ahead of the AGM date together with the abridged annual report and circular/statement to enable shareholders sufficient time to peruse the relevant documents and the resolutions proposed. Meanwhile, for EGM, the notice is circulated within the prescribed period in compliance with the relevant rules and regulations. All notices of General Meetings are announced to Bursa Securities accordingly and advertised in The Star newspaper. The full annual report and circular for shareholders are also available on the website of the Company and Bursa Securities.

At the AGM, the GMD & CEO will present an overview of the Company's financial and operational performance during the year under review. Shareholders are given opportunities to participate in the question and answer ("Q&A") session on the proposed resolutions and the Group's operations. Likewise, during EGM, all shareholders are encouraged to raise questions pertaining to the subject matter of the resolutions tabled. The Directors, GMD & CEO, Group CFO and the External Auditors, if so required, will respond to shareholders' queries during the meetings. Usually, a media conference is held immediately after the general meeting which is normally attended by the Board Chairman and GMD & CEO.

Pursuant to Paragraph 8.29A of Listing Requirements of Bursa Malaysia, each resolution to be tabled at the general meeting is to be voted by poll. Since 2017, the Company has implemented

electronic poll voting. The Company has also engaged an independent scrutineer to validate the votes cast at the meeting. The Chairman will explain the procedure to be followed in tabling and approving each of the resolutions at the meeting. Votes cast for and against and the respective percentages, on each resolution are displayed "live" to shareholders after the poll is conducted for all resolutions put to vote at the meeting. The outcome of the general meeting is announced by the Company on the same day to Bursa Securities.

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

Directors' Responsibility Statement in respect of Financial Statements

The Directors are required by the Companies Act 2016 ("CA 2016") to prepare the financial statements for each financial year which have been made out in accordance with the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the CA 2016 in Malaysia.

The Directors consider that in preparing the financial statements, the Group and the Company have used the appropriate accounting policies, consistently applied and

supported by reasonable and prudent judgements and estimates. The Directors are satisfied that the information contained in the financial statements give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results of and cash flows of the Group and the Company for the financial year.

The Directors are responsible for ensuring that the accounting and other records and registers required by the CA 2016 to be retained by the Group and the Company have been properly kept in accordance with the provisions of the said CA 2016.

The Directors are also responsible for taking such steps as are reasonably available to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

Compliance Statement

The Board has deliberated, reviewed and approved this statement and is satisfied that the Group has fulfilled its obligations under the relevant paragraphs of the Listing Requirements of Bursa Securities and MCCG.

This CG Overview Statement was approved by the Board on 26 February 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

During the financial year under review, Star Media Group Berhad (“Star” or “Company”) and its subsidiaries (“Group”) continued to enhance its system of internal control and risk management, to comply with the applicable provision of the Malaysian Code on Corporate Governance and the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

Paragraph 15.26(b) of the Listing Requirements of Bursa Securities requires the Board of Directors of a public listed company to include in its annual report a statement on the state of internal control of the listed issuer as a group. The Bursa Securities’ *Statement on Risk Management & Internal Control (Guidelines for Directors of Listed Issuers)* provides guidance for compliance with these requirements.

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

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

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

BOARD RESPONSIBILITY

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

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

At the helm of the Group, the Board is ultimately responsible for the overall management of the risks and internal controls. The Audit Committee, under the purview of the Board, maintains the responsibility for risk and control oversight within the Group. The Audit Committee will be assisted by the Risk Management Committee ("RMC"), whose members consist of key management personnels.

While the Board and Audit Committee provide oversight, the responsibility for managing risks and internal control appropriately lies with Senior Management through the following activities:

- Providing leadership and direction to departments and business units;
- Providing oversight responsibilities of reviewing financial information and assessing the effectiveness of the Group's internal control environment;
- Understanding and providing feedback on the risk and internal control issues highlighted at the quarterly risk management committee meetings;
- Understanding the inherent risks in each business platform;
- Implementing Risk Management Framework by understanding the risk measurement, monitoring and mitigation strategy adopted, as well as the impact of on-going action plans to meet objectives; and
- Assessing the performance and level of internal controls of operating companies within the Group.

RISK MANAGEMENT FRAMEWORK

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

The Board has delegated the responsibility of reviewing the risk management processes and ensuring the effectiveness of the Risk Management Framework to the RMC. The RMC is tasked with ensuring the effectiveness of risk management policies and procedures; reviewing risk exposures and ensuring that the necessary support systems are in place for risk management activities.

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

When managing risks, the following will be used as a guide:

- Risks are accepted and managed to a certain extent, but cannot be eliminated;
- Risks should be aligned with, and driven by business values and objectives;
- Risks ownership lies with the respective Heads of the Business Departments/Units; and
- Material risks must be highlighted with the view of developing the necessary risks controls and mitigation processes.

RISK MANAGEMENT UNIT

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

ERM is mainly responsible for the following:

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

RISK MANAGEMENT PROCESS

There is a structured risk management process in place, ensuring that significant risks are identified and treated accordingly. The ERM unit is a unit that is responsible in coordinating risk review exercises and preparing quarterly reports on the Company's risk management activities, which include financial, operational, information technology, printing and broadcasting management and risk management systems.

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

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

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

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

- Embedding internal control further into the operations of the business through the installation of a process of risk and control self-assessment.
- Regular updates on risk management from the Heads of the Business Departments and supporting functions to the RMC.
- Drive a proactive risk management culture and ensure that the Group's employees have a good understanding and application of risk management principles towards cultivating a sustainable risk management culture.
- Risk awareness and coaching sessions are conducted at the operational level to promote the understanding of risk management principles and practices across different functions within the Group.
- Quarterly review by the Audit Committee on the adequacy and integrity of the system of internal control and risk management process.

INTERNAL AUDIT FUNCTION

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

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

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

The Audit Committee reviews the risk monitoring and compliance procedures to obtain the level of assurance required by the Board. The Audit Committee presents its findings to the Board on a quarterly basis or earlier as appropriate. Further details on the activities of the Internal Audit Department are set out in the Audit Committee Report.

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

OTHER KEY ELEMENTS OF INTERNAL CONTROLS

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

(a) Policies, Procedures and Limits of Authority

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

(b) Strategic Business Planning, Budgeting and Reporting

- Regular and comprehensive information provided to Management for monitoring of performance against strategic plans covering all key financial and operational indicators.
- Detailed budgeting process requiring all departments and business units to review their budgets periodically. The budgets are discussed and approved by the top Management headed by the Group Managing Director & Chief Executive Officer ("GMD & CEO").

- The Group Chief Financial Officer provides the Board with periodic financial information. Effective reporting system exposes significant variances against budget. Key variances are followed up by Management and reported to the Board.

(c) Risk Assessment

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

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

During the financial year ended 31 December 2018, based on the internal controls established and maintained by the Group, work performed by the Internal and External Auditors and reviews performed by Management and various Board Committees and assurance from the GMD & CEO and Group Chief Financial Officer, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's risk management and internal control systems were adequate and effective to address financial, operational and compliance risks, which are relevant and material to the Group's operations. The Group will carry out continuous reviews on the control procedures to ensure that effective and adequate system of internal control is consistently in place to safeguard shareholders' investment and Group's assets.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the financial year ended 31 December 2018. Their review is performed in accordance with Audit Assurance and Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants. The External Auditors' procedures have been conducted to assess whether the Statement on Risk Management and Internal Control is supported by the documentation prepared by or for the Directors and that it is an appropriate reflection of the process adopted by the Directors in reviewing the adequacy and integrity of the system of internal control for the Group.

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

This Statement was approved by the Board on 26 February 2019.

AUDIT COMMITTEE REPORT

The Audit Committee (“AC”) of Star Media Group Berhad (“the Company”) is pleased to present the AC Report for the financial year ended 31 December 2018.

The existing members of AC are as follows:

- (i) Mr. Chan Seng Fatt (Independent Non-Executive Director) - Chairman
- (ii) Mr. Choong Tuck Oon (Independent Non-Executive Director) - Member
- (iii) Dato’ Dr. Mohd Aminuddin Bin Mohd Rouse (Non-Independent Non-Executive Director) - Member
- (iv) Mr. Loh Chee Can (Independent Non-Executive Director) - Member (appointed on 26 February 2019)

During the financial year ended 31 December 2018, the AC members had also attended the relevant training programmes and seminars organised by the relevant regulatory authorities and professional bodies to further enhance their knowledge and professionalism in discharging their duties. The training attended by the AC members during the year under review are set out in the Corporate Governance Overview Statement of this Annual Report.

1. COMPOSITION

The Company has complied with Paragraph 15.09 of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) which requires all members of the AC to be Non-Executive Directors with a majority of them being Independent Directors.

The Board through the Nomination Committee performed an annual assessment to assess the AC and each of its members’ effectiveness in carrying out their duties in accordance with the Terms of Reference (“TOR”). The Board is satisfied that the AC and each of its members have effectively discharged their duties in accordance with the TOR. All the members of the AC possess the appropriate and relevant skills, knowledge and experience they need to fulfil their duties effectively such as the financial literacy requirements.

2. MEETINGS

The AC meetings for the whole year are scheduled in advance of each financial year so as to enable AC members to plan ahead and ensure that the meetings are booked into their respective schedules.

The AC meetings are normally held every quarter with additional meetings to be convened as and when necessary. During the financial year ended 31 December 2018, the AC met five (5) times. The attendance record of its members are as follows:

Director	Designation	Total Meetings Attended
Mr. Chan Seng Fatt (Chairman) <i>(Appointed on 11 August 2018)</i>	Independent Non-Executive Director	2/2
Mr. Choong Tuck Oon	Independent Non-Executive Director	5/5
Dato’ Dr. Mohd Aminuddin bin Mohd Rouse <i>(Appointed on 11 August 2018)</i>	Non-Independent Non-Executive Director	2/2
Mr. Lee Siang Chin ^	Independent Non-Executive Director	3/3
Datin Linda Ngiam Pick Ngoh *	Independent Non-Executive Director	2/2

Notes:

^ Mr. Lee Siang Chin ceased as a Chairman of AC on 10 August 2018 following his resignation as a Director of the Company.

* Datin Linda Ngiam Pick Ngoh ceased as a Member of AC on 15 May 2018 following her retirement as a Director of the Company.

Mr. Loh Chee Can was appointed as a Member of AC on 26 February 2019 and therefore, he was excluded from the above disclosure.

AUDIT COMMITTEE REPORT (CONT'D)

The Group Managing Director & Chief Executive Officer and the relevant Senior Management as well as representatives of the Internal and External Auditors attended the meetings upon invitation.

All proceedings of the AC meetings are duly recorded in the minutes. Minutes of the AC meetings are tabled for confirmation at the next AC meeting and subsequently presented to the Board for notation. At the Board Meetings, the Chairman of the AC would provide a report, highlighting pertinent issues, significant points of decisions and recommendations made by the AC to the Board for approval.

Terms of Reference

The TOR of the AC set out the authority, duties and responsibilities of the AC. The TOR of the AC is accessible for reference on the Company's website at www.starmediagroup.my/terms-of-reference

Summary of Activities

During the financial year 2018, the AC had carried out the following key activities:

(i) Financial Reporting

- (a) Reviewed the quarterly financial results of the Group including the draft announcements pertaining thereto, to ensure compliance to the Listing Requirements of Bursa Securities, the applicable financial reporting standards as well as other relevant legal and regulatory requirements, prior to recommending the same to the Board for approval.

- (b) Reviewed the audited financial statements for the year under review prior to the approval by the Board to ensure it presented a true and fair view of the Company's financial position and performance for the year and is in compliance with regulatory requirements.

(ii) Internal Audit and Risk Management

- (a) Reviewed and approved the Internal Audit Plan which outlines the audit strategy and approach for financial year ended 31 December 2018 to ensure adequacy of resources, competencies and coverage of areas to be audited. The Internal Audit Plan for the Group was prepared by making reference to the Risk Register provided by the Head of Enterprise Risk Management.
- (b) Reviewed and deliberated on the Internal Audit Reports on the adequacy, effectiveness and efficiency of operational, compliance and governance processes across the Company and Group. Where appropriate, the AC advised Management to rectify and improve the control system based on the Internal Audit's recommendations and suggestions for improvements. The reports reviewed during the year include operational, ad-hoc and special audit on key business areas.

- (c) Monitored the implementation of Management action plan on outstanding issues to ensure that all key risks and control weaknesses are properly addressed.

- (d) Reviewed the adequacy and effectiveness of the Group's Risk Management system, key strategy risks for the Group and risk management reports which covered the process for identifying, evaluating and managing business risks.

- (e) Met with the Head of Internal Audit without the presence of the Executive Director and Management twice during the year under review to obtain feedback on the audit activities, audit findings and any other related matters.

- (f) Reviewed the performance, adequacy, scope, resources and competency of Internal Audit Department and Risk Management function to ensure they discharge their duties effectively.

(iii) External Audit

- (a) Reviewed the External Auditor's annual audit plan for the Group, outlining among others, the audit approach, materiality and performance materiality and areas of significant auditors' attention. Considered and approved the External Auditors' confirmation of their independence.

AUDIT COMMITTEE REPORT (CONT'D)

- (b) Reviewed the audit results, key audit matters and Management's responses to the audit findings.
- (c) Reviewed the audit fees of the External Auditors for recommendation to the Board for approval.
- (d) Reviewed the non-audit fees incurred for the services rendered to the Company and Group.
- (e) Met with the External Auditors without the presence of the Executive Director and Management twice during the year under review to discuss any issues arising from the audits and ensure there was no restriction placed on the External Auditors' scope.
- (f) Considered the appointment of External Auditors, taking into account their independence, objectivity and cost effectiveness of the audit which covered quality of services provided, sufficiency of experience and resources, audit scope and planning, communication and interaction.

Having taken all appropriate factors into consideration and being satisfied with the suitability, performance, technical competency and audit independence of BDO PLT, the AC had recommended to the Board for approval, the appointment of BDO PLT as External Auditors of the Group for the financial year ended 31 December 2018.

(iv) Other activities

- (a) Reviewed the related party transactions and recurrent related party transactions ("RRPT") quarterly during the year under review to ensure compliance with the Listing Requirements of Bursa Securities.
- (b) Reviewed and recommended to the Board for approval, the Corporate Governance Overview Statement, Corporate Governance Report, AC Report, Statement on Risk Management and Internal Control, Management Discussion and Analysis and Sustainability Statement for inclusion in the Annual Report.
- (c) Reviewed and recommended to the Board for approval, the Circular to Shareholders in relation to the proposed renewal of shareholders' mandate for the Company and its subsidiaries to enter into RRPT of revenue or trading nature with related party.

INTERNAL AUDIT FUNCTION

The Group's Internal Audit Department assists the Group in monitoring and managing risks by providing an independent and objective assurance on areas of operations reviewed and make recommendations that will improve and add value to the Group's internal control system.

The Internal Audit function is independent of the activities or operations of other operating units. Internal Audit maintains its impartiality, proficiency and due professional care, as outlined in its Internal Audit Charter, by reporting directly under the purview of the AC. Head of Internal Audit has unfettered access to the AC, the Board and the Management. The AC has full

access to Internal Audit and holds periodic private session with the Head of Internal Audit without the Management presence to allow Internal Audit to give unreserved comments or opinions on issues arising from the audit.

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

Internal Audit performs independent audits on diverse areas within the Group. During the financial year 2018, the Internal Audit Department conducted audit reviews on significant aspects and operations of the Company and Group. The audit review covered overall governance, operational controls, and financial related activities and other auditable areas in accordance with the risk profile of the Group. Internal Audit tracks the status of implementation of agreed audit recommendations and updates are provided to the AC and Management on a quarterly basis. Review of the related party transactions and recurrent related party transactions were also carried out half yearly to provide assurance to the Board that the transactions carried out between the related parties adhered to the policies and procedures and conformed to the requirement of Bursa Securities.

The total costs incurred by the Internal Audit Department in 2018 amounted to RM870,000.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

On 12 July 2017, Laviani Pte. Ltd., a wholly-owned subsidiary of Star Media Group Berhad had disposed 128,458,590 ordinary shares in Cityneon Holdings Limited ("Cityneon"), representing approximately 52.51% equity interest in Cityneon to Lucrum 1 Investment Limited for a total consideration of SGD115,612,731 (equivalent to approximately RM360,179,902).

A summary of the utilisation of the proceeds is tabled below:

Purposes	Proposed Utilisation RM'000	Actual Utilisation RM'000	Remaining Balance RM'000	Expected Timeframe for Utilisation
Future investments	200,000	(47,500)	152,500	Within 24 months
General working capital	154,095	(154,095)	-	Fully utilised
Estimated expenses in relation to the disposal	6,085	(6,085)	-	Fully utilised
Total	360,180	(207,680)	152,500	

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to External Auditors, BDO PLT and its affiliated companies by the Company and Group respectively for the financial year ended 31 December 2018 are as follows:

	Group RM'000	Company RM'000
- Audit fees	355	236
- Non-audit fees	200	51
Total	555	287

The non-audit fees incurred for the Group and Company were mainly for tax advisory and tax compliance services.

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiaries involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2018 or entered into since the end of the previous financial year.

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

At the Forty-Sixth Annual General Meeting held on 15 May 2018, the Company had obtained a shareholders' mandate on RRPT entered into by the Company and/or its subsidiaries as set out in the Circular to Shareholders dated 20 April 2018.

The RRPTs conducted during the financial year ended 31 December 2018 pursuant to the said mandate are disclosed in pages 192 to 194 in this Annual Report.

AWARDS

CONTENT



01

Saint Teresa Award

T. Selvakumar

02

2018 Society of Publishers in Asia (SOPA) Awards for Editorial Excellence

Excellence in Investigative Reporting
R.AGE

03

Malaysian Press Institute (MPI) – Petronas Malaysian Journalism Awards

Kajai Award

R.AGE

Best Front Page Design

Foo Chern Hwan

Best Environmental Journalism

Bavani M. (Consolation)

Photojournalism

Glenn Guan

Best Investigative Reporting

R.AGE

Best Editorial Cartoon

C.W. Kee (Consolation)

Best Infographic

Muhammad Hafeez Amirudin

Best Photo Essay

Elroi Yee

AWARDS (CONT'D)



04

Asian Media Awards

Best Feature Story

R.AGE (Gold)

Community Service

R.AGE

05

Cybersecurity Malaysia

Most Supportive Online Media 2017
Award

The Star

Most Supportive Print (Newspaper)
Media 2017 Award

The Star

Most Supportive Journalist 2017 Award

Yuen Meikeng

Samantha Chow

06

KC Kulish International Award

Excellence in Print Journalism

R.AGE

AWARDS (CONT'D)



07



08



09

07

Health Media Awards 2018

Best Photograph

[Art Chen](#)

Best Social Media

[R.AGE](#)

Blue Ribbon Awards

[Christina Chin \(2nd place\)](#)

Print Media and News Portal (English Language)

[Loh Foon Fong \(Consolation\)](#)

08

WAN-IFRA Asian Digital Media Awards 2018

Best Branded Content Project

[R.AGE \(Gold\)](#)

09

13th Perdana Young Indian Entrepreneurs Award 2018

Print Media Excellence Award

[Elan Perumal](#)

AWARDS (CONT'D)

BRAND & MARKETING



10

Putra Brand Awards 2018

Media Networks

[Star Media Group \(Silver\)](#)



11

Spark Awards

Best Media Solution (Print)

[The Star \(Gold\)](#)

Best Media Solution (Print)

[The Star \(Bronze\)](#)

HIGHLIGHTS

Embracing business un-usual through everyday actions



MALAYSIA PREMIUM PUBLISHERS MARKETPLACE

Malaysia's first-ever publisher-led programmatic advertising marketplace

Malaysia Premium Publishers Marketplace ("MPPM") signed a landmark deal with Innity to offer the country's first publisher-led programmatic advertising marketplace to spur MPPM's online ad trading. Publishers in MPPM comprise of Star Media Group, Media Chinese International Ltd, The Edge Media Group and Utusan Melayu.



R.AGE'S "REFUGEE NO MORE" DOCUMENTARY SERIES

Highlighting the plight of Chin refugees in Malaysia

Over the course of eight months, Star Media Group's R.AGE team recorded over 50 cases of ethnic Myanmar Chin refugees and asylum seekers whose United Nations High Commissioner for Refugees (UNHCR) cards were withheld when submitted for renewal.

The Refugee No More documentary series highlighted the issues of ethnic Chin refugees in Malaysia that stand to lose refugee protection, driving them to depression – some to the brink of suicide – due to a change in policy.

R.AGE hosted a special documentary screening and town hall panel discussion which was attended by the UNHCR representative for Malaysia Richard Towle, Alliance of Chin Refugees chairman Mung Khat, Refuge For The Refugees founder and director Heidi Quah, Immigration director of operation (enforcement) Saravana Kumar Marimuthu and ethnic Chins and human rights activists.

At the time of print, UNHCR has announced a reversal in their decision to cease refugee protection for the Chin community.

Catch the full series here <https://bit.ly/2U6QRdU>



STAR EDUCATION FUND

A Silver lining for 25 years

For its 25th anniversary, Star Education Fund invited members of its alumni to an evening of reconnecting and celebrations alongside the presentation of scholarships to the 2018 deserving Malaysian recipients. Since its inception, the Star Education Fund has awarded 4,000 scholarships amounting to RM127.4 million to deserving young students.

HIGHLIGHTS

Embracing business un-usual through everyday actions (CONT'D)



#STANDTOGETHER

Kindness - that's all it takes

Star Media Group and S P Setia rallied together to issue a clarion call for a National Kindness Week to be observed every first week of April as part of their inaugural #StandTogether kindness movement. Initiated by Star Media Group's award-winning R.AGE team and S P Setia in response to the torrent of bullying cases, the campaign succeeded in registering over 730 schools and 900 teachers for the first National Kindness Week in April 2018.

As part of the campaign, 120 schools submitted 'kindness project' proposals. Thirty schools were selected to win cash grants of RM1,000 to carry out their kindness projects, and the top 10 received school visits from celebrity ambassadors such as Lisa Surihani, Harith Iskander and Ismail Izzani.



**730 SCHOOLS &
900 TEACHERS**

**REGISTERED FOR
THE FIRST NATIONAL
KINDNESS WEEK**



**120
KINDNESS PROJECT
PROPOSALS**

The campaign culminated with the #StandTogether Carnival, where 6,000 people came together in support of creating a kinder Malaysia. The carnival featured the #StandTogether Kindness Concert, where Ismail Izzani, Rabbit Mac, Talitha Tan and Nik Qistina performed, and the top 10 student-led "kindness projects" from across the country were presented by the students themselves.

Deputy Education Minister I Datuk P. Kamalanathan and #StandTogether celebrity ambassadors were also present, lending their support and adding to the festivities.



**6,000
ATTENDEES**

**AT THE INAUGURAL
#STANDTOGETHER
CARNIVAL**

HIGHLIGHTS

Embracing business un-usual through everyday actions (CONT'D)



THE STAR'S WOW WOMEN'S FIESTA Celebrating incredible women

The Star's Women Do Wonders campaign returned once again to celebrate women and their achievements in conjunction with International Women's Day on 8 March 2018.

The theme of women empowerment resonated across a two-day Women's Fiesta held at Starling Mall, with a showcase of 150 booths offering a shopping bonanza, including homegrown businesses by women, local artisans and craft makers. With an impressive line-up of women-focused activities, close to 15,000 visitors attended The Star's WOW Women's Fiesta.

Alongside the bevy of offerings from booth operators, were a highly popular series of talks and panel discussions such as 'Empowering Women to Power the World' session featuring stories from inspiring women as well as the #HeForShe couple talk.

Initiated by UN Women, the talk saw celebrity guest couples like Harith Iskander and his wife Dr. Jezamine Lim, beauty queen Kavita Sidhu, geologist/businessman Roberto Guiati, as well as entrepreneur Timothy Tiah and blogger Audrey Ooi sharing the stage to talk about gender equality and women empowerment.

THE FIESTA ATTRACTED

15,000 VISITORS

AND THERE WAS A LINE-UP OF ACTIVITIES FOR EVERYONE



#ANAKANAKMALAYSIA 2018 A giant stride for patriotism

Malaysians from all walks of life came together to celebrate National Day and Malaysia Day at the #AnakAnakMalaysia Walk 2018. A crowd of close to 10,000 people turned up at the walk jointly organised by Star Media Group and Eco World Development Group Berhad to show their support and patriotism.



HIGHLIGHTS

Embracing business un-usual through everyday actions (CONT'D)

Returning for a fourth year, the #AnakAnakMalaysia 2018's theme of #JomKeHadapan, advocated for a progressive and forward-thinking nation built on the foundations of empowerment, hope and creativity.

Leading up to the Walk, a t-shirt design competition was held, tapping into the talents of Malaysians nationwide. The inaugural #AnakAnakMalaysia T-shirt design competition received more than 1,500 entries.

Architect S.S. Maygala Devi walked away with the grand prize of RM10,000 while second place winner visual merchandiser and graphic designer Tai Lee Shan won RM6,000. In third place was Muhammad Asyraf Jamaluddin, who took home RM4,000.

CLOSE TO

10,000 PEOPLE
TURNED UP FOR THE
#ANAKANAKMALAYSIA WALK



PROGRAMMATIC MALAYSIA 2018

Braving the new programmatic world

Media stakeholders adapting to the shift towards a programmatic ecosystem was the main focus of the Programmatic Malaysia 2018 conference jointly organised by the Star Media Group Bhd., Malaysian Digital Association (MDA) and Zeitgeist Marketing.

The full-day conference gathered leading industry experts including buyers and sellers in the media arena, advertisers, media owners and technology enablers who gave insights and addressed issues surrounding programmatic media execution.

With an impressive line-up of 26 speakers including Google Malaysia head of platform solutions Stanley Lim, Eyeota Asia general manager Priya Khatri, SpotX Asia Pacific managing director Gavin Buxton among others, the inaugural event saw 112 delegates from the region attending.

Star Media Group hopes to continue supporting the adoption and growth of Programmatic Advertising through such knowledge-focused events and initiatives.

26 SPEAKERS

WERE PART OF THIS INAUGURAL
CONFERENCE THAT SAW PARTICIPATION FROM

112 DELEGATES
FROM THE REGION



HIGHLIGHTS

Embracing business un-usual through everyday actions (CONT'D)



STAR SUPA COMIC 2018 Cosplay Superstars Galore

The inaugural Star Supa Comic enthralled visitors with a cast of renowned international cosplayers, all who have gained acclaim for their costumes and performances.

ATTRACTED
20,000
VISITORS



Autograph sessions with Italian cosplayer Leon Chiro, Indonesian Clarissa Punipan, Singaporean Kenneth 'Lilaeroplane' and Thai Onnies, proved to be the main attraction as throngs of loyal fans queued to grab the opportunity to meet their idols face-to-face. The two-day event also included activities such as a cosplay competition, doujin contest, e-games tournaments, cosplay prop workshops and performances by Za Girudo, Clarissa Punipun, Dreamin' Mystical Mirage and Prime Monument Collectibles Card Game Battle Zone.

Organised by iStar Events Sdn. Bhd., the Star Supa Comic 2018 drew 20,000 visitors.



988'S A "HOUSE OF HAPPINESS" Deejays make it onto the silver screen

Chinese radio station 988 ushered in the Year of the Dog with its very first full-length festive flick, A House Of Happiness.

A House Of Happiness is directed by JY Teng, written by scriptwriter turned-director Ryon Lee and produced by Aron Koh and 988's Chan Fong. The feel-good comedy stars veteran Hong Kong actor Richard Ng and Ipoh-born Hong Kong-based actress Mimi Chu, alongside 988 deejays Chan Fong, Cheryl Lee, Sam Mak, Hau Min, Anson Kow, Jason Poon, Cassey Soo, Cynthia Tan, Sean Lee, Piao Min, and Danny One.

A House of Happiness made RM2.18mil at the box office, and went on to be the only Malaysian production to win at the Maple Leaf Awards under the Sixth Vancouver Chinese Film Festival in Canada, clinching the Best Cantonese Film accolade.

A HOUSE OF HAPPINESS MADE

RM2.18 MIL
AT THE BOX OFFICE



HIGHLIGHTS

Embracing business un-usual through everyday actions (CONT'D)



SURIA

Suria wins the hearts of listeners

Suria continued Jelajah Suria Series which comprise of one-stop shows at major towns around the country. There were two such series held in March and September, with each stop featuring various activities to engage their audience such as sketches by Suria announcers and performances by notable local celebrities.

For the first time ever, the final Jelajah Suria show for the year was broadcast live, allowing their listeners to tune in to the on-going event happening in real time.



PERFECT LIVIN HOME EXPO

Celebrating a decade of bountiful choices

Perfect Livin celebrated its 10th anniversary by recognising its partners who had given unwavering support to the home exhibition expo. A total of 54 exhibitors were given certificates of recognition during the launch of its flagship exhibition this year at the Putra World Trade Centre.

Various discounts, offers and gifts were also given out at the various exhibitions as a sign of appreciation and gratitude to Perfect Livin's loyal customers over the past 10 years. With more than 350 industry leaders exhibiting over 500 brands, more than RM400,000 worth of products and cash vouchers were up for grabs.

HIGHLIGHTS

Embracing business un-usual through everyday actions (CONT'D)



Healthy turnout at annual fair

Health and fitness enthusiasts flocked to Mid Valley Exhibition Centre, Kuala Lumpur, to learn healthy tips and latest fitness trends at the seventh edition of Star Health Expo 2018.

From fitness demos to health talks and physical activities, fun games to product offers, there was something for everyone throughout the three-day event.

Themed 'Get Fit. Live Great!' and in partnership with Great Eastern Life, the Expo aimed to inspire Malaysians to lead a healthy lifestyle by adopting a holistic approach that includes physical and mental health, emotional well-being and financial wellness.



30,000 VISITORS
AT THE THREE-DAY EVENT



A platform for future success

Many opportunities, along with chances to secure scholarships and pick up valuable pointers, awaited SPM and STPM school-leavers at the Star Education Fair 2018 which was held in Kuala Lumpur and Penang.

School-leavers unsure of the next step in their educational journey had the opportunity to meet experts on pre-university education and representatives to get more information on a wide range of certificate, foundation, diploma and postgraduate courses as well as professional qualifications.

An estimated 110,000 visitors flocked to the four Education Fairs held, where exhibitors from both local and international institutions promoted their programmes.



110,000 VISITORS
FLOCKED TO THE FOUR EDUCATION
FAIRS HELD

HIGHLIGHTS

Embracing business un-usual through everyday actions (CONT'D)

STAR GOLDEN HEARTS AWARD Spreading goodwill four years on

The Star Golden Hearts Award is aimed at recognising everyday Malaysians who are dedicated to helping those in need, irrespective of race and religion.

In its fourth year, the awards programme has progressed towards recognising social-focused individuals, groups and organisations that contribute sustainably towards a better society.



The winners for the Star Golden Hearts Award 2018 were UmieAktif, Efinity Social Enterprise, Suka Society, The Tuyang Initiative, Friends of Bukit Gasing, Cancerfly Networks, Ms Sia Siew Chin, Dentistry for the Needy, Suri Inspirasi and Masala Wheels.



15,600
PARTICIPANTS
FROM IPOH



20,000
PARTICIPANTS
FROM PENANG

Starwalk

Thousands through the streets of Ipoh and Penang

Ipoh Starwalk 2018 saw its largest participation to date on 6 May 2018 since the annual fun walk was first held 15 years ago. Ipoh Mayor Datuk Zamri Man flagged off the 7 km walk at the Perak Turf Club where a record-breaking 15,600 people converged, making this year's Walk a rousing success.

Up north on 2 September 2018, 20,000 participants turned up for Penang Starwalk 2018. The 7 km walk was flagged off by Yang di-Pertua Negeri Tun Abdul Rahman Abbas, accompanied by Chief Minister Chow Kon Yeow and state Youth and Sports committee chairman Soon Lip Chee.

HIGHLIGHTS

Embracing business un-usual through everyday actions (CONT'D)



SOBA 2017

Malaysian SMEs awarded for their outstanding achievements

It was a night of celebration as over 800 industry players turned up for the prestigious Star Outstanding Business Award 2017. Held to recognise Malaysian companies that made a significant impact on the growth of the nation and the economy, SOBA 2017 was endorsed by Prime Minister's Department Malaysia, Secretariat for the Advancement of Malaysian Entrepreneurs, International Trade and Industry Ministry, and Finance Ministry, supported by Bursa Malaysia and audited by BDO.

STARPROPERTY.MY AWARDS 2018

Recognition for exceptional developers

A celebratory air was felt in the grand ballroom of JW Marriott Hotel Kuala Lumpur as over 30 property developers were honoured at The StarProperty.my Awards 2018.

Gracing the awards presentation night was Raja Muda Selangor Tengku Amir Shah Sultan Sharafuddin Idris Shah who presented the All-Star: Top

Ranked Developers Award to 15 developers for their consistency in creating and adding value to their projects and the communities they serve in. This year, the awards programme drew 65 entries and saw an addition of four new categories.

The StarProperty.my Awards recognises developers who have shown consistent financial strength and delivered quality products to their customers, taking into account their corporate and social responsibilities through the development of sustainable communities.



HIGHLIGHTS

Embracing business un-usual through everyday actions (CONT'D)

STARPROPERTY.MY AWARDS 2018: JEWELS OF JOHOR Jewels of Johor shine again

The second edition of the StarProperty.my Awards 2018: Jewels of Johor was a picture of glitz and glamour, in addition to being a source of inspiration and motivation behind the state's developments.

The awards programme received 22 entries, and 350 guests attended the awards presentation night at Thistle Hotel, with the ladies resplendent in their evening gowns and the gentlemen radiant in their well-tailored dark suits.

Gracing the event were Johor Ruler Sultan Ibrahim Ibni Almarhum Sultan Iskandar and Tunku Mahkota Johor Tunku Ismail Ibni Sultan Ibrahim.



STARPROPERTY.MY REAL ESTATE AWARDS 2018 Accolades for top property players

The second StarProperty.my Real Estate Awards was held in grand style to honour deserving negotiators and agencies in the real estate industry.

In 2018, the awards programme saw a total of 14 categories, including new categories namely Top Voted Awards, The Thriving Awards, Best Practice Awards, WOW Awards, Honourable Awards and Outstanding Video Awards. There were a total of 60 entries for StarProperty.my Real Estate Awards 2018.

The awards presentation night was held at New World Hotel where 450 guests turned up to celebrate the best-in-class of the real estate industry.

Organised by StarProperty Sdn. Bhd., this awards programme is aimed at showcasing the region's finest real estate industry talents, boosting awareness and highlighting top quality agencies, agents and services.



CONNECTIONS

The relationship between our brands and their followers, readers, viewers and listeners is built on mutual trust and respect. As we embrace change, we will look to also create and nurture meaningful connections between our audiences and our clients so they may form the same bond that lasts.



SUSTAINABILITY STATEMENT

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Economic : Content Creation, Sourcing and Management	
Economic : Responsible Procurement Practices	
Environment : Energy Management (Renewable Energy)	
Environment : Materials	
Environment : Waste and Effluent Management	
Social : Anti-Corruption	
Social : Diversity	
Social : Labour Practice and Decent Work	
Social : Occupational Health and Safety Measures	
Social : Community Investment	
Social : Quality Education for a Better Society	



2018 AT A GLANCE

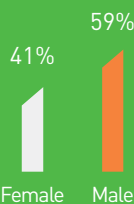
OUR PEOPLE



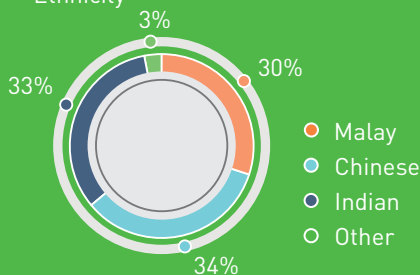
1,324
employees

DIVERSITY

Gender



Ethnicity



33%
Women in Senior
Management

CAPACITY BUILDING

72%
of Employees
Attended Training

15,183
Training Hours

OUR COMMUNITY

RM943,000

DONATED TO 31 MALAYSIAN
CHARITIES

150 HIGHER EDUCATION
SCHOLARSHIPS AWARDED
VIA STAR EDUCATION FUND

OUR PRODUCTS/SERVICES

100% OF NEWSPRINT FOR THE STAR IS 'FTC' CERTIFIED OR
EQUIVALENT

NEWSPRINT FOR THE STAR IS
100% RECYCLED.

2,705,334 WH OF SOLAR
ENERGY GENERATED FROM
THE ROOFTOP SOLAR
GENERATION PROJECT

TOTAL REDUCTION OF CO₂
EMISSIONS = **1,972 TONNES**

24.25% REDUCTION IN
TOTAL WASTE DISPOSAL
(2018 VS 2017)

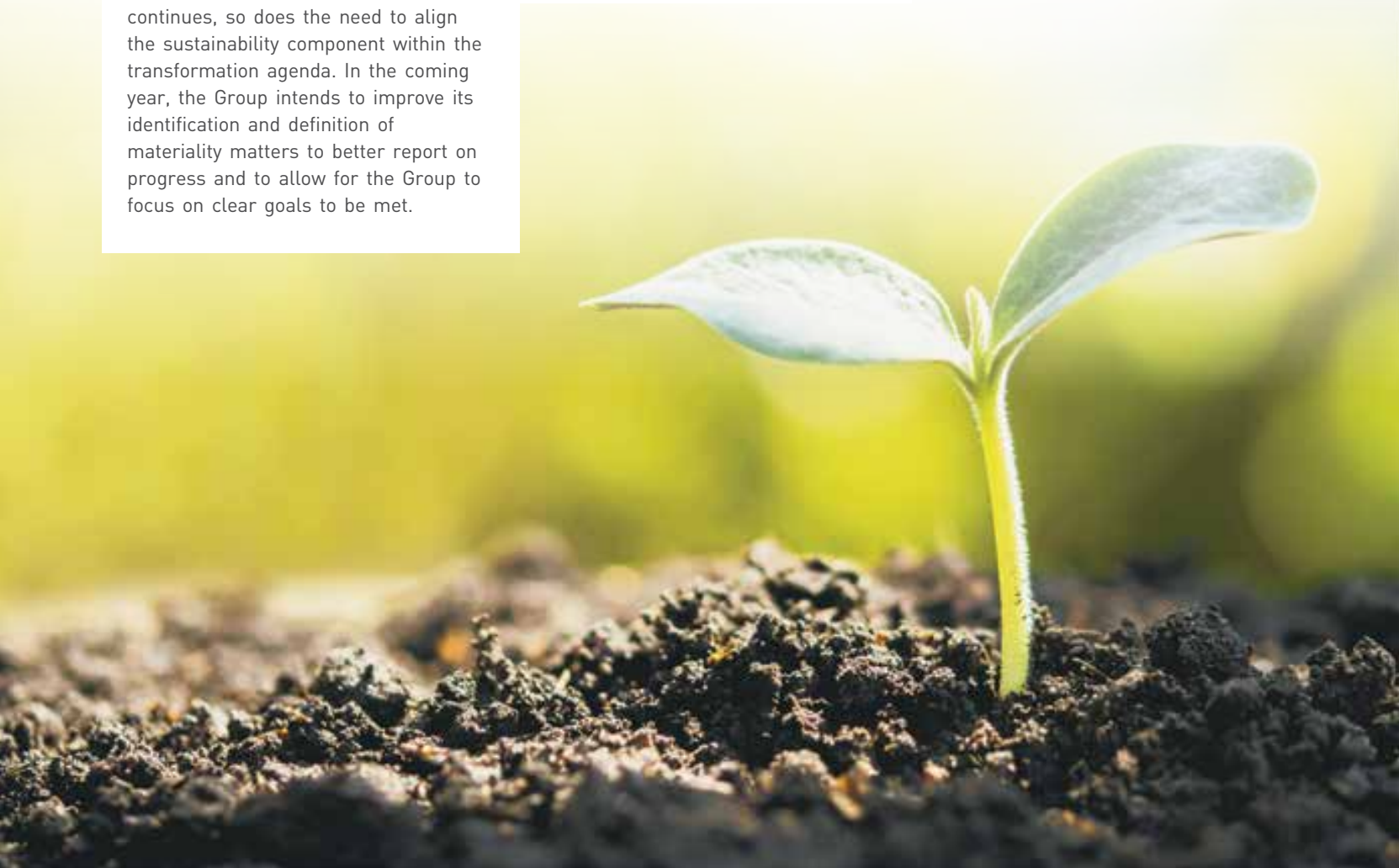
SUSTAINABILITY STATEMENT

This is the second year that Star Media Group is reporting on the Sustainability Statement in line with the Sustainability Reporting Guide from Bursa Malaysia. Progress has been made in the form of aligning our materiality matters with the United Nations' Sustainable Development Goals ("SDG") with particular emphasis on *SDG 5: Gender Equality*, *SDG 8: Decent Work and Economic Growth* and *SDG 12: Responsible Consumption and Production*.

As indicated in the Management Discussion and Analysis ("MD&A"), 2018 was a year of transformation for the Group, where structural changes took place to change the way we do business. As the transformation continues, so does the need to align the sustainability component within the transformation agenda. In the coming year, the Group intends to improve its identification and definition of materiality matters to better report on progress and to allow for the Group to focus on clear goals to be met.

As a news and media organisation, creating shared value is very much embedded within the DNA of the organisation. A large portion of the organisation's resources are dedicated to creating and producing products and services that play the dual role of promoting a nation-building agenda or social cause while creating a revenue opportunity for the Group.

We also recognise the unique position and responsibility we have in shaping society at large through our content and platforms. Along that line we will commit to reflecting our progress and contributions following globally recognised standards in the coming years.



SUSTAINABILITY STATEMENT (CONT'D)



STAR MEDIA GROUP'S SDG COMMITMENTS



SUSTAINABILITY STATEMENT (CONT'D)

GOVERNANCE & SCOPE

This second Sustainability Statement reflects our progress in moving towards improved reporting and disclosures. As mentioned, 2018 was a year of business transformation for the Group. We recognise that sustainability is an ongoing process and hope to report on significant improvements in this realm for the next Sustainability Statement.

Period covered

1 January 2018 - 31 December 2018

Scope

Star Media Group is wholly based in Malaysia, hence the scope of this report covers Peninsular Malaysia. It covers mainly Star Media Group Berhad and its print operations, which make up a substantial portion of the Group's business in terms of revenue and operations. Unless otherwise stated, it does not extensively cover the other operating companies within the digital, video-on-demand ("VOD"), radio, events and exhibitions segments as our focus is to primarily improve on the main operation first before advancing to other areas of the business.

We intend to expand our scope to include the full suite of operating companies within the Group for a more comprehensive view of our material economic, environment and social matters in the coming years.

This Sustainability Statement, guided by the Sustainability Reporting Guide and Toolkits issued by Bursa Malaysia and Sustainable Development Goals guidelines, is to be read in conjunction with the rest of Star Media Group's 2018 annual report, which highlights other financial and non-financial aspects of our business. To avoid repetition, certain aspects of this Statement may make reference to existing content within other sections of the Annual Report.

Currently the Enterprise Risk Management unit is tasked with overseeing the day-to-day sustainability matters, while the management team is responsible for ensuring business practices and policies are aligned to the overall economic, environment and social aims of the Group. Sustainability performance has also been placed under the purview of the Audit Committee.

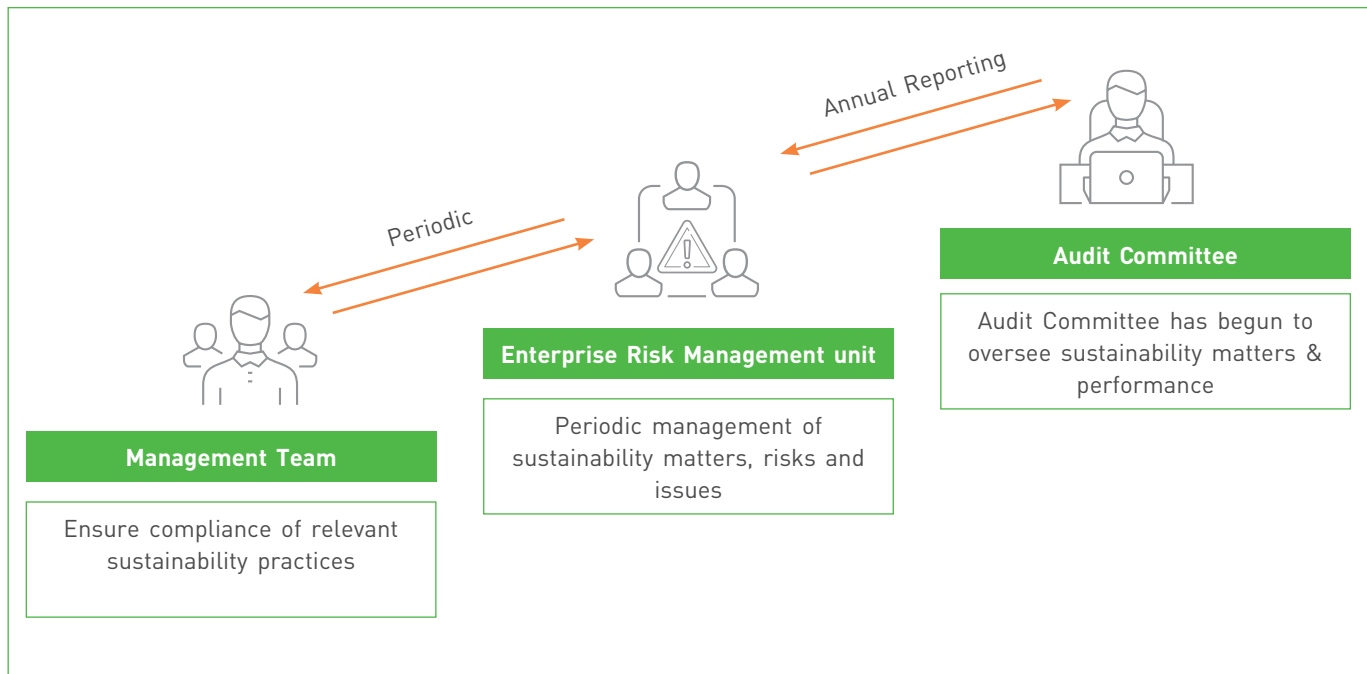
Moving forward the Group intends to formalise a reporting structure that allows for reporting of sustainability matters at board level with actionable outcomes. This is to better reflect the commitment placed by the Board and management team in delivering on its sustainability agenda.

Aligned with the roadmap to sustainability that the Group is currently developing, the intent is to also align the existing key risk indicators (KRI) with sustainability matters for a more integrated, holistic view of these areas.

Born as 'The People's Paper', the Group's DNA is very much imbued with a sense of being a responsible corporate citizen. As such, a distinctive part of the corporate culture is the ability to create and curate products and services that largely brings positive impact to Malaysians and contributes to nation-building.



SUSTAINABILITY STATEMENT (CONT'D)



DISCLOSURE AND EXTERNAL ASSURANCE

For this second Sustainability Statement, we have maintained an internal assurance methodology, reflecting the nascent stage of our reporting. We aim to substantially improve assurance measures in the coming report with a longer term aim to seek external assurance within the next few years.



SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT

In 2018, we continued our engagement with stakeholder groups to better understand what areas interest and concern them in relation to the business and to align the materiality matters with these areas. Moving forward, we

hope to create a more structured approach to stakeholder engagement involving both internal and external stakeholders to facilitate better outcomes.

The Stakeholder Engagement Matrix below highlights the stakeholder engagement activities that we implemented in 2018:

			
	Shareholders/Analysts	Government/Regulators and Policy Makers	Customers (Business)
Engagement Platforms	<ul style="list-style-type: none"> ✓ Regular shareholder communications/ announcements on Bursa Malaysia ✓ Updates on Star Media Group's corporate website ✓ Annual General Meetings/Extraordinary General Meetings ✓ Analyst briefings ✓ Periodic engagements with equity analysts and fund managers ✓ Annual Report ✓ On-site visits to HQ, radio stations and printing plant 	<ul style="list-style-type: none"> ✓ Meetings, case studies and sports activities ✓ On-site visits to HQ, radio stations and printing plant ✓ Attendance/ participation in the Group's events 	<ul style="list-style-type: none"> ✓ Meetings, townhall sessions, roadshows, participation in exhibitions and networking lunches/ dinners ✓ Product presentations ✓ On-demand requests ✓ On-site visit to HQ and printing plant
Key Interests	<ul style="list-style-type: none"> ✓ Group's business direction ✓ Key corporate developments 	<ul style="list-style-type: none"> ✓ Regulation and compliance ✓ Strong relationships 	<ul style="list-style-type: none"> ✓ Business direction ✓ Procurement ✓ Knowledge sharing ✓ Safety procedures
How We Addressed	<ul style="list-style-type: none"> ✓ Quarterly and annual statement briefings ✓ On demand response to inquiries and meeting requests 	<ul style="list-style-type: none"> ✓ Public-private partnerships 	<ul style="list-style-type: none"> ✓ Data-driven solutioning ✓ Refer Sustainability Matters 'Responsible procurement practices and occupational health and safety measures'

SUSTAINABILITY STATEMENT (CONT'D)

							
Customers (Consumer)		Suppliers and Industry Peers/Partners		Employees		Local Communities	
<input checked="" type="checkbox"/> Qualitative and quantitative market research participation <input checked="" type="checkbox"/> Feedback sessions during onground events and exhibitions <input checked="" type="checkbox"/> Customer service channels (Email and call centre) <input checked="" type="checkbox"/> Social media (Facebook, Instagram, LinkedIn, Twitter)	Periodic Ongoing Ongoing Ongoing	<input checked="" type="checkbox"/> Meetings, townhall sessions <input checked="" type="checkbox"/> Participation in exhibitions <input checked="" type="checkbox"/> Networking gatherings <input checked="" type="checkbox"/> Product presentations	At least once a year Ad-hoc At least once a year At least twice a year	<input checked="" type="checkbox"/> Regular communications via email blasts and quarterly publications <input checked="" type="checkbox"/> Townhall and dialogue sessions <input checked="" type="checkbox"/> Social activities via the recreational club <input checked="" type="checkbox"/> Union meetings	Ongoing At least twice a year At least once a year At least once a year	<input checked="" type="checkbox"/> Site visits to NGOs <input checked="" type="checkbox"/> Community-focused events organised by the Group <input checked="" type="checkbox"/> Sponsorships/donations <input checked="" type="checkbox"/> On-site visit to HQ and printing plant	Ongoing Ongoing Ongoing
<input checked="" type="checkbox"/> The Star cover price cost vs no. of pages (content) <input checked="" type="checkbox"/> Content direction/balanced reporting		<input checked="" type="checkbox"/> Business direction <input checked="" type="checkbox"/> Procurement <input checked="" type="checkbox"/> Knowledge sharing <input checked="" type="checkbox"/> Safety procedures		<input checked="" type="checkbox"/> Human capital development <input checked="" type="checkbox"/> Safety <input checked="" type="checkbox"/> Governance <input checked="" type="checkbox"/> Corporate developments		<input checked="" type="checkbox"/> Education <input checked="" type="checkbox"/> Social assistance <input checked="" type="checkbox"/> Funding <input checked="" type="checkbox"/> Publicity	
<input checked="" type="checkbox"/> Stringent fact-checking processes <input checked="" type="checkbox"/> Refreshed editorial system <input checked="" type="checkbox"/> Responsive editorial direction <input checked="" type="checkbox"/> Refer Sustainability Matter 'Content creation, sourcing and management'		<input checked="" type="checkbox"/> On-site visit to HQ and printing plant <input checked="" type="checkbox"/> Refer Sustainability Matters 'Responsible procurement practices and Occupational health and safety measures'		<input checked="" type="checkbox"/> Diverse workforce <input checked="" type="checkbox"/> Training and development programmes <input checked="" type="checkbox"/> Career planning and development <input checked="" type="checkbox"/> Code of Ethics <input checked="" type="checkbox"/> Refer Sustainability Matters 'Diversity, Labour practice and decent work and occupational health and safety measures'		<input checked="" type="checkbox"/> Education workshops and activities <input checked="" type="checkbox"/> Funding via Star Foundation <input checked="" type="checkbox"/> Medical Fund Programme <input checked="" type="checkbox"/> Wheelchair programme <input checked="" type="checkbox"/> Awareness building through editorial campaigns <input checked="" type="checkbox"/> Refer Sustainability Matters 'Community investment and Quality education for a better society'	

SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY

To determine materiality, Star Media Group worked closely with its department heads as well as external stakeholder groups. Feedback obtained via these sessions were mapped against the Group's business priorities and direction as well as risk considerations.

Following this, a risk assessment exercise was carried out to gauge impact of the sustainability matters to the Group.



SUSTAINABILITY STATEMENT (CONT'D)

OUR SUSTAINABILITY COMMITMENTS

1.

CONTENT CREATION, SOURCING AND MANAGEMENT

Upholding our responsibility as the fourth estate



As a media company, content creation forms the foundation in which the Group sits on. As custodian of the preferred source of English news for Malaysians, we have the responsibility to ensure the content we produce and publish is accurate, credible and truthful. Trust is an important measure of our success as a media organisation and we are happy to inform that we are among the most trusted news sources for Malaysians according to Reuters Institute.*

The content teams are guided by strict and clear guidelines and standard operating procedures that ensure we are able to consistently deliver accurate and credible news and content.

There is also a recurring feedback loop from readers, viewers and followers that allows for the content team to adapt, adjust and improve on content direction in order to better meet the expectations of its audience. This occurs through social media engagements, letters to the editor, emails, content team's participation in panel discussions, forums, conferences, market research and direct feedback through roadshows.

For dimsum (our video-on-demand (VOD) offering), there is a Content Management Committee ("CMC") to oversee the purchase of content. The CMC consists of dimsum's content team, Chief Marketing Officer, Star Media Group's Group Chief Operating Officer and Group Managing Director/CEO. Content are sourced by identifying global and regional trends, which are then adopted locally to meet the suitability and preference of the local market. Fair and transparent processes are part of the content sourcing practice.

2.

RESPONSIBLE PROCUREMENT PRACTICES

Gearing for sustainability throughout the supply chain



A significant portion of Star Media Group's procurement activities involve local suppliers. From the purchase of raw materials, to production of marketing collateral and enlisting consultancy services, we continue to prioritise local suppliers across the Group. Where instances of procuring beyond local borders occurred, it has been on the basis of availability and capability.

The Group is also guided by our Procurement Policy that sets the parameters for our practices.

The supplier-buyer relationship is regularly reviewed and improved upon to comply with international standards. Our newsprint supplies are sourced from sustainably-managed forests and from environmentally responsible mills. The mills are Forest Stewardship Council ("FSC") certified/ accredited or equivalent, and produce their newsprint from well-managed forests or sustainable sources.

* Source: www.digitalnewsreport.org [2018]

SUSTAINABILITY STATEMENT (CONT'D)

The FTC is an international body, which accredits certification to organisations to guarantee the authenticity of their claims. The goal of FTC is to promote environmentally responsible, socially beneficial and economically viable management of the world's forests.

Star Media Group's Role in the Industry

Member of Malaysian Newspaper Publishers Association ("MNPA") and Malaysian Press Institute ("MPI")

Member of Asia News Network ("ANN") and World Association of Newspapers and News Publishers ("WAN-IFRA")

Member of the Malaysian Retail Chain Association & council member of Communications and Multimedia Content Forum of Malaysia ("CMCF")

Star Media Group has in place guidelines and policies to guide us in our day-to-day operations, ensuring we always hold ourselves to a high standard:

Procurement Policy

IT Usage and Security Policy

Whistleblowing Policy

Anti-money Laundering & Counter Terrorism Financing

Code of Conduct and Ethics

Guidelines to a Donation

Related Party Transaction Policies and Procedures

Human Resource Policy

3.

ENERGY MANAGEMENT (RENEWABLE ENERGY)

*Optimising consumption and
minimising environmental footprint*



Star Media Group's rooftop solar generation project was launched in 2014 with its 500 kWp rooftop solar plant. Since then, it has proven to not only reduce CO₂ emissions from the TND grid system, but created an alternative revenue stream for the Group.

**2,705,334
KWH**

**OF SOLAR ENERGY
GENERATED FROM
ROOFTOP SOLAR
GENERATION PROJECT
SINCE 2014**

IN TURN GENERATING

RM3.14M

**GROSS REVENUE TO THE
GROUP**

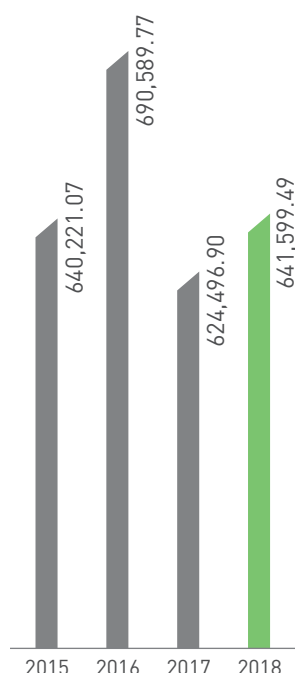
SUSTAINABILITY STATEMENT (CONT'D)

2018 GROSS REVENUE AT
RM641,599

OVERALL REDUCTION OF APPROXIMATELY

1,972 TONNES
OF CO₂ EMISSIONS FROM
TNB GRID SYSTEM

Solar Yield 2015 - 2018



Note:

CO₂ emissions are calculated using the Greentech Malaysia online carbon calculator (i.e. 1 MWh = 741 kg CO₂)

4.

MATERIALS

Making the most of our materials



THE STAR
NEWSPAPER IS
PRINTED ON



**100%
RECYCLED
NEWSPRINT**

WE COMPLY WITH
ISO 12647-3 & ISO 2846-2

**7% YIELD INCREASE PER
KG ON 42GSM VS 45GSM**

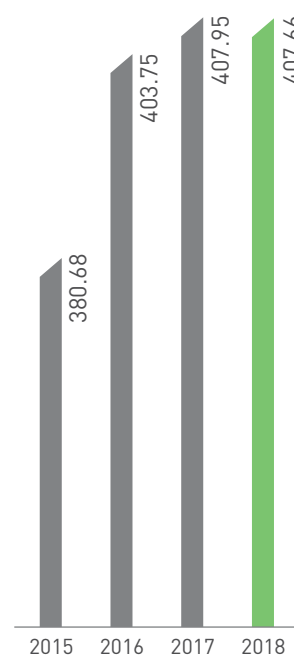
Paper & Ink

The Star newspaper, Malaysia's leading English daily, is printed each day on 100% recycled newsprint, meeting the ISO 12647-3 requirement for best print results. Compliance with this standard also subjects us to the pre-defined process control procedures for production of halftone colour separation, proofing and printing of newspaper.

Our move to 42gsm since 2016 has also significantly increased the yield per kg compared to previous runs on 45gsm, thereby increasing efficiency and productivity of the printing process. We continue to work closely with newsprint manufacturers to procure the most efficient products that minimise press run wastage.

In addition, we work with our ink suppliers to ensure compliance to the ISO 2846-2 standard.

Newsprint Yield



SUSTAINABILITY STATEMENT (CONT'D)



Effective Printing Plant Practices

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

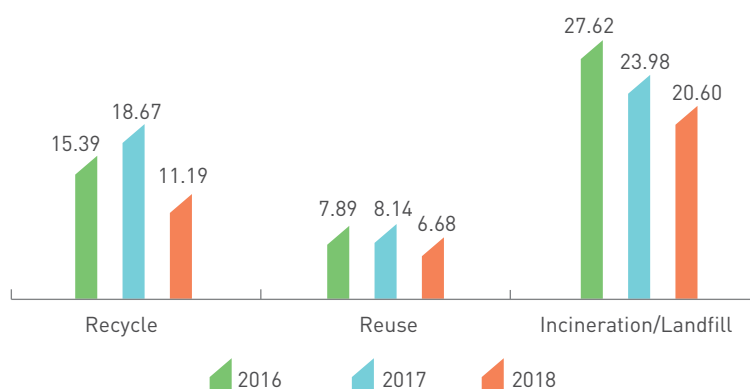
Scheduled waste is collected, stored and disposed by contractors licensed by the Department of Environment ("DOE") and done on a weekly basis, as per the requirements of the Environment Act.

Quarterly Environment Performance Monitoring Committee ("EPMC") meetings are conducted in compliance with the latest Guidelines for Self Regulation required by DOE.

Scheduled Waste Disposal By Year (2016 to 2018)

Waste Category	Waste Code	2016	2017	2018
E-Waste	SW 110	0.190	0.140	0.19
Sludge from WWTP	SW 204	3.880	5.390	3.67
Spent Lubricating Oil	SW 305	0.830	3.400	2.25
Spent Non-Halogenated Organic Solvents	SW 322	25.530	22.590	18.76
Container contaminated with schedule waste	SW 409	0.560	0.536	0.44
Used rags and filters	SW 410	14.560	15.270	8.94
Spent activated carbon	SW 411	1.900	1.250	1.65
Ink Waste	SW 417	3.450	2.210	2.57
Total (MT)		50.900	50.786	38.47

Scheduled Waste Disposal Composition



SUSTAINABILITY STATEMENT (CONT'D)

6.

ANTI-CORRUPTION

Fighting corruption through organisational culture and accountability



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

Having said this, we note there was one incident of an employee charged with bribery unrelated to his employment or work. The said employee is currently appealing his case and awaiting final decision from the Courts.

In view of this and in line with recent amendments to MACC Act (Section 17A) which places more accountability on organisations to prevent acts of work-related corruption, the Group is reviewing its existing policies and practices, with the aim of tightening controls and ensuring such acts are not committed in the line of duty. Efforts will also be made to ensure all employees are made aware and educated on these policies.

7.

DIVERSITY

Where diversity is the norm

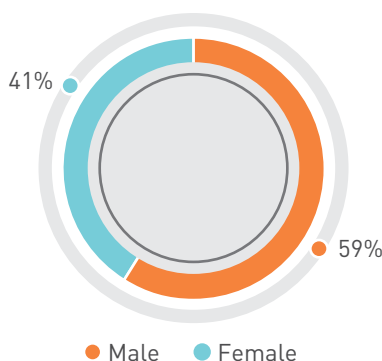


The Star's ability to commit to its tagline of 'the People's Paper' is also attributed to the diversity of our people across the group, mirroring the diversity of Malaysians as a whole. Diversity as defined by the Group cuts across race, gender, age, disability or status.

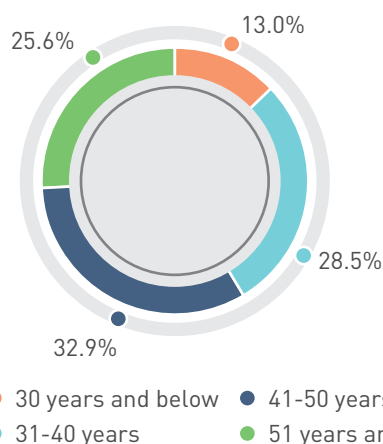
The Group's policies and initiatives such as recruitment, retention, training and development, as well as Group-sponsored corporate and social activities are all implemented in a manner that celebrates diversity.

33%
WOMEN IN SENIOR MANAGEMENT

Employee Gender Composition

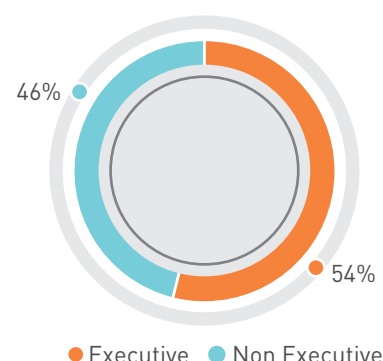


Workforce Age Composition

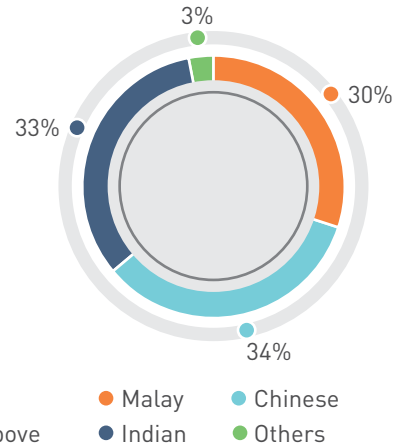


2 EMPLOYEES WITH DISABILITY

Employee Category Composition



Employee Ethnicity Composition



SUSTAINABILITY STATEMENT (CONT'D)

8.

LABOUR PRACTICE AND DECENT WORK

Building on a culture of mutual respect, integrity and commitment to excellence



The success of the Group to date is attributed to the commitment and dedication of our people - our *STARS*. Our employment practices are underpinned by the principles of fair treatment and a balance between performance, pay and participation.

Engagement

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

Workforce

1,324 STARS
ACROSS 7 OPERATING COMPANIES.



Entity	Headcount
Star Media Group Berhad	940
Star Media Radio Group Sdn. Bhd.	118
SMG Business Services Sdn. Bhd.	145
SMG Entertainment Sdn. Bhd.	64
I.Star Ideas Factory Sdn. Bhd.	14
I.Star Events Sdn. Bhd.	5
Star Property Sdn. Bhd.	38

SUSTAINABILITY STATEMENT (CONT'D)

Practices & Benefits

We continue to implement several initiatives to ensure our people achieve their full potential and are able to give their best. This includes competitive pay and benefits, retirement benefit schemes and long service awards. Having a good staff retention scheme, coupled with the right hiring, is essential to build a workforce that is balanced in terms of experience and energy.

In 2018, we continued to uphold our tradition of recognising employees who have contributed to the Group's success through the years. In conjunction with the Company's 47th anniversary, a total of 63 employees were recognised for their worthy contributions and given long-service awards.



Recipients of the long-service award together with Star Media Group's senior management team and Board.

Service Tiers	Recipients
15 years continuous service	41 employees
25 years continuous service	22 employees

Talent Development and Succession Planning

An annual appraisal system ensures that promotions, developments and rewards are carried out based on meritocracy and fairness. This ensures the Star Media Group family remains a well-balanced, safe and harmonious one.

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

Star Media Group has developed and implemented a competency framework across the Group to identify and outline specifically the required standards of knowledge,

72%
OF EMPLOYEES ATTENDED TRAINING

skills, and behaviours required for successful job performance. The competency assessment serves to evaluate the competency levels of all employees as well as identify their competencies and skills gaps.

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

Programmes	Employees Trained	
	2017	2018
Internal Programmes	844	722
External Programmes	271	241

SUSTAINABILITY STATEMENT (CONT'D)

9.

OCCUPATIONAL HEALTH AND SAFETY MEASURES

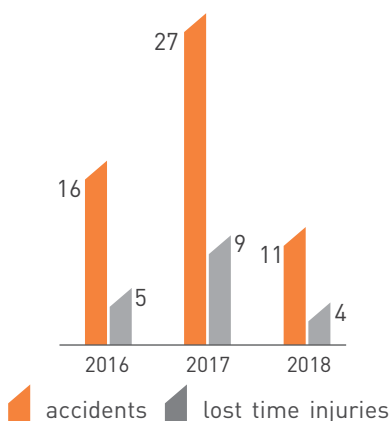
Towards a safe, accident-free environment



For our people to perform and deliver their best, a safe, hazard-free environment is a must. In 2018, we recorded an improvement in work-related accidents which were attributed to the following measures taken:

- A motorcycle safety campaign was held at Star Media Hub
- Diligent safety inspections by the Location Safety and Health committee prior to each safety meeting.
- Safety toolbox briefings to Printers were conducted to not only report slippery floors on site but to take the initiative to clean it up themselves.

WORK ACCIDENTS AND LOST TIME INJURIES



Safety & Health Activities

In May 2018, Star Media Group participated in the national “World OSH Day” 2018 followed by “Workplace Accident Free Week” in July 2018 which was organised by the Selangor state Safety and Health Department.

Campaigns and Activities carried out by Occupational Safety and Health (“OSH”) Committees in 2018

Basic Fire Fighting

Safety Campaigns

First Aid Competency course

Quarterly safety inspections and committee meetings

Safe Chemical Handling

Annual fire drills in Star Media Hub and Menara Star

Chemical Spill

Fire fighting systems (Security personnel)

Emergency Response



A demonstration on the proper usage of a fire extinguisher during Star Media Group’s annual fire drill exercise.

SUSTAINABILITY STATEMENT (CONT'D)

Safety Practices

At Star Media Group we have consistently complied with all safety, health and environment requirements as required by law, namely the Occupational Safety and Health Act 1994 and Environmental Quality Act 1974 and its regulations.

Each work location has its own OSH Committees, while our printing facilities have an additional committee called EPMC Committee.

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

MINIMUM

12-PERSON
OSH COMMITTEE FOR
EACH WORK LOCATION



40% OF OSH
COMMITTEE COMPRISES
MANAGEMENT

10.

COMMUNITY INVESTMENT

Practicing what we preach



While our primary role as a news and media company is to inform, entertain and educate, the United Nation's goal of *Leave No One Behind* is one that closely resonates with us as an organisation. As a citizen watchdog, we are also very much aware and attuned to the challenges faced by vulnerable communities and recognise that we are in a good position to be able to extend assistance that may contribute to the improvement in quality of life for many Malaysians.

Star Foundation

As the Group's charitable arm, Star Foundation is tasked with raising, receiving and administering funds for various causes as per its charter.

Star Foundation donated RM943,000 in 2018 to various non-profit organisations nationwide including co-sponsoring three vans for three non-profit organisations which are from Pahang, Melaka and Selangor. Financial contributions were also provided to assist organisations in their operating expenses, upgrading of facilities and running of existing programmes.

RM943,000
DONATED TO VARIOUS SOCIAL CAUSES



SUSTAINABILITY STATEMENT (CONT'D)



Some of the recipients of Star Foundation's financial assistance.



17 EDUCATION/TRAINING FOR DISABLED



11 EDUCATION/TRAINING FOR OTHER VULNERABLE COMMUNITIES



3 HEALTHCARE CENTRES FOR VULNERABLE COMMUNITIES



Presentation of wheelchairs to an NGO.

Wheelchair Programme

As part of the Group's dedication and commitment to extending assistance to marginalised communities, Star Foundation continued its ongoing efforts through the Wheelchair Programme by providing wheelchairs to those in need. In 2018, 21 wheelchairs were donated to individuals and NGOs desperately in need of mobility support, making it a total of 170 wheelchairs distributed since the programme's inception in 2017.

SUSTAINABILITY STATEMENT (CONT'D)

Little Yu Jian needs RM60k for surgery
Seizure-causing disease at risk of spreading to healthy left side of three-year-old's brain

By NIKH LOKH
lokhnikh@the-star.com.my

KUALA LUMPUR: While his three-year-old son suffers from several seizures, Ng Yu Jian could only be on a daily routine.

The father of the boy, Yu Jian, was diagnosed with refractory epilepsy due to a condition called right hemisphere dysplasia, several months after birth.

Yu Jian's father, Ng, 34, said his condition prevented his ability to read and write.

"The condition has limits around. While conscious, he could do things for only a short while," he said when one of their homes in KPT Permatang Bharu.

Ng, an insurance agent, said initially Yu Jian would have epileptic seizures about once every two months.

Some degree increased, he has epileptic seizures once every two weeks or a month.

"And whenever he has a seizure, he becomes unconscious for about half an hour."

"He will drive him to the Taping Hospital, which is about an hour away," he said.

Ng said over the years, he has taken Yu Jian to several doctors at private and public hospitals.

"He was referred by the Department of Paediatric Neurology in Hospital Kuala Lumpur and then they recommended a major surgical procedure that would prevent the seizures spreading from the damaged right half of the brain to the healthy left half."

"We were referred to the Neurosurgery Medical Centre, in view of their expertise and experience with this procedure," he said.

The neurosurgeon at the Neurosurgery Medical Centre explained that as Yu Jian has not shown any response to multiple medications, the surgical procedure, which offers a chance of 60-70% of complete seizure control, was a reasonable option in Yu Jian's situation.

The total cost of the surgery and hospitalisation would be about RM60,000.

Ng said he suffered from anxiety months after his son's condition was diagnosed.

"After his condition was diagnosed, I got depressed," he said.

"My wife and I are also fearful about having more children as it will be a heavy financial burden," he said. They have another six-year-old son.

The Star Foundation Medical Fund Programme hopes to raise about RM60,000 for the surgery and travelling expenses.

Some donations will be used for the non-durable patient.

Donations can be made via cheque, credit or debit card and bank transfer.

Donors will receive a receipt and will be in the Medical Fund - Donations Book at <http://the-star.com.my/medical-fund-programme>.

For a full exemption receipt to be issued, the completed form attached with the proof of transfer should be e-mailed to info@starfoundation.org.my.

The Foundation has been raising and administering funds for various causes.

The Medical Fund Programme was set up in 2013 to help more underprivileged and families in dire need of financial aid and medical attention.

For details, call Star Foundation at 03-7967 1388 (ext 1040).

Watch the video the-star.com



Medical Fund Programme

Introduced in 2015, the Medical Fund Programme is an initiative under Star Foundation established to support underprivileged individuals suffering from chronic illnesses by funding their medical treatment and care. Approved medical cases are highlighted in The Star, which enables the public to be actively involved and respond through donations. Star Foundation is entrusted to manage public donations on top of contributions from Star Media Group Berhad.

In 2018, Star Foundation highlighted the plight of Ng Yu Jian, a three-year old boy suffering from refractory epilepsy who was in need of a major surgical procedure that would prevent the seizures from spreading to the healthy left half of his brain. The Foundation set out to raise funds for RM60,000 to support his surgery cost and travelling expenses. With overwhelming help from the kind and generous public, the Fund collected RM117,970 for Yu Jian's case. Surplus funds have been placed under the generic Medical Fund Programme which will be used for the next qualified patient.

This collective effort between the public and corporate have brought about marked improvements in recipients' health and wellbeing, which truly changes their lives for the better.

11.

QUALITY EDUCATION FOR A BETTER SOCIETY

Education, the foundation to a developed society



Education has been a mainstay on the Group's agenda from both a business and social perspective for decades. From the initial days of The Star newspaper, there was a realisation that literacy among Malaysians and continued interest in journalism as a career path were both critical to ensuring the sustainability of the business. The former would ensure continued demand for English content while the latter would ensure continued supply of quality news and content.

SUSTAINABILITY STATEMENT (CONT'D)

At the same time, the Group has also been in a privileged position to offer access to quality education for the underprivileged through specific programmes organised. As such, the Group divides this matter into three broad themes, with subsequent programmes and initiatives that deliver on the commitments:

Access to quality education for all

- ☑ Star Education Fund
- ☑ Star Education Fair
- ☑ KUNTUM magazine & workshops

Advocating for English literacy

- ☑ Newspaper-In-Education ("NIE") Programme
- ☑ English for Better Opportunities ("EBO") Campaign

Journalism as a sustainable career path

- ☑ BRATS Journalism Campus
- ☑ Editorial internships

Star Education Fund

Through Star Education Fund, the Group has helped some 4,000 deserving underprivileged students from across Malaysia go through tertiary education and open their pathways for a bright future.

In 2018, the Fund celebrated its 25th anniversary by organising an alumni dinner and continuing the work of awarding scholarships to 150 students amounting to RM9.4 million scholarship value.

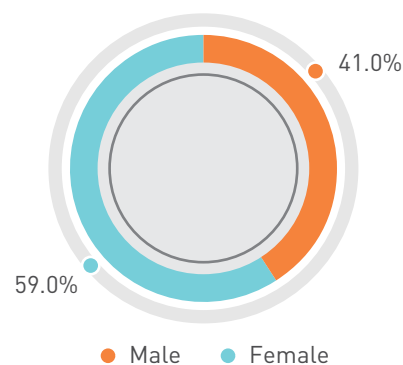
150
SCHOLARSHIPS AWARDED



RM9.4
MILLION
SCHOLARSHIP VALUE

The Star Education Fund is managed by a dedicated unit that helps ensure a wide variety of disciplines offered by credible institutions are available under the programme. This ranges from Diploma certification to professional certificates covering both arts and sciences and across different disciplines. The unit also reviews each application according to a predefined set of guidelines that help ensure fair and equitable distribution of the scholarships. For the full list of partner institutions and the subsequent scholarships available, refer to sites.thestar.com.my/edufund.

Gender breakdown of 2018 recipients



A group shot of Star Media Group, partners, alumni and 2018 scholarship recipients.

SUSTAINABILITY STATEMENT (CONT'D)

Newspaper-In-Education programme ("NIE")



Winners of the StarFlicks movie contest, organised as part of The Star's NiE programme.

For more than two decades, The Star's Newspaper-In-Education ("NIE") have helped Malaysian students strengthen their English proficiency through interactive projects that use the newspaper as a delivery tool.

Endorsed by the Malaysian Education Ministry, 33 issues are published each year and distributed to subscribing schools nationwide. Written by experienced English language teachers and specialists, each issue is produced according to the national syllabus and is presented in a fun, easy to digest manner.

The programme is managed by a dedicated NiE team that oversees the planning, production and execution of the programme according to the strict guidelines set by the Education Ministry.

In 2018, workshops were held in 98 schools across Malaysia to teach students and teachers on how to use the pullout and incorporate them into the classroom. In Kuala Terengganu alone, 240 students attended the workshop at Primula Hotel.

The Star's BRATs Programme - Journalism Campus



BRATs participants at Resorts World Kijal, Terengganu where they learned the basics of multimedia journalism from the R.AGE team, The Star's award-winning investigative documentary and social impact journalism team.

For the news and media industry to survive, there needs to be sustained interest in journalism as a profession. Since 1993, The Star has played its part through the organising of a highly successful teen journalism campus. Three times a year, a group of young, aspiring journalism students are brought to a city to cover current issues or topics of interest unique to the city. The programme boasts an enviable alumni that comprises successful professionals with a number who have become public figures.

In 2018, the camps took place in Genting, Terengganu and Langkawi with a total of 75 participants.

SUSTAINABILITY STATEMENT (CONT'D)

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SUSTAINABILITY STATEMENT (CONT'D)

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Sustainability Matter: Occupational Health & Safety Measures	Page 100
Why they are important	Page 100
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FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	5,459	26,121
Attributable to:		
Owners of the parent	5,226	26,121
Non-controlling interests	233	-
	5,459	26,121

DIVIDENDS

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

	Company RM'000
In respect of the financial year ended 31 December 2017:	
Second interim single tier dividend of 6.0 sen per ordinary share, paid on 18 April 2018	44,273

Subsequent to the financial year, on 26 February 2019, the Directors declared an interim single tier dividend of 3.0 sen per ordinary share, which amounted to approximately RM22,136,000 in respect of the financial year ended 31 December 2018. The dividend is payable on 18 April 2019 to the shareholders whose names appear in the Record of Depositors at the close of business on 29 March 2019.

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

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

DIRECTORS' REPORT (CONT'D)

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

SHARE BUY-BACK

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

The Company did not repurchase any shares from the open market during the financial year.

DIRECTORS

The Directors who have held office during the financial year and up to date of this report are as follows:

Star Media Group Berhad

Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan
Tan Sri Dato' Sri IR Kuan Peng Ching @ Kuan Peng Soon
Dato' Dr. Mohd Aminuddin bin Mohd Rouse
Mr. Choong Tuck Oon
Madam Wong You Fong
Mr. Chan Seng Fatt (appointed on 11 August 2018)
Mr. Loh Chee Can (appointed on 3 January 2019)
Mr. Lee Siang Korn @ Lee Siang Chin (resigned on 10 August 2018)
Datin Linda Ngiam Pick Ngoh (retired on 15 May 2018)
Datuk Seri Wong Chun Wai (retired on 1 January 2019)

DIRECTORS' REPORT (CONT'D)

DIRECTORS (CONT'D)

The Directors who have held office during the financial year and up to date of this report are as follows (cont'd):

Subsidiaries of Star Media Group Berhad

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

Dato' Dr. Mohd Aminuddin bin Mohd Rouse
 Datuk Seri Wong Chun Wai
 Dato' Law Song Ting
 Dato' Boey Chin Gan
 Mr. Ragesh Rajendran
 Mr. Roy Tan Kong Weng
 Mr. Chan Shiang Chiat
 Mr. Victor Ng Fook Ai
 Datuk Kan King Seong*
 Ms. Lim Bee Leng*

**Resigned during the current financial year*

DIRECTORS' INTERESTS

The Director holding office at the end of the financial year and his beneficial interest in ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2018 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia was as follows:

	[---- Number of ordinary shares ----]			
	Balance as at 1.1.2018	Bought	Sold	Balance as at 31.12.2018
<u>Shares in the Company</u>				
<i>Direct interest</i>				
Datuk Seri Wong Chun Wai	20,000	-	-	20,000

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

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS

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

- (a) remuneration received by certain Directors as Directors of the subsidiaries; and
- (b) certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which these Directors have substantial financial interests as disclosed in Note 30 to the financial statements.

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

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 30 to the financial statements.

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

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

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)

(I) AS AT THE END OF THE FINANCIAL YEAR (CONT'D)

- (b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

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

(III) AS AT THE DATE OF THIS REPORT

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

DIRECTORS' REPORT (CONT'D)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 34 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

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

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

BDO PLT (LLP0018825-LCA & AF 0206) was registered on 2 January 2019 and with effect from that date, BDO (AF 0206), a conventional partnership was converted to a limited liability partnership.

The details of the auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2018 are disclosed in Note 24 to the financial statements.

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

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

Director

Petaling Jaya
28 March 2019

Dato' Dr. Mohd Aminuddin bin Mohd Rouse

Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 123 to 213 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

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

Director

Petaling Jaya
28 March 2019

.....
Dato' Dr. Mohd Aminuddin bin Mohd Rouse

Director

STATUTORY DECLARATION

I, Ragesh Rajendran (CA 10232), being the officer primarily responsible for the financial management of Star Media Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 123 to 213 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Petaling Jaya this)
28 March 2019)

Before me:

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STAR MEDIA GROUP BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Star Media Group Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 123 to 213.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

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

Key Audit Matters (CONT'D)

a) Impairment assessment of the carrying amount of goodwill

Goodwill of the Group is mainly allocated to one (1) cash generating unit ("CGU"), which is radio broadcasting with a net carrying amount of RM21,932,000 as disclosed in Note 7 to the financial statements. In relation to this, management is required to perform impairment assessment on an annual basis.

We determined this to be a key audit matter because it requires management to exercise significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the CGU in determining the recoverable amount. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates.

Audit response

Our audit procedures included the following:

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

b) Impairment of trade receivables

As at 31 December 2018, trade receivables of the Group and the Company were RM44.2 million and RM36.1 million respectively, as disclosed in Note 11 to the financial statements.

The Group and the Company have further impaired trade receivables amounted to RM2.1 million and RM0.9 million respectively during the financial year.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the probability of default by trade receivables and appropriate forward-looking information.

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

Key Audit Matters (CONT'D)

b) Impairment of trade receivables (cont'd)

Audit response

Our audit procedures included the following:

- (i) recomputed the probability of default using historical data and forward looking information adjustment applied by the Group and the Company;
- (ii) recomputed the correlation coefficient between forward-looking information used by the Group and the Company and historical losses to determine the appropriateness of the forward-looking information used; and
- (iii) inquiries of management to assess the rationale underlying the relationship between the forward-looking information (i.e. advertising expenditure ("ADEX")) and expected credit losses.

c) Impairment assessment of the carrying amounts of investments in subsidiaries

As at 31 December 2018, investments in subsidiaries of the Company were RM110.9 million as disclosed in Note 8 to the financial statements. The Company had made further impairment of RM4.1 million in respect of the carrying amounts of investments in subsidiaries during the financial year.

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

Audit response

Our audit procedures included the following:

- (i) challenged assessment of management that no further impairment losses on investments was required based on recoverable amounts of the subsidiaries;
- (ii) compared cash flow projections against recent performance, and assessed and challenged key assumptions in projections to available external industry sources of data, where applicable;
- (iii) compared prior period projections to actual outcomes to assess reliability of management forecasting process;
- (iv) verified gross profit margins, growth rates and terminal values to support the key assumptions in projections;

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

Key Audit Matters (CONT'D)

c) Impairment assessment of the carrying amounts of investments in subsidiaries (cont'd)

Audit response (cont'd)

Our audit procedures included the following (cont'd):

- (v) verified pre-tax discount rate for each subsidiary by comparing to the weighted average cost of capital of the Company and relevant risk factors; and
- (vi) performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

d) Impairment of amounts owing by subsidiaries

As at 31 December 2018, amounts owing by subsidiaries of the Company were RM35.7 million, as disclosed in Note 11 to the financial statements.

The Company has further impaired amounts owing by subsidiaries amounted to RM5.1 million during the financial year.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the probability of default by subsidiaries, appropriate forward-looking information and significant increase in credit risk.

Audit response

Our audit procedures included the following:

- (i) recomputed probability of default using historical data and forward-looking adjustment applied by the Company;
- (ii) assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of exposure into respective stages;
- (iii) challenged management on the basis for determining cash flows recoverable, where applicable; and
- (iv) assessed actual loss events subsequent to the end of reporting period for its relationship with the indicators of significant increase in credit risk applied by management.

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matters

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

BDO PLT
LLP0018825-LCA & AF: 0206
Chartered Accountants

28 March 2019
Kuala Lumpur

Tang Seng Choon
02011/12/2019 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	311,254	330,061	303,575	323,216
Investment properties	6	141,271	137,846	141,271	137,846
Intangible assets	7	44,499	43,024	311	31
Investments in subsidiaries	8	-	-	110,881	101,814
Investments in associates	9	-	-	-	-
Other investments	10	10,250	10,660	10,250	10,660
Other receivables	11	-	-	24,328	-
Deferred tax assets	12	4,158	3,333	-	-
Total non-current assets		511,432	524,924	590,616	573,567
Current assets					
Inventories	13	36,263	25,607	36,263	25,582
Trade and other receivables	11	70,768	101,488	63,282	92,699
Derivative assets	14	39	30	39	30
Current tax assets		28,167	20,328	21,398	14,727
Cash and bank balances	15	300,030	480,807	220,234	408,177
Total current assets		435,267	628,260	341,216	541,215
TOTAL ASSETS		946,699	1,153,184	931,832	1,114,782

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018 (CONT'D)

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	16	738,564	738,564	738,564	738,564
Treasury shares	16	(1,769)	(1,769)	(1,769)	(1,769)
Reserves	17	95,487	136,818	65,916	84,897
		832,282	873,613	802,711	821,692
Non-controlling interests	8	(1,851)	1,660	-	-
TOTAL EQUITY		830,431	875,273	802,711	821,692
LIABILITIES					
Non-current liabilities					
Borrowings	19	2,599	1,455	986	1,244
Deferred tax liabilities	12	27,669	26,034	27,480	25,742
Total non-current liabilities		30,268	27,489	28,466	26,986
Current liabilities					
Trade and other payables	18	84,949	145,739	100,293	165,639
Borrowings	19	716	1,042	362	465
Medium Term Notes	20	-	100,000	-	100,000
Current tax liabilities		335	3,641	-	-
Total current liabilities		86,000	250,422	100,655	266,104
TOTAL LIABILITIES		116,268	277,911	129,121	293,090
TOTAL EQUITY AND LIABILITIES		946,699	1,153,184	931,832	1,114,782

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Continuing operations					
Revenue	21	392,680	469,189	325,846	388,757
Cost of sales and services	22	(184,384)	(254,299)	(151,667)	(212,276)
Gross profit		208,296	214,890	174,179	176,481
Other income		23,357	244,641	23,097	274,773
Distribution costs		(53,976)	(63,357)	(45,423)	(53,211)
Administrative and other expenses		(166,765)	(351,231)	(122,043)	(323,370)
Finance costs	23	(1,976)	(5,131)	(1,870)	(4,871)
Profit before tax	24	8,936	39,812	27,940	69,802
Taxation	25	(3,477)	23,105	(1,819)	25,854
Profit for the financial year from continuing operations		5,459	62,917	26,121	95,656
Discontinued operations	29				
Profit for the financial year from discontinued operations, net of tax		-	24,526	-	-
Profit for the financial year		5,459	87,443	26,121	95,656
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations	25	(129)	(7,374)	-	-
Total comprehensive income, net of tax		5,330	80,069	26,121	95,656

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit/(Loss) attributable to:					
Owners of the parent		5,226	90,293	26,121	95,656
Non-controlling interests	8	233	(2,850)	-	-
		5,459	87,443	26,121	95,656
Total comprehensive income attributable to:					
Owners of the parent		5,097	76,465	26,121	95,656
Non-controlling interests		233	3,604	-	-
		5,330	80,069	26,121	95,656
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic and diluted					
- From continuing operations		0.71	10.52		
- From discontinued operations		-	1.72		
	26	0.71	12.24		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Group	----- Attributable to equity holders of the Company-----							Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Foreign exchange translation reserve RM'000	Share option reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	
Balance as at 1 January 2017	738,564	(1,633)	13,047	6	378,671	1,128,655	109,627	1,238,282
Profit for the financial year	-	-	-	-	90,293	90,293	(2,850)	87,443
Foreign currency translations, net of tax	-	-	(13,828)	-	-	(13,828)	6,454	(7,374)
Total comprehensive income, net of tax	-	-	(13,828)	-	90,293	76,465	3,604	80,069
Transactions with owners								
Disposal of subsidiary (Note 8(f))	-	-	715	(6)	-	709	(111,081)	(110,372)
Dividends paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	(490)	(490)
Dividends paid (Note 27)	-	-	-	-	(332,080)	(332,080)	-	(332,080)
Purchase of treasury shares (Note 16)	-	(136)	-	-	-	(136)	-	(136)
Total transactions with owners	-	(136)	715	(6)	(332,080)	(331,507)	(111,571)	(443,078)
Balance as at 31 December 2017	738,564	(1,769)	(66)	-	136,884	873,613	1,660	875,273

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

Group	[----- Attributable to equity holders of the Company-----]						Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Foreign exchange translation reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000			
Balance as at 1 January 2018, as previously reported	738,564	(1,769)	(66)	136,884	873,613	1,660		875,273
Adjustments on initial application of: MFRS 9 (Note 35.1 (a))	-	-	-	(2,155)	(2,155)	(212)		(2,367)
Balance as at 1 January 2018, as restated	738,564	(1,769)	(66)	134,729	871,458	1,448		872,906
Profit for the financial year	-	-	-	5,226	5,226	233		5,459
Foreign currency translations, net of tax	-	-	(129)	-	(129)	-		(129)
Total comprehensive income, net of tax	-	-	(129)	5,226	5,097	233		5,330
Transactions with owners								
Disposal of subsidiary (Note 8(e))	-	-	-	-	-	(2,062)		(2,062)
Dividends paid to non-controlling interests of a subsidiary	-	-	-	-	-	(1,470)		(1,470)
Dividend paid (Note 27)	-	-	-	(44,273)	(44,273)	-		(44,273)
Total transactions with owners	-	-	-	(44,273)	(44,273)	(3,532)		(47,805)
Balance as at 31 December 2018	738,564	(1,769)	(195)	95,682	832,282	(1,851)		830,431

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Company	Note	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000
Balance as at 1 January 2017		738,564	(1,633)	321,321	1,058,252
Profit for the financial year		-	-	95,656	95,656
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income, net of tax		-	-	95,656	95,656
Transactions with owners					
Dividends paid	27	-	-	(332,080)	(332,080)
Purchase of treasury shares	16	-	(136)	-	(136)
Total transactions with owners		-	(136)	(332,080)	(332,216)
Balance as at 31 December 2017, as previously reported		738,564	(1,769)	84,897	821,692
Adjustments on initial application of: MFRS 9	35.1(a)	-	-	(829)	(829)
Balance as at 1 January 2018, as restated		738,564	(1,769)	84,068	820,863
Profit for the financial year		-	-	26,121	26,121
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income, net of tax		-	-	26,121	26,121
Transaction with owners					
Dividend paid	27	-	-	(44,273)	(44,273)
Total transaction with owners		-	-	(44,273)	(44,273)
Balance as at 31 December 2018		738,564	(1,769)	65,916	802,711

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax:					
- from continuing operations		8,936	39,812	27,940	69,802
- from discontinued operations		-	27,192	-	-
Adjustments for:					
Amortisation of intangible assets	7	13,857	15,476	82	477
Bad debts written off	24	-	54	-	-
Dividend income	24	-	-	(3,540)	(211,866)
Depreciation of:					
- investment properties	6	248	246	248	246
- property, plant and equipment	5	25,927	52,837	23,270	42,036
Fair value loss/(gain) on:					
- derivative assets	14	(9)	386	(9)	386
- other investments	24	410	(1,532)	410	(1,463)
Gain on disposal of:					
- investment in a subsidiary	8	(3,496)	(206,859)	-	-
- other investments	24	-	(373)	-	(373)
- property, plant and equipment		(15)	(9)	(11)	(2)
Impairment losses on:					
- amounts owing by subsidiaries	11(k)	-	-	5,094	5,487
- equity loan	8	-	-	-	29,082
- goodwill	7(a)	-	33,599	-	-
- investments in subsidiaries	8	-	-	4,146	35,807
- property, plant and equipment	5	-	69,290	-	69,290
- trade receivables	11(h)	2,118	1,180	860	1,119
Intangible assets written off	7	18	5,562	-	-
Interest expense		1,976	6,516	1,870	4,871
Interest income		(3,436)	(3,612)	(2,646)	(2,359)
Investment income	24	(8,102)	(13,274)	(7,491)	(13,178)
Property, plant and equipment written off	5	536	18,168	335	17,957
Reversal of impairment losses on:					
- amounts owing by subsidiaries	11(k)	-	-	(1,681)	(27,394)
- equity loan	8(d)	-	-	(919)	-
- trade receivables	11(h)	(899)	(132)	(387)	(60)
Share of loss of associate, net of tax	9	-	289	-	-
Unrealised loss/(gain) on foreign exchange	24	5	(1,161)	2,575	(1,076)
Waiver of debts	24	-	(69)	-	-
Operating profit before working capital changes		38,074	43,586	50,146	18,789

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)					
Operating profit before working capital changes (cont'd)		38,074	43,586	50,146	18,789
Changes in working capital:					
Inventories		(10,678)	13,019	(10,681)	13,130
Trade and other receivables		20,258	(61,460)	18,093	(4,423)
Trade and other payables		(59,268)	75,265	(64,441)	91,504
Cash (used in)/generated from operations		(11,614)	70,410	(6,883)	119,000
Tax paid		(14,231)	(20,689)	(6,491)	(16,661)
Tax refunded		667	430	-	-
Net cash (used in)/from operating activities		(25,178)	50,151	(13,374)	102,339
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions of additional interests in:					
- a subsidiary	8(g)	-	-	(15,000)	(20,000)
Deposits placed with licensed banks with original maturity of more than three (3) months		(520)	(5,918)	(632)	(10,319)
Dividend received		-	-	3,540	211,866
Interest received		3,572	2,640	3,356	1,415
Investment income received		8,102	13,274	7,491	13,178
Net advances (to)/from subsidiaries		-	-	(23,102)	80,791
Other investment redeemed upon maturity		-	29,709	-	27,201
Proceeds from disposals of:					
- a subsidiary, net of cash and bank balances disposed		3,017	304,924	-	-
- intangible assets		45	-	-	-
- property, plant and equipment		496	1,931	378	489
Purchases of:					
- intangible assets		(15,403)	(25,806)	(362)	(22)
- property, plant and equipment	5(c)	(6,677)	(45,247)	(4,331)	(26,124)
Net cash (used in)/from investing activities		(7,368)	275,507	(28,662)	278,475

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	27	(44,273)	(332,080)	(44,273)	(332,080)
Dividends paid to non-controlling interests of a subsidiary		(1,470)	(490)	-	-
Drawdowns of bank loans		-	25,735	-	-
Interest paid		(1,976)	(6,516)	(1,870)	(4,871)
Purchase of treasury shares	16	-	(136)	-	(136)
Repayments of:					
- bank loans		-	(38,462)	-	-
- hire purchase and finance lease liabilities		(1,042)	(573)	(361)	(362)
- Medium Term Note		(100,000)	-	(100,000)	-
Net cash used in financing activities		(148,761)	(352,522)	(146,504)	(337,449)
Net (decrease)/increase in cash and cash equivalents		(181,307)	(26,864)	(188,540)	43,365
Effects of exchange rate changes on cash and cash equivalents		10	2,163	(35)	(6)
Cash and cash equivalents at beginning of financial year		463,610	488,311	391,686	348,327
Cash and cash equivalents at end of financial year	15(e)	282,313	463,610	203,111	391,686

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bank loans	Medium Term Notes	Hire purchase and finance lease liabilities	
	Group RM'000	Group and Company RM'000	Group RM'000	Company RM'000
At 1 January 2017	99,925	100,000	1,811	-
Cash flows	(12,727)	-	(573)	(362)
Non-cash flows:				
- Disposal of subsidiary	(85,491)	-	(812)	-
- Effect of foreign exchange	(1,707)	-	-	-
- Purchase of property, plant and equipment	-	-	1,860	1,860
- Others	-	-	211	211
At 31 December 2017/ 1 January 2018	-	100,000	2,497	1,709
Cash flows	-	(100,000)	(1,042)	(361)
Non-cash flow:				
- Purchase of property, plant and equipment	-	-	1,860	-
At 31 December 2018	-	-	3,315	1,348

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

1. CORPORATE INFORMATION

Star Media Group Berhad (the “Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at Level 15, Menara Star, 15, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 December 2018 comprise the Company and its subsidiaries and the interests of the Group in associates. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issuance in accordance with a resolution by the Board of Directors on 28 March 2019.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 35.1 to the financial statements.

The Group and the Company applied MFRS 15 *Revenue from Contracts with Customers* and MFRS 9 *Financial Instruments* for the first time during the current financial year, using the cumulative effect method as at 1 January 2018. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

4. OPERATING SEGMENTS

Star Media Group Berhad and its subsidiaries in Malaysia are principally engaged in publication of print, digital and broadcasting. In the previous financial year and as disclosed in Note 8(f) to the financial statements, the disposal of the Singapore subsidiaries in the event, exhibition, interior and thematic segment had been completed. It had been reclassified as discontinued operations as disclosed in Note 29 to the financial statements. Two (2) of its subsidiaries in Malaysia and Singapore were principally engaged in the provision of event organising management and provision of design, build and construction of exhibition related services. Its subsidiaries in Singapore were also deriving licensing fee from intellectual property rights to hold exhibitions in various countries and delivering engaged and interactive experience for world-renowned entertainment icons. Whilst its subsidiaries in Hong Kong were principally engaged in the provision of technical operations and broadcasting support for the high definition television channel, operation of pay or cable television channel, distribution of films and sales of television channel airtime. These subsidiaries had ceased operations in the previous financial year.

The Group has arrived at four (4) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(i) Print and digital

Publication, printing and distribution of newspapers and magazines and advertising in print and electronic media and provision of on-demand internet streaming media.

(ii) Broadcasting

Operations of wireless broadcasting stations.

(iii) Event and exhibition

Provision of event organising management.

(iv) Television channel

Provision of technical operations and broadcasting support for the high definition television channel, operation of pay or cable television channel, distribution of films and sales of television channel airtime.

Other operating segments comprise operations related to the provision of human capital development including training and consultancy, investment holding, investment of assets held and online portal.

The Group evaluates performance of the operating segments on the basis of profit or loss from operations before tax not including non-recurring transactions, such as gain on disposal of a subsidiary and goodwill impairment.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total costs incurred during the period to acquire segment assets that are expected to be used for more than one year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

4. OPERATING SEGMENTS (CONT'D)

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

2018	Print and digital RM'000	Broadcasting RM'000	Event and exhibition RM'000	Television channel RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE							
Sales to external customers	338,740	29,514	17,219	-	7,207	-	392,680
Inter-segment sales	1,499	247	-	-	34,837	(36,583)	-
Total revenue	340,239	29,761	17,219	-	42,044	(36,583)	392,680
RESULTS							
Segment results	(561)	1,921	2,563	35	486	(5,070)	(626)
Finance costs	(1,870)	(106)	-	-	-	-	(1,976)
Interest income	2,339	709	89	-	299	-	3,436
Investment income	7,679	378	-	-	45	-	8,102
Profit before tax	7,587	2,902	2,652	35	830	(5,070)	8,936
Tax expense							(3,477)
Profit for the financial year							5,459
ASSETS							
Segment assets	834,970	77,805	8,876	1,481	23,567	-	946,699
LIABILITIES							
Segment liabilities	97,362	6,160	3,956	1,850	6,940	-	116,268
OTHER SEGMENT INFORMATION							
Capital expenditure	19,783	3,272	117	-	768	-	23,940
Depreciation	24,190	1,664	147	-	174	-	26,175
Amortisation	13,724	43	-	-	90	-	13,857
Gain on disposal of a subsidiary	-	-	-	-	3,496	-	3,496
Non-cash expenses other than depreciation	1,398	469	149	-	7	-	2,023

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

4. OPERATING SEGMENTS (CONT'D)

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

2017	Print and digital RM'000	Broadcasting RM'000	Event and exhibition RM'000	Television channel RM'000	Others RM'000	Elimination RM'000	Total continuing operations RM'000	Event, exhibition, interior and thematic [Discontinued operations] RM'000	Consolidated RM'000
REVENUE									
Sales to external customers	405,475	35,789	9,572	7,883	10,470	-	469,189	156,798	625,987
Inter-segment sales	2,255	696	-	-	11,951	(14,904)	(2)	2	-
Total revenue	407,730	36,485	9,572	7,883	22,421	(14,904)	469,187	156,800	625,987
RESULTS									
Segment results	(127,751)	4,519	223	(18,150)	169,773	(481)	28,133	28,790	56,923
Finance costs	(4,871)	-	-	-	(260)	-	(5,131)	(1,385)	(6,516)
Interest income	2,311	1,082	5	-	138	-	3,536	76	3,612
Investment income	13,246	-	-	-	28	-	13,274	-	13,274
Share of loss of associate	-	-	-	-	-	-	-	(289)	(289)
(Loss)/Profit before tax	(117,065)	5,601	228	(18,150)	169,679	(481)	39,812	27,192	67,004
Tax expense							23,105	(2,666)	20,439
Profit for the financial year							62,917	24,526	87,443
ASSETS									
Segment assets	1,054,116	75,368	6,088	1,857	15,755	-	1,153,184	-	1,153,184
LIABILITIES									
Segment liabilities	246,037	5,876	2,976	2,359	20,663	-	277,911	-	277,911

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

4. OPERATING SEGMENTS (CONT'D)

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

	Print and digital RM'000	Broadcasting RM'000	Event and exhibition RM'000	Television channel RM'000	Others RM'000	Elimination RM'000	Total continuing operations RM'000	Event, exhibition, interior and thematic (Discontinued operations) RM'000	Consolidated RM'000
2017									
OTHER SEGMENT INFORMATION									
Capital expenditure	50,244	376	162	4,442	124	-	55,348	17,565	72,913
Depreciation	42,761	1,650	135	71	312	-	44,929	8,154	53,083
Amortisation	8,707	70	-	5,326	27	-	14,130	1,346	15,476
Gain on disposal of a subsidiary	-	-	-	-	206,859	-	206,859	-	206,859
Impairment losses on goodwill	-	-	-	-	33,599	-	33,599	-	33,599
Impairment losses on property, plant and equipment	69,290	-	-	-	-	-	69,290	-	69,290
Non-cash expenses other than depreciation	17,957	-	-	9	-	-	17,966	-	17,966

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

4. OPERATING SEGMENTS (CONT'D)

Geographical information

The Group operates mainly in Malaysia. In presenting information on the basis of geographical areas, segment revenue is based on the geographical location from which the sales transactions originated.

Segment assets are based on the geographical location of the assets of the Group.

Segment revenue and segment assets information based on geographical information are as follows:

	Revenue		Segment assets	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CONTINUING OPERATIONS				
Malaysia	391,269	462,204	945,518	1,151,350
Singapore	1,337	775	555	685
United States of America	-	6	-	-
Others	74	6,204	626	1,149
	392,680	469,189	946,699	1,153,184

Major customers

There are no major customers with revenue equal or more than ten percent (10%) of the Group revenue. As such, information on major customers is not presented.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

Group 2018	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold land RM'000	Leasehold buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment, renovations and motor vehicles RM'000	Plant and building under construction RM'000	Total RM'000
Cost								
At 1 January	46,447	127,096	4,801	21,966	524,314	129,576	53,445	907,645
Additions	-	-	-	251	3,338	4,658	290	8,537
Disposals	-	-	-	-	-	(1,678)	-	(1,678)
Disposal of a subsidiary (Note 8(e))	-	-	-	-	-	(1,552)	-	(1,552)
Reclassifications	-	-	-	-	53,246	-	(53,246)	-
Written off	-	-	-	-	(5,292)	(5,497)	-	(10,789)
At 31 December	46,447	127,096	4,801	22,217	575,606	125,507	489	902,163
Accumulated depreciation								
At 1 January	-	39,982	1,445	7,139	344,490	114,360	-	507,416
Charge for the financial year	-	2,541	53	449	17,588	5,296	-	25,927
Disposals	-	-	-	-	-	(1,197)	-	(1,197)
Disposal of a subsidiary (Note 8(e))	-	-	-	-	-	(1,152)	-	(1,152)
Written off	-	-	-	-	(5,031)	(5,222)	-	(10,253)
At 31 December	-	42,523	1,498	7,588	357,047	112,085	-	520,741
Accumulated impairment								
At 1 January/31 December	-	-	-	-	70,102	66	-	70,168
Carrying amount								
At 31 December	46,447	84,573	3,303	14,629	148,457	13,356	489	311,254

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2017	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold land RM'000	Leasehold buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment, renovations and motor vehicles RM'000	Exhibition services assets RM'000	Plant and building under construction RM'000	Total RM'000
Cost									
At 1 January	46,447	127,096	4,801	21,966	637,520	165,095	139,073	40,004	1,182,002
Additions	-	-	-	-	2,095	10,298	9,603	25,111	47,107
Disposals	-	-	-	-	(773)	(3,234)	(252)	(951)	(5,210)
Disposal of a subsidiary (Note 8(f))	-	-	-	-	(546)	(35,982)	(143,356)	(10,396)	(190,280)
Written off	-	-	-	-	(113,978)	(5,899)	(26)	-	(119,903)
Exchange adjustments	-	-	-	-	(4)	(702)	(5,042)	(323)	(6,071)
At 31 December	46,447	127,096	4,801	21,966	524,314	129,576	-	53,445	907,645
Accumulated depreciation									
At 1 January	-	37,441	1,392	6,688	405,532	132,631	25,147	-	608,831
Charge for the financial year	-	2,541	53	451	36,096	7,054	6,642	-	52,837
Disposals	-	-	-	-	(763)	(2,524)	(1)	-	(3,288)
Disposal of a subsidiary (Note 8(f))	-	-	-	-	(287)	(16,963)	(31,133)	-	(48,383)
Written off	-	-	-	-	(96,088)	(5,646)	(1)	-	(101,735)
Exchange adjustments	-	-	-	-	-	(192)	(654)	-	(846)
At 31 December	-	39,982	1,445	7,139	344,490	114,360	-	-	507,416
Accumulated impairment									
At 1 January	-	-	-	-	937	7	1,047	-	1,991
Charge for the financial year	-	-	-	-	69,224	66	-	-	69,290
Disposal of a subsidiary (Note 8(f))	-	-	-	-	(59)	(7)	(1,047)	-	(1,113)
At 31 December	-	-	-	-	70,102	66	-	-	70,168
Carrying amount									
At 31 December	46,447	87,114	3,356	14,827	109,722	15,150	-	53,445	330,061

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company 2018	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold land RM'000	Leasehold buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment, renovations and motor vehicles RM'000	Plant and building under construction RM'000	Total RM'000
Cost								
At 1 January	46,447	127,096	4,801	21,966	497,152	105,369	53,439	856,270
Additions	-	-	-	251	1,452	2,338	290	4,331
Disposals	-	-	-	-	-	(1,480)	-	(1,480)
Reclassifications	-	-	-	-	53,246	-	(53,246)	-
Written off	-	-	-	-	(5,207)	(4,705)	-	(9,912)
At 31 December	46,447	127,096	4,801	22,217	546,643	101,522	483	849,209
Accumulated depreciation								
At 1 January	-	39,982	1,445	7,139	320,932	94,266	-	463,764
Charge for the financial year	-	2,541	53	449	16,516	3,711	-	23,270
Disposals	-	-	-	-	-	(1,113)	-	(1,113)
Written off	-	-	-	-	(4,966)	(4,611)	-	(9,577)
At 31 December	-	42,523	1,498	7,588	332,482	92,253	-	476,344
Accumulated impairment								
At 1 January/31 December	-	-	-	-	69,224	66	-	69,290
Carrying amount								
At 31 December	46,447	84,572	3,304	14,629	144,937	9,203	483	303,575

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company 2017	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold land RM'000	Leasehold buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment, renovations and motor vehicles RM'000	Plant and building under construction RM'000	Total RM'000
Cost								
At 1 January	46,447	127,096	4,801	21,966	609,854	109,182	31,261	950,607
Additions	-	-	-	-	2,049	3,757	22,178	27,984
Disposals	-	-	-	-	(773)	(2,244)	-	(3,017)
Written off	-	-	-	-	(113,978)	(5,326)	-	(119,304)
At 31 December	46,447	127,096	4,801	21,966	497,152	105,369	53,439	856,270
Accumulated depreciation								
At 1 January	-	37,441	1,392	6,688	382,930	97,154	-	525,605
Charge for the financial year	-	2,541	53	451	34,853	4,138	-	42,036
Disposals	-	-	-	-	(763)	(1,767)	-	(2,530)
Written off	-	-	-	-	(96,088)	(5,259)	-	(101,347)
At 31 December	-	39,982	1,445	7,139	320,932	94,266	-	463,764
Accumulated impairment								
At 1 January	-	-	-	-	-	-	-	-
Charge for the financial year	-	-	-	-	69,224	66	-	69,290
At 31 December	-	-	-	-	69,224	66	-	69,290
Carrying amount								
At 31 December	46,447	87,114	3,356	14,827	106,996	11,037	53,439	323,216

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) All items of property, plant and equipment are initially recorded at cost. After initial recognition, property, plant and equipment except for freehold land are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates. The principal depreciation period and annual rate are as follows:

Buildings	30 years to 50 years
Long term leasehold land	62 years to 888 years
Plant and machinery	5.56% - 25%
Furniture, fittings and equipment, renovation and motor vehicles	10% - 50%
Exhibition services assets	10%

Freehold land has unlimited useful life and is not depreciated. Plant and building under construction is stated at cost and is not depreciated until such time when the asset is available for use.

- (b) The Group has assessed and classified land use rights as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117 *Leases*.
- (c) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Purchase of property, plant and equipment	8,537	47,107	4,331	27,984
Financed by finance lease arrangements	(1,860)	(1,860)	-	(1,860)
Cash payments on purchase of property, plant and equipment	6,677	45,247	4,331	26,124

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Plant and machinery	3,120	2,821	670	1,488

Details of the terms and conditions of the finance lease arrangements are disclosed in Note 19 to the financial statements.

- (e) The Group and the Company assessed whether there are any indicators of impairment of property, plant and equipment during the financial year. In doing this, management considered the current environments and performance of Cash Generating Units ("CGUs"). Management considered the loss-making CGUs as impairment indicator.

A CGU's recoverable amount is based on value-in-use. Management has made estimates about future results and key assumptions applied to cash flow projections of the CGUs. These key assumptions are applied to cash flow projections of the CGUs and include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates. Management has determined that the recoverable amounts of property, plant and equipment in the CGUs are in excess of the carrying amounts of property, plant and equipment and no impairment loss has been recorded in the current financial year. In the previous financial year, management had determined that the recoverable amounts of some property, plant and equipment in the CGUs were lower than their carrying amounts by RM69,290,000. Accordingly, impairment losses amounted to RM69,290,000 was recognised in the previous financial year.

The disclosures of the key assumptions are similar to the impairment assessment on the intangible assets, which have been set out in Note 7 to the financial statements.

6. INVESTMENT PROPERTIES

	Group and Company	
	2018 RM'000	2017 RM'000
INVESTMENT PROPERTIES		
Cost		
Balance as at 1 January/31 December	9,852	9,852
Accumulated depreciation		
Balance as at 1 January	(2,833)	(2,587)
Depreciation charge for the financial year	(248)	(246)
Balance as at 31 December	(3,081)	(2,833)
	6,771	7,019

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

6. INVESTMENT PROPERTIES (CONT'D)

	Group and Company	
	2018 RM'000	2017 RM'000
INVESTMENT PROPERTY UNDER CONSTRUCTION		
Cost		
Balance as at 1 January	130,827	127,680
Additions	3,673	3,147
Balance as at 31 December	134,500	130,827
Carrying amount	141,271	137,846

- (a) Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the investment properties to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates. The principal depreciation period for the investments properties ranges between thirty (30) and fifty (50) years.

Investment property under construction is stated at cost and is not depreciated until such time when the asset is available for use.

- (b) Investment properties of the Group and of the Company comprise freehold buildings and leasehold buildings.
- (c) The Level 3 fair value of investment properties excluding the investment property under construction is RM23,120,000 (2017: RM25,390,000). The fair value is determined by the Directors based on market values for similar properties in the same vicinity obtained from property agencies. There is no transfer between levels in the hierarchy during the financial year.
- (d) The following are recognised in the statements of profit or loss and other comprehensive income in respect of investment properties:

	Group and Company	
	2018 RM'000	2017 RM'000
Rental income	779	856
Direct operating expenses incurred on:		
- income generating investment properties	149	181
- non-income generating investment properties	5	9

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

7. INTANGIBLE ASSETS

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Goodwill on consolidation	a	21,932	21,932	-	-
Radio licences	b	-	-	-	-
Programmes rights	c	20,191	18,406	-	-
Computer software	d	2,376	2,686	311	31
Film rights	e	-	-	-	-
Internet portal	f	-	-	-	-
Exhibition license	g	-	-	-	-
		44,499	43,024	311	31

Intangible assets are initially measured at cost. After initial recognition, intangible assets, excluding goodwill are carried at cost less accumulated amortisation and any accumulated impairment losses.

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses.

(a) Goodwill on consolidation

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

	Group	
	2018 RM'000	2017 RM'000
Cost		
Balance as at 1 January		
- Radio broadcasting - CGU 1	21,932	21,932
- Human capital resources - CGU 3	2,022	2,022
- Exhibition services (Singapore subsidiaries) - CGU 4	-	58,940
- Television channel - CGU 5	24,355	24,355
- Exhibition services (Malaysia subsidiary) - CGU 7	42,871	42,871
- Online portal - CGU 8	9,833	9,833
	101,013	159,953

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

7. INTANGIBLE ASSETS (CONT'D)

(a) Goodwill on consolidation (cont'd)

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

	Group	
	2018 RM'000	2017 RM'000
Disposal of subsidiaries		
- Human capital resources - CGU 3	(2,022)	-
- Exhibition services (Singapore subsidiaries) - CGU 4	-	(58,940)
	(2,022)	(58,940)
Balance as at 31 December		
- Radio broadcasting - CGU 1	21,932	21,932
- Human capital resources - CGU 3	-	2,022
- Television channel - CGU 5	24,355	24,355
- Exhibition services (Malaysia subsidiary) - CGU 7	42,871	42,871
- Online portal - CGU 8	9,833	9,833
	98,991	101,013
	98,991	101,013
Accumulated impairment losses		
Balance as at 1 January		
- Human capital resources - CGU 3	2,022	1,300
- Exhibition services (Singapore subsidiaries) - CGU 4	-	30,280
- Television channel - CGU 5	24,355	24,355
- Exhibition services (Malaysia subsidiary) - CGU 7	42,871	18,461
- Online portal - CGU 8	9,833	1,366
	79,081	75,762
Impairment losses recognised during the year		
- Human capital resources - CGU 3	-	722
- Exhibition services (Malaysia subsidiary) - CGU 7	-	24,410
- Online portal - CGU 8	-	8,467
	-	33,599

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

7. INTANGIBLE ASSETS (CONT'D)

(a) Goodwill on consolidation (cont'd)

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

	Group	
	2018 RM'000	2017 RM'000
Disposal of subsidiaries		
- Human capital resources - CGU 3	(2,022)	-
- Exhibition services (Singapore subsidiaries) - CGU 4	-	(30,280)
	(2,022)	(30,280)
Balance as at 31 December		
- Human capital resources - CGU 3	-	2,022
- Television channel - CGU 5	24,355	24,355
- Exhibition services (Malaysia subsidiary) - CGU 7	42,871	42,871
- Online portal - CGU 8	9,833	9,833
	77,059	79,081
	77,059	79,081
Carrying amount	21,932	21,932

	Group	
	2018 RM'000	2017 RM'000

Carrying amount as at 31 December represents

- Radio broadcasting - CGU 1	21,932	21,932
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Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGU based on value-in-use. Value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGU based on the following assumptions:

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

7. INTANGIBLE ASSETS (CONT'D)

(a) Goodwill on consolidation (cont'd)

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGU based on value-in-use. Value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGU based on the following assumptions (cont'd):

- (iii) The forecasted growth rates are based on published industry data and do not exceed the sustainable long-term average growth rate for the relevant industries.
- (iv) Discount rates used for cash flows discounting purpose is the pre-tax discount rate of the Group plus a reasonable risk premium at the date of assessment of the CGU. The average discount rate applied on the cash flow projections is 10.40% (2017: 8.70%).

Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Based on the annual impairment assessment undertaken by the Group, no impairment loss is required for the carrying amount of the remaining goodwill as at 31 December 2018 as the recoverable amount is in excess of the carrying amount. In the previous financial year, the carrying amounts of goodwill for CGU 3, CGU 7 and CGU 8 were determined to be lower than their recoverable amounts by RM722,000, RM24,410,000 and RM8,467,000 respectively. Accordingly, impairment losses amounted to RM722,000, RM24,410,000 and RM8,467,000 related to CGU 3, CGU 7 and CGU 8 respectively were recognised in the previous financial year due to declining business operations. The impairment losses were allocated fully to goodwill, and are included in administrative and other expenses.

The management is not aware of any reasonably possible change in the above key assumptions that would cause the carrying amounts of the CGU to materially exceed their recoverable amounts.

(b) Radio licences

	Group	
	2018 RM'000	2017 RM'000
Cost		
Balance as at 1 January/31 December	7,483	7,483
Accumulated amortisation		
Balance as at 1 January/31 December	7,483	7,483
Carrying amount	-	-

Amortisation of radio licences is calculated using the straight-line method to allocate the cost of the licences over their estimated useful lives of five (5) years. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

7. INTANGIBLE ASSETS (CONT'D)

(c) Programmes rights

	Group	
	2018 RM'000	2017 RM'000
Cost		
Balance as at 1 January	26,079	42,908
Additions	14,552	22,672
Written off	-	(36,291)
Exchange differences	-	(3,210)
Balance as at 31 December	40,631	26,079
Accumulated amortisation		
Balance as at 1 January	7,673	27,163
Charge for the financial year	12,767	12,461
Written off	-	(30,729)
Exchange differences	-	(1,222)
Balance as at 31 December	20,440	7,673
Carrying amount	20,191	18,406

Amortisation of programmes rights is calculated using the straight-line method to allocate the cost of programmes rights over their estimated useful lives of one (1) to five (5) years. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates.

(d) Computer software

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cost				
Balance as at 1 January	16,515	13,941	12,137	12,115
Additions	851	3,134	362	22
Disposal	(46)	-	-	-
Disposal of a subsidiary (Note 8(e))	(132)	-	-	-
Written off	(51)	-	-	-
Exchange differences	-	(560)	-	-
Balance as at 31 December	17,137	16,515	12,499	12,137

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

7. INTANGIBLE ASSETS (CONT'D)

(d) Computer software (cont'd)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Accumulated amortisation				
Balance as at 1 January	13,829	12,935	12,106	11,629
Charge for the financial year	1,090	1,368	82	477
Disposal	(1)	-	-	-
Disposal of a subsidiary (Note 8(e))	(124)	-	-	-
Written off	(33)	-	-	-
Exchange differences	-	(474)	-	-
Balance as at 31 December	14,761	13,829	12,188	12,106
Carrying amount	2,376	2,686	311	31

Computer software that does not form an integral part of the related hardware is treated as intangible assets with finite useful lives and is amortised over its estimated useful life of three (3) to five (5) years. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates.

(e) Film rights

	Group and Company	
	2018 RM'000	2017 RM'000
Cost		
Balance as at 1 January/31 December	3,550	3,550
Accumulated amortisation		
Balance as at 1 January/31 December	1,253	1,253
Accumulated impairment losses		
Balance as at 1 January/31 December	2,297	2,297
Carrying amount	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

7. INTANGIBLE ASSETS (CONT'D)

(e) Film rights (cont'd)

Film rights are recognised after approvals are obtained from the censorship authority. Cost of film rights comprises contracted cost of production and direct expenditure. Amortisation is calculated so as to write off the relevant portion of the film rights, which fairly represents the usage of its relevant attached rights.

The estimated useful lives represent common life expectancies applied in the industry within which the Group operates. The amortisation rates were as follows:

Upon first year from theatrical release	70%
Upon second year from theatrical release	20%
Upon third year from theatrical release	10%

(f) Internet portal

	Group	
	2018 RM'000	2017 RM'000
Cost		
Balance as at 1 January/31 December	2,417	2,417
Accumulated amortisation		
Balance as at 1 January	2,417	2,115
Charge for the financial year	-	302
Balance as at 31 December	2,417	2,417
Carrying amount	-	-

Amortisation of internet portal is calculated using the straight-line method to allocate the cost of the internet portal over its estimated useful life of four (4) years. The estimated useful life represents common life expectancy applied in the industry within which the Group operates.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

7. INTANGIBLE ASSETS (CONT'D)

(g) Exhibition license

	Group	
	2018 RM'000	2017 RM'000
Cost		
Balance as at 1 January	-	25,318
Disposal of a subsidiary	-	(25,248)
Exchange differences	-	(70)
Balance as at 31 December	-	-
Accumulated amortisation		
Balance as at 1 January	-	3,407
Charge for the financial year	-	1,345
Disposal of a subsidiary	-	(4,745)
Exchange differences	-	(7)
Balance as at 31 December	-	-
Carrying amount	-	-

In the previous financial year, amortisation of exhibition license was calculated using the straight-line method to allocate the cost of the exhibition license over its estimated useful life of ten (10) years, which was based on the period of the license granted.

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018 RM'000	2017 RM'000
Unquoted shares - at cost	146,011	131,011
Equity loans	96,958	99,664
	242,969	230,675
Less: Accumulated impairment losses		
- Unquoted shares	(74,992)	(70,846)
- Equity loans	(57,096)	(58,015)
	(132,088)	(128,861)
	110,881	101,814

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The Directors of the Company have reassessed the nature of the amounts owing by subsidiaries and determined that the outstanding balance net of impairment amounting to RM39,862,000 (2017: RM41,649,000) shall constitute equity loans to the subsidiaries, which are unsecured, interest free and settlement is neither planned nor likely to occur in the foreseeable future, and are considered to be part of the investments of the Company in providing the subsidiaries with a long term source of additional capital.

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

- (b) The Company has assessed whether there are any indicators of impairment during the financial year. In doing this, management considered the current environments and performance of the Cash Generating Units ("CGUs"). Management has considered the losses in certain subsidiaries in the current financial year as impairment indicators.

Management has made estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining their recoverable amounts using the value-in-use model. These key assumptions include different budgeted operating profit margins, growth rates, terminal values as well as determining an appropriate pre-tax discount rate used for each subsidiary.

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

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2018	2017	2018	2017	
Star Papyrus Printing Sdn. Bhd.	Malaysia	99%	99%	-	-	Inactive
Star Publications (Singapore) Pte. Ltd. ⁽¹⁾	Singapore	100%	100%	-	-	Advertising and commission agent
Star Media Radio Group Sdn. Bhd.	Malaysia	100%	100%	-	-	Investment holding
Impian Ikon (M) Sdn. Bhd.	Malaysia	100%	100%	-	-	Investment holding
Laviani Pte. Ltd. ⁽¹⁾	Singapore	100%	100%	-	-	In members' voluntary liquidation
Star MediaWorks Sdn. Bhd.	Malaysia	100%	100%	-	-	Investment holding
Li TV Holdings Limited ⁽¹⁾	Hong Kong	100%	100%	-	-	Investment holding
I.Star Ideas Factory Sdn. Bhd.	Malaysia	90%	90%	-	-	Home & lifestyle exhibition including rental of booth and storage
Eighth Power Sdn. Bhd.	Malaysia	100%	100%	-	-	Invest in high growth technology based start-ups

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The details of the subsidiaries are as follows (cont'd):

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2018	2017	2018	2017	
Magnet Bizz Sdn. Bhd.	Malaysia	100%	100%	-	-	Publishers of magazines and books
I.Star Events Sdn. Bhd.	Malaysia	100%	100%	-	-	Provision of events management
SMG Business Services Sdn. Bhd.	Malaysia	100%	100%	-	-	Providing shared services
SMG Entertainment Sdn. Bhd.	Malaysia	100%	100%	-	-	Providing on-demand internet streaming media
Subsidiaries of Star MediaWorks Sdn. Bhd.						
StarProperty Sdn. Bhd.	Malaysia	-	-	100%	100%	Online advertising and provision of property exhibitions services
I.Star Sdn. Bhd.	Malaysia	-	-	100%	100%	Inactive
MyStarJob Network Sdn. Bhd.	Malaysia	-	-	100%	100%	Online advertising
Ocision Sdn. Bhd.	Malaysia	-	-	100%	100%	Investment holding
Subsidiaries of Ocision Sdn. Bhd.						
iBilik Sdn. Bhd.	Malaysia	-	-	100%	100%	Inactive
Propwall Sdn. Bhd.	Malaysia	-	-	100%	100%	Inactive
Carsifu Sdn. Bhd.	Malaysia	-	-	100%	100%	Inactive
Ocision Pte. Ltd. ^[2]	Singapore	-	-	100%	100%	Developing and provision of e-commerce activities and services
Subsidiaries of Star Media Radio Group Sdn. Bhd.						
Star RFM Sdn. Bhd.	Malaysia	-	-	100%	100%	Operating a wireless radio broadcasting station
Rimakmur Sdn. Bhd.	Malaysia	-	-	100%	100%	Operating a wireless radio broadcasting station
Subsidiary of Impian Ikon (M) Sdn. Bhd.						
Leaderonomics Sdn. Bhd. ^{^ [2]}	Malaysia	-	-	-	51%	Provision of human capital development services including training and consultancy

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The details of the subsidiaries are as follows (cont'd):

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2018	2017	2018	2017	
Subsidiaries of Leaderonomics Sdn. Bhd.						
Leaderonomics Media Sdn. Bhd. ⁽²⁾	Malaysia	-	-	-	100%	Produce, develop, distribute, market and deal with materials and contents related to leadership programmes or any business of human capital development including training of any form and consultancy of all kinds
Leaderonomics International Sdn. Bhd. ⁽²⁾	Malaysia	-	-	-	100%	Carry on the business of human capital development including training and consultancy in Malaysia and/or internationally
Leaderonomics Good Monday Sdn. Bhd. ⁽²⁾	Malaysia	-	-	-	75%	Produce, distribute and market materials and content related to organisational culture development and leadership or any business of human capital development
Subsidiaries of Li TV Holdings Limited						
Li TV Asia Sdn. Bhd.	Malaysia	-	-	100%	100%	Inactive
Li TV Asia Pte. Ltd. ⁽¹⁾	Singapore	-	-	100%	100%	In members' voluntary liquidation
Li TV International Limited ⁽¹⁾	Hong Kong	-	-	100%	100%	Inactive
Subsidiary of SMG Entertainment Sdn.Bhd.						
SMG Production and Distribution Sdn. Bhd.	Malaysia	-	-	100%	100%	Inactive

⁽¹⁾ Audited by member firms of BDO International.

⁽²⁾ Not audited by BDO PLT or member firms of BDO International.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (d) Impairment losses on investments in subsidiaries and equity loans amounting to RM4,146,000 (2017: RM35,807,000) and RM Nil (2017: RM29,082,000) respectively have been recognised in respect of certain subsidiaries due to declining business operations. The recoverable amounts of these subsidiaries were based on their value-in-use amounts.

Impairment losses on equity loans amounting to RM919,000 has been reversed during the financial year due to settlements made by certain subsidiary.

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

On 13 August 2018, the Group completed the disposal of its entire equity interest (equivalent to 51%) in a subsidiary, Leaderonomics Sdn. Bhd., a company incorporated in Malaysia, which was engaged in human capital development services including training and consultancy for a total cash consideration of RM5,650,000.

The gain on disposal of the subsidiary during the financial year was as follows:

	2018 Group RM'000
Property, plant and equipment (Note 5)	400
Intangible assets (Note 7)	8
Deferred tax assets (Note 12)	137
Inventories	22
Trade and other receivables	2,316
Cash and bank balances	2,633
Current tax assets	339
Trade and other payables	(1,639)
Non-controlling interest	(91)
Net assets disposed	4,125
Non-controlling interests at the date of disposal	(1,971)
	2,154
Gain on disposal of subsidiary	3,496
Net consideration from disposal	5,650
Cash and bank balances of subsidiaries disposed	(2,633)
Net cash inflow on disposal	3,017

- (f) Disposal of a subsidiary - Cityneon Holdings Limited ("Cityneon")

In the previous financial year, on 12 July 2017, the Group completed the disposal of its entire equity interest (equivalent to 52.51%) in a subsidiary, Cityneon, a company incorporated in Singapore, which was an investment holding company for a total cash consideration of SGD115,612,731 (equivalent to approximately RM360,180,000) and this had been classified as discontinued operations as disclosed in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (f) Disposal of a subsidiary - Cityneon Holdings Limited ("Cityneon") (cont'd)

The effects of disposal to the Group were as follows:

	2017 Group RM'000
Property, plant and equipment (Note 5)	140,784
Intangible assets	27,753
Investments in associates (Note 9)	530
Inventories	2,451
Trade and other receivables	188,022
Cash and bank balances	55,256
Deferred tax liabilities (Note 12)	(3,408)
Borrowings	(86,303)
Trade and other payables	(90,373)
Current tax liabilities	(306)
Non-controlling interests	(1,020)
Net assets disposed	233,386
Goodwill	30,307
Non-controlling interests at the date of disposal	(111,081)
Realisation of foreign exchange translation reserve on disposal	715
Realisation of share option reserve	(6)
	153,321
Gain on disposal of subsidiary	206,859
Net consideration from disposal	360,180
Cash and bank balances of subsidiaries disposed	(55,256)
Net cash inflow on disposal	304,924

The effects of the disposal on the financial results of the Group up to the date of disposal are disclosed in Note 29 to the financial statements.

- (g) Acquisitions of additional interests in a subsidiary - SMG Entertainment Sdn. Bhd. ("SMGE")

On 10 April 2018, SMGE increased its issued and paid-up capital from 40,000,000 ordinary shares to 50,000,000 ordinary shares by an allotment of 10,000,000 ordinary shares. Subsequently on 19 June 2018, SMGE increased its issued and paid-up capital from 50,000,000 ordinary shares to 55,000,000 ordinary shares by an allotment of another 5,000,000 ordinary shares. During the current financial year, the Company subscribed for 15,000,000 ordinary shares in SMGE for a total consideration of RM15,000,000. Following the subscription of shares, the equity interest of the Company in SMGE remained at 100%.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (g) Acquisitions of additional interests in a subsidiary - SMG Entertainment Sdn. Bhd. ("SMGE") (cont'd)

In the previous financial year, on 20 March 2017, SMGE increased its issued and paid-up capital from 20,000,000 ordinary shares to 30,000,000 ordinary shares by an allotment of 10,000,000 ordinary shares. Subsequently on 20 July 2017, SMGE increased its issued and paid-up capital from 30,000,000 ordinary shares to 40,000,000 ordinary shares by an allotment of another 10,000,000 ordinary shares. The Company had subscribed for 20,000,000 ordinary shares in SMGE for a total consideration of RM20,000,000. Following the subscription of shares, the equity interest of the Company in SMGE remained at 100% in the previous financial year.

- (h) The Group does not have any subsidiary that has non-controlling interests ("NCI"), which is individually material to the Group for the financial year ended 31 December 2018. The subsidiaries of the Group that have NCI are as follows:

	Leaderonomics Sdn. Bhd.	Other individual immaterial subsidiaries	Total
2018			
Carrying amount of NCI (RM'000)	-	(1,851)	(1,851)
Profit allocated to NCI (RM'000)	36	197	233
2017			
NCI percentage of ownership interest and voting interest	49.00%		
Carrying amount of NCI (RM'000)	3,708	(2,048)	1,660
Loss allocated to NCI (RM'000)	(440)	(2,410)	(2,850)

- (i) The Group does not have any subsidiary that has non-controlling interests ("NCI"), which is individually material to the Group for the financial year ended 31 December 2018. In the previous financial year, the summarised financial information before intra-group elimination of the subsidiaries that had material NCI as at the end of each reporting period were as follows:

	Leaderonomics Sdn. Bhd. RM'000
2017	
Assets and liabilities	
Non-current assets	492
Current assets	8,253
Current liabilities	(1,364)
Net assets	7,381

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (i) The Group does not have any subsidiary that has non-controlling interests ("NCI"), which is individually material to the Group for the financial year ended 31 December 2018. In the previous financial year, the summarised financial information before intra-group elimination of the subsidiaries that had material NCI as at the end of each reporting period were as follows (cont'd):

	Leaderonomics Sdn. Bhd. RM'000
Results	
Revenue	10,625
Loss for the financial year	(900)
Total comprehensive loss	(900)
Cash flows from operating activities	2,569
Cash flows from investing activities	1,469
Cash flows used in financing activities	(3,000)
Net increase in cash and cash equivalents	1,038

9. INVESTMENTS IN ASSOCIATES

	Group	
	2018 RM'000	2017 RM'000
At cost:		
- Unquoted equity shares	2,300	3,411
- Share of post-acquisition losses, net of dividends received	(583)	(1,188)
Less: Impairment losses	(1,717)	(1,717)
Less: Disposal of subsidiary (Note 8(f))	-	(530)
Exchange differences	-	24
	-	-

- (a) Investments in associates are measured at cost less impairment losses, if any, and accounted for using the equity method in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

9. INVESTMENTS IN ASSOCIATES (CONT'D)

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

Name of company	Country of incorporation	Interest in equity held by subsidiary		Principal activities
		2018	2017	
H&H Connection Sdn. Bhd. ⁽¹⁾	Malaysia	30%	30%	Online retailer
Geob International Sdn. Bhd. ⁽¹⁾	Malaysia	20%	20%	Distributors or dealers of medical products, electronic devices and engineering specialities

⁽¹⁾ Not audited by BDO PLT or member firms of BDO International.

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

(c) The Group does not have any associate, which is individually material to the Group for the financial year ended 31 December 2018. In the previous financial year, the reconciliation of net assets of Poh Wah Event Scaffolding Pte. Ltd. to the carrying amount of the investments in associates was as follows:

	2017 RM'000
As at 31 December	
Share of net assets	-
Goodwill	-
Carrying amount in the statements of financial position	-
Share of results for the financial year	
Share of profit or loss	(289)
Share of other comprehensive income	-
Share of total comprehensive loss	(289)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

10. OTHER INVESTMENTS

	Group and Company	
	2018	2017
	RM'000	RM'000
Non-current		
Equity securities		
- Quoted investment funds in Malaysia	10,132	10,424
- Quoted equity investments in Malaysia	118	236
Total non-current other investments	10,250	10,660

- (a) On 1 January 2018, the equity securities were classified as financial assets at fair value through profit or loss pursuant to MFRS 9 *Financial Instruments*. Comparatives were not restated in accordance with the transition requirements in paragraph 7.2.15 of this Standard.
- (b) Prior to 1 January 2018, the equity securities were classified as financial assets at fair value through profit or loss pursuant to MFRS 139 *Financial Instruments: Recognition and Measurement*.
- (c) The fair values of quoted investments in Malaysia are determined by reference to the exchange quoted market bid prices at the close of the business at the end of each reporting period.
- (d) The fair value of other investments of the Group and of the Company are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group and Company				
2018				
Other investments				
- Quoted investment funds	10,132	-	-	10,132
- Quoted equity investments	118	-	-	118
2017				
Other investments				
- Quoted investment funds	10,424	-	-	10,424
- Quoted equity investments	236	-	-	236

Sensitivity analysis of quoted investment funds and quoted equity investments

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

There is no transfer between levels in the hierarchy during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

11. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current					
Non-trade					
Subsidiary	(c)	-	-	25,593	-
Less: Impairment losses		-	-	(1,265)	-
		-	-	24,328	-
Current					
Trade					
Third parties		50,303	56,956	39,443	44,932
Subsidiaries		-	-	-	385
		50,303	56,956	39,443	45,317
Less: Impairment losses					
- Third parties		(6,112)	(2,724)	(3,301)	(1,825)
Trade receivables, net	(b)	44,191	54,232	36,142	43,492
Non-trade					
Third parties		8,044	21,223	6,895	11,214
Subsidiaries	(d)	-	-	27,595	30,825
		8,044	21,223	34,490	42,039
Less: Impairment losses					
- Third parties		(3,504)	(3,504)	(3,456)	(3,456)
- Subsidiaries		-	-	(16,240)	(14,092)
		4,540	17,719	14,794	24,491
Sundry deposits and other receivables		4,015	4,298	2,614	2,915
Total receivables		52,746	76,249	53,550	70,898
Prepayments					
Prepayments		18,022	25,239	9,732	21,801
		70,768	101,488	63,282	92,699

(a) Total receivables are classified as financial assets measured at amortised cost.

(b) Trade receivables are non-interest bearing and the normal credit terms granted by the Group and the Company range from payment in advance to credit period of 90 days (2017: payment in advance to credit period of 90 days) from date of invoices. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

11. TRADE AND OTHER RECEIVABLES (CONT'D)

- (c) Non-current amount owing by a subsidiary represents unsecured advances, which bear interest at 3.25% per annum. The advances together with the interest receivable thereon are not payable within the next twelve (12) months.
- (d) Current amounts owing by subsidiaries are in respect of advances, which are unsecured, interest free and payable within next twelve (12) months in cash and cash equivalents.
- (e) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Expected loss rates are calculated using the roll rate method separately for exposures in different segments based on the following common credit risk characteristics - type of services purchased.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information (i.e. advertising expenditure ("ADEX")) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

- (f) Lifetime expected loss provision for trade receivables as at 31 December 2018 are as follows:

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	More than 180 days past due	Total RM'000
Group							
Expected loss rate	2.1%	3.2%	5.9%	24.6%	53.7%	99.3%	
Gross carrying amount (RM'000)	25,622	10,485	6,016	2,414	3,171	2,595	50,303
Impairment losses (RM'000)	549	338	353	594	1,702	2,576	6,112

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

11. TRADE AND OTHER RECEIVABLES (CONT'D)

- (f) Lifetime expected loss provision for trade receivables as at 31 December 2018 are as follows (cont'd):

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	More than 180 days past due	Total RM'000
Company							
Expected loss rate	1.7%	1.7%	4.0%	13.1%	25.9%	99.1%	
Gross carrying amount (RM'000)	20,798	8,206	5,198	1,315	1,981	1,945	39,443
Impairment losses (RM'000)	344	138	207	172	513	1,927	3,301

- (g) As at the end of each reporting period, the credit risks exposures and concentration relating to trade receivables of the Group are summarised in the table below:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Maximum exposure	50,303	56,956	39,443	44,932
Collateral obtained	(16,899)	(16,372)	(16,899)	(16,372)
Net exposure to credit risk	33,404	40,584	22,544	28,560

The above collaterals are bank guarantees obtained by entities incorporated in Malaysia.

During the financial year, the Group did not renegotiate the terms of any trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

11. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 January under MFRS 139	2,724	4,459	1,825	812
Restated through retained earnings (Note 35.1(a))	3,091	-	1,090	-
Opening impairment loss of trade receivables in accordance with MFRS 9	5,815	4,459	2,915	812
Charge for the financial year	2,118	1,180	860	1,119
Written off	(346)	(45)	(87)	(46)
Reversal of impairment losses on trade receivables	(899)	(132)	(387)	(60)
Disposal of a subsidiary	(576)	(2,658)	-	-
Exchange differences	-	(80)	-	-
At 31 December	6,112	2,724	3,301	1,825

- (i) Impairment for other receivables and amounts owing by subsidiaries are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. As at the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probabilities of non-payment by other receivables and subsidiaries are adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve (12) months or lifetime expected credit loss for other receivables and subsidiaries.

It requires management to exercise significant judgement in determining the probabilities of default by other receivables and subsidiaries, appropriate forward-looking information and significant increase in credit risk.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

11. TRADE AND OTHER RECEIVABLES (CONT'D)

- (j) No expected credit loss is recognised arising from other receivables as it is negligible.
- (k) Movements in the impairment allowance for amounts owing by subsidiaries are as follows:

	Company	
	2018 RM'000	2017 RM'000
At 1 January in accordance with MFRS 139	14,092	35,999
Restated through opening retained earnings	-*	-*
Opening impairment loss of amount owing by subsidiaries in accordance with MFRS 9	14,092	35,999
Charge for the financial year	5,094	5,487
Reversal of impairment losses	(1,681)	(27,394)
At 31 December	17,505	14,092

* No expected credit loss is recognised arising from amounts owing by subsidiaries as it is negligible.

- (l) In the previous financial year, included in other receivables of the Group and of the Company was an amount of RM3,673,000, which represented the net present value of a receivable arose from the disposal of a parcel of land in prior years that had been settled in kind via a building.
- (m) The currency exposure profiles of trade and other receivables (excluding prepayments) are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Ringgit Malaysia	50,979	64,169	68,218	60,743
Singapore Dollar	1,758	2,125	3	204
United States Dollar	6	9,947	9,654	9,943
British Pound	3	6	3	6
Others	-	2	-	2
	52,746	76,249	77,878	70,898

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

11. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Effects of 3% changes to RM against foreign currencies				
Profit after tax				
- United States Dollar	-*	225	220	227
- Singapore Dollar	40	53	-*	5

The exposures of other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

* Amount is immaterial to disclose

- (o) The following table sets out the carrying amount, the weighted average effective interest rate as at the end of each reporting period and the remaining maturity of the amount owing by a subsidiary of the Company that is exposed to interest rate risk:

Company	Weighted average effective interest rate per annum %	Within 1 year RM'000	More than 1 year RM'000	Total RM'000
31 December 2018				
Fixed rate	3.25%	-	24,328	24,328

Non-trade amount owing by a subsidiary, which bears interest at 3.25% is similar to the market incremental lending rate offered by financial institutions and hence, the carrying amount is reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

11. TRADE AND OTHER RECEIVABLES (CONT'D)

- (p) The Group determines concentration of credit risk by monitoring the country and industry sector profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of each reporting period are as follows:

	Group			
	2018		2017	
	RM'000	% of total	RM'000	% of total
By country				
Malaysia	44,191	100%	54,232	100%
By industry sectors				
Print and digital	38,022	86%	45,648	84%
Broadcasting	3,706	8%	3,810	7%
Event and exhibition	2,463	6%	2,362	5%
Others	-	-	2,412	4%
	44,191	100%	54,232	100%

The Company does not have any significant concentration of credit risk other than the amounts owing by subsidiaries constituting 41% (2017: 18%) of total receivables of the Company. The Company does not anticipate the carrying amounts recorded at the end of the reporting period to be significantly different from the values that would eventually be received.

- (q) Sensitivity analysis for fixed rate instrument as at the end of the reporting period is not presented as fixed rate instrument is not affected by change in interest rate.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

12. DEFERRED TAX

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Balance as at 1 January	22,701	54,872	25,742	51,980
Effects of first time adoption of MFRS 9 (Note 35.1(a))	(724)	-	(261)	-
Opening deferred tax net of effect of first time adoption of MFRS 9	21,977	54,872	25,481	51,980
Recognised in profit or loss (Note 25)	1,397	(28,776)	1,999	(26,238)
Disposal of a subsidiary (Notes 8(e) & 8(f))	137	(3,408)	-	-
Exchange differences	-	13	-	-
Balance as at 31 December	23,511	22,701	27,480	25,742
Presented after appropriate offsetting:				
Deferred tax assets, net	(4,158)	(3,333)	-	-
Deferred tax liabilities, net	27,669	26,034	27,480	25,742
	23,511	22,701	27,480	25,742

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

Deferred tax assets of the Group

	Unused tax losses and unabsorbed capital allowances RM'000	Accrual for staff costs RM'000	Other temporary differences RM'000	Set-off of tax RM'000	Total RM'000
At 1 January 2018	(679)	(2,035)	(5,680)	5,061	(3,333)
Restated through retained earnings (Note 35.1(a))	-	-	(724)	-	(724)
Opening deferred tax assets	(679)	(2,035)	(6,404)	5,061	(4,057)
Recognised in profit or loss	682	69	(996)	7	(238)
Disposal of a subsidiary	-	-	137	-	137
At 31 December 2018	3	(1,966)	(7,263)	5,068	(4,158)
At 1 January 2017	(601)	(4,288)	(1,409)	6,170	(128)
Recognised in profit or loss	(78)	2,253	(4,271)	(1,109)	(3,205)
At 31 December 2017	(679)	(2,035)	(5,680)	5,061	(3,333)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

12. DEFERRED TAX (CONT'D)

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

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Other temporary differences RM'000	Set-off of tax RM'000	Total RM'000
At 1 January 2018	31,343	(248)	(5,061)	26,034
Recognised in profit or loss	907	735	(7)	1,635
At 31 December 2018	32,250	487	(5,068)	27,669
At 1 January 2017	61,156	14	(6,170)	55,000
Recognised in profit or loss	(26,418)	(262)	1,109	(25,571)
Disposal of a subsidiary	(3,408)	-	-	(3,408)
Exchange differences	13	-	-	13
At 31 December 2017	31,343	(248)	(5,061)	26,034

Deferred tax liabilities of the Company

	Property, plant and equipment RM'000	Accruals for staff costs RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2018	30,387	(1,579)	(3,066)	25,742
Effects of first time adoption of MFRS 9 (Note 35.1(a))	-	-	(261)	(261)
Opening deferred tax net of effect of first time adoption of MFRS 9	30,387	(1,579)	(3,327)	25,481
Recognised in profit or loss	1,163	226	610	1,999
At 31 December 2018	31,550	(1,353)	(2,717)	27,480
At 1 January 2017	57,895	(4,871)	(1,044)	51,980
Recognised in profit or loss	(27,508)	3,292	(2,022)	(26,238)
At 31 December 2017	30,387	(1,579)	(3,066)	25,742

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

12. DEFERRED TAX (CONT'D)

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2018 RM'000	2017 RM'000
Continuing operations		
Other temporary differences	(16,629)	(14,482)
Unabsorbed capital allowances	1,863	1,558
Unused tax losses	69,233	59,384
	54,467	46,460

For the Malaysian entities, the unabsorbed tax losses and unutilised capital allowances up to the year of assessment 2018 shall be deductible until year of assessment 2025. The unabsorbed tax losses and unutilised capital allowances for the year of assessment 2019 onwards will expire in 7 years. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the temporary differences could be utilised.

13. INVENTORIES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At cost				
Newsprint	36,251	25,562	36,251	25,562
Other raw materials and consumables	12	45	12	20
	36,263	25,607	36,263	25,582

- (a) Cost of newsprint of the Group and of the Company is determined on a weighted average basis while cost of other raw materials and consumables of the Group and of the Company is determined on a first-in-first-out basis.
- (b) During the financial year, inventories of the Group and of the Company recognised as cost of sales amounted to RM43,325,000 (2017: RM57,625,000) and RM43,325,000 (2017: RM57,625,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

14. DERIVATIVE ASSETS

	Group and Company			
	2018		2017	
	Contract amount RM'000	Financial assets RM'000	Contract amount RM'000	Financial assets RM'000
Forward currency contracts	4,033	39	1,998	30

- (a) The Group and the Company entered into three (3) currency forward contracts (2017: one (1)) with financial institutions.
- (b) These currency forward contracts were entered into with the objective of managing exposures to currency risk for payables, which are denominated in a currency other than the functional currencies of the Group and of the Company. The fair values of the forward currency contracts have been determined based on counter parties' quotes as at the end of each reporting period.
- (c) The above derivatives are initially recognised at fair value on the date the derivative contracts are entered into and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss from the re-measurement is recognised in profit or loss.
- (d) During the financial year, the Group and the Company recognised a net gain of RM9,000 (2017: net loss of RM386,000) arising from fair value changes of derivative assets.
- (e) The fair value of derivative assets of the Group and of the Company are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group and Company				
2018				
Derivative assets				
- Forward currency contracts	39	-	-	39
2017				
Derivative assets				
- Forward currency contracts	30	-	-	30

There is no transfer between levels in the hierarchy during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

14. DERIVATIVE ASSETS (CONT'D)

- (f) The notional amount and maturity date of the forward currency contracts outstanding as at 31 December 2018 and 31 December 2017 are as follows:

	Contractual amount in Foreign Currency (FC'000)	Equivalent amount in Ringgit Malaysia (RM'000)	Expiry date
Group and Company			
2018			
United States Dollar	19	78	28.02.2019
United States Dollar	500	2,085	02.07.2019
United States Dollar	450	1,870	03.07.2019
2017			
United States Dollar	492	1,998	31.01.2018

15. CASH AND BANK BALANCES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	97,265	73,171	28,108	32,219
Deposits placed with licensed banks	202,765	407,636	192,126	375,958
	300,030	480,807	220,234	408,177

- (a) The weighted average effective interest rates of deposits of the Group and of the Company at the end of each reporting period are as follows:

	Group		Company	
	2018	2017	2018	2017
Weighted average effective interest rate				
- Fixed rates	3.66%	3.66%	3.85%	3.71%

Sensitivity analysis for fixed rate deposits at the end of the reporting period is not presented as fixed rate instruments is not affected by changes in interest rates.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

15. CASH AND BANK BALANCES (CONT'D)

- (b) Deposits of the Group and of the Company have a range of maturity period of 7 days to 184 days (2017: 7 days to 273 days).
- (c) The currency exposure profiles of cash and bank balances are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Ringgit Malaysia	297,249	467,707	219,796	396,872
Singapore Dollar	907	11,942	409	11,276
United States Dollar	1,864	1,148	19	19
Chinese Renminbi	5	5	5	5
British Pound	5	5	5	5
	300,030	480,807	220,234	408,177

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Effects of 3% changes to RM against foreign currencies				
Profit after tax				
- Singapore Dollar	21	281	9	257
- United States Dollar	42	28	-*	-*

The exposures of other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

* Amount is immaterial to disclose

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

15. CASH AND BANK BALANCES (CONT'D)

- (e) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	97,265	73,171	28,108	32,219
Deposits placed with licensed banks	202,765	407,636	192,126	375,958
Less:				
Deposits placed with licensed banks with original maturity of more than three (3) months	(17,717)	(17,197)	(17,123)	(16,491)
	282,313	463,610	203,111	391,686

- (f) No expected credit loss is recognised arising from the cash and bank balances and deposits placed with licensed banks because the probability of default by these financial institutions is negligible.

16. SHARE CAPITAL AND TREASURY SHARES

	Company			
	2018		2017	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid up ordinary shares	738,564	738,564	738,564	738,564

- (a) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regards to the residual assets of the Company.

- (b) Treasury shares

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

16. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

(b) Treasury shares (cont'd)

The details of the treasury shares are as follows:

Year	Number of shares re-purchased '000	Total consideration paid RM'000	Transaction costs RM'000	Average price per share RM
2009	70	225	1	3.18
2012	125	358	2	2.86
2013	412	1,050	5	2.54
2017	80	136	- *	1.69
	687	1,769	8	2.57

* Amount is immaterial to disclose

The repurchase transactions were financed by internally generated funds and the shares repurchased were retained as treasury shares.

Of the total 738,563,602 issued and fully paid ordinary shares as at 31 December 2018, there are 687,200 (2017: 687,200) ordinary shares with a cumulative total consideration amounting to RM1,769,480 (2017: RM1,769,480) held as treasury shares by the Company. The number of outstanding shares in issue after the Share Buy-Back is 737,876,402 (2017: 737,876,402) ordinary shares as at 31 December 2018.

None of the treasury shares held were resold or cancelled during the financial year. Treasury shares have no rights to voting, dividends or participation in other distribution.

17. RESERVES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-distributable:				
Foreign exchange translation reserve	(195)	(66)	-	-
	(195)	(66)	-	-
Distributable:				
Retained earnings	95,682	136,884	65,916	84,897
	95,487	136,818	65,916	84,897

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

17. RESERVES (CONT'D)

(a) Foreign exchange translation reserve

The foreign exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

18. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade payables	(b)				
Third parties		2,985	3,749	734	870
Subsidiaries		-	-	42,415	54,157
		2,985	3,749	43,149	55,027
Other payables					
Subsidiaries	(c)	-	-	1,275	4,720
Other payables		7,631	11,314	3,794	7,251
Accruals	(d)	55,037	98,022	37,817	79,948
Deferred income	(e)	8,649	20,635	3,611	6,674
Deposits from agents, subscribers and customers		10,647	12,019	10,647	12,019
		81,964	141,990	57,144	110,612
		84,949	145,739	100,293	165,639

- (a) Trade and other payables (excluding deferred income) are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from one (1) month to four (4) months (2017: 1 to 4 months).
- (c) Amounts owing to subsidiaries represent payments made on behalf, which are unsecured, interest-free and payable within next twelve (12) months in cash and cash equivalents.
- (d) Included in the accruals of the Group and the Company are payroll related accruals amounting to RM28,924,000 (2017: RM68,919,000) and RM26,335,000 (2017: RM64,159,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

18. TRADE AND OTHER PAYABLES (CONT'D)

- (e) A reconciliation of the deferred income is as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Balance as at 1 January	20,635	10,932	6,674	5,663
Additions during the financial year	70,367	76,375	29,208	36,834
Recognised as revenue during the financial year	(82,353)	(66,672)	(32,271)	(35,823)
Balance as at 31 December	8,649	20,635	3,611	6,674

Deferred income comprises consideration received in advance from customers for advertisement and exhibition services as well as subscription of newspapers and magazines by the customers.

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Ringgit Malaysia	66,109	118,532	54,449	119,391
United States Dollar	9,291	5,203	379	141
British Pound	537	863	537	863
Euro	96	301	-	3
Singapore Dollar	267	205	41,317	38,567
	76,300	125,104	96,682	158,965

- (g) Sensitivity analysis of RM against foreign currencies at the end of each reporting period, assuming that all other variables remain constant is as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Effects of 3% changes to RM against foreign currencies				
Profit after tax				
- United States Dollar	211	122	8	3
- Singapore Dollar	6	2	942	880

The exposures of other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

18. TRADE AND OTHER PAYABLES (CONT'D)

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

19. BORROWINGS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Finance lease liabilities				
Non-current	2,599	1,455	986	1,244
Current	716	1,042	362	465
Total borrowings	3,315	2,497	1,348	1,709
Minimum lease payments:				
- not later than one (1) year	900	1,147	432	536
- later than one (1) year but not later than five (5) years	2,081	1,612	1,068	1,397
- more than five (5) years	1,076	-	-	-
Total minimum lease payments	4,057	2,759	1,500	1,933
Less: Future interest charges	(742)	(262)	(152)	(224)
Present value of minimum lease payments	3,315	2,497	1,348	1,709

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) The finance lease liabilities are repayable over the following periods:

Group	Year of maturity	Carrying amount RM'000	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Over 5 years RM'000
2018						
Finance lease liabilities	2028	3,315	716	515	1,148	936
2017						
Finance lease liabilities	2021	2,497	1,042	676	779	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

19. BORROWINGS (CONT'D)

- (b) The finance lease liabilities are repayable over the following periods (cont'd):

Company	Year of maturity	Carrying amount RM'000	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Over 5 years RM'000
2018						
Finance lease liabilities	2021	1,348	362	362	624	-
2017						
Finance lease liabilities	2021	1,709	465	465	465	314

- (c) The interest rate profiles of the finance lease liabilities as at end of each reporting period are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
- Fixed rate	3,315	2,497	1,348	1,709

- (d) The weighted average effective interest rates of the finance lease liabilities as at the end of each reporting period are as follows:

	Group		Company	
	2018	2017	2018	2017
Finance lease liabilities	5.43%	5.88%	3.60%	3.60%

- (e) Sensitivity analysis for finance lease liabilities as at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates.
- (f) Finance lease liabilities that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values, are as follows:

	2018		2017	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Finance lease liabilities	3,315	2,956	2,497	2,229
Company				
Finance lease liabilities	1,348	1,248	1,709	1,573

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

19. BORROWINGS (CONT'D)

- (f) Finance lease liabilities that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values, are as follows (cont'd):

The fair values of finance lease liabilities are estimated by discounting expected future cash flows at market incremental lending rate for similar type of lending, borrowings or leasing arrangements at the end of each reporting period.

The fair value of finance lease liabilities is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

- (g) The finance lease liabilities is denominated in Ringgit Malaysia.
- (h) The table below summarises the maturity profile of the borrowings (including Medium Term Notes) at the end of each reporting period based on contractual undiscounted repayment obligations:

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2018				
Finance lease liabilities	900	2,081	1,076	4,057
Total undiscounted financial liabilities	900	2,081	1,076	4,057
2017				
Medium Term Notes	104,800	-	-	104,800
Finance lease liabilities	1,147	1,612	-	2,759
Total undiscounted financial liabilities	105,947	1,612	-	107,559
Company				
2018				
Finance lease liabilities	432	1,068	-	1,500
Total undiscounted financial liabilities	432	1,068	-	1,500
2017				
Medium Term Notes	104,800	-	-	104,800
Finance lease liabilities	536	1,397	-	1,933
Total undiscounted financial liabilities	105,336	1,397	-	106,733

- (i) The remaining lease terms range from one (1) to five (5) years with options to purchase at the end of the lease term. Lease terms do not contain restrictions concerning dividends or additional debt.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

20. MEDIUM TERM NOTES

- (a) In 2011, the Company issued two (2) RM100 million nominal value Medium Term Notes ("MTN") with fixed interest rates of 4.5% and 4.8% per annum respectively. These MTN are unsecured and have tenure of five (5) years and seven (7) years respectively. The maturity dates for the MTN are 11 May 2016 and 11 May 2018 respectively. The Medium Term Note that had maturity date on 11 May 2018 was repaid during the financial year.
- (b) Medium Term Notes were classified as financial liabilities measured at amortised cost.
- (c) In the previous financial year, the carrying amounts of Medium Term Notes, which bore fixed interest rates were reasonable approximation of its fair value and were not significantly different from the values that had eventually been settled.
- (d) Sensitivity analysis for Medium Term Notes at the end of the previous reporting period was not presented as fixed rate instruments was not affected by changes in interest rates.
- (e) Medium Term Notes were denominated in Ringgit Malaysia.

21. REVENUE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Continuing operations				
<i>Revenue from contracts with customers</i>				
Publication, printing, distribution of newspapers and magazines and digital	324,009	396,539	321,189	388,757
Event management and exhibition	29,476	15,697	4,657	-
Broadcasting	29,514	35,789	-	-
Subscription and distribution	2,474	10,657	-	-
Others	7,207	10,507	-	-
	392,680	469,189	325,846	388,757

- (a) Sales of goods

Revenue from sales of goods represents the invoiced value arising from the publication, printing, distribution of newspapers, magazines and online advertisements (net of returns, goods and service tax and sales and service tax).

Revenue from sale of goods is recognised at a point in time when the goods have been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

There is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve (12) months.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

21. REVENUE (CONT'D)

(b) Services

Revenue from services represents the invoiced value arising from the broadcasting of commercials on radio (net of goods and service tax and sales and services tax), subscription fees and distribution of television channel and films and broadcasting of commercials on television channel, on-demand internet streaming media (net of goods and service tax and sales and services tax), and provision of services on training and consultancy (net of goods and service tax and sales and services tax). Revenue is recognised at a point in time when services have been rendered to the customers and coincides with the delivery of services and acceptance by customers.

Revenue from events and exhibitions, which consists of rental of booth and storage for home and lifestyle exhibitions are recognised at a point in time based on the occurrence of the events.

- (c) Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 4 to the financial statements, which has been presented based on major product and service line and geographical location from which the sale transactions originated. No revenue was recognised over time.

22. COST OF SALES AND SERVICES

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Publication, printing, distribution of newspapers and magazines and digital	147,132	210,128	148,630	212,276
Event management and exhibition	18,240	10,587	3,037	-
Broadcasting	2,359	3,695	-	-
Subscription and distribution	13,887	25,740	-	-
Others	2,766	4,149	-	-
	184,384	254,299	151,667	212,276

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

23. FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Continuing operations				
Interest expenses on:				
- Medium Term Notes	1,800	4,800	1,800	4,800
- Bank loans	-	203	-	-
- Finance lease liabilities	176	128	70	71
	1,976	5,131	1,870	4,871

24. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at:

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Continuing operations					
After charging:					
Auditors' remuneration:					
BDO Malaysia					
- Statutory					
- Current year		355	369	236	236
- Non-statutory					
- Current year		11	14	11	11
Other auditors					
- Statutory					
- Current year		74	123	-	-
Bad debts written off		-	54	-	-
Directors' remuneration payable to:					
- Directors of the Company					
- fees		653	739	653	667
- other emoluments		1,955	1,957	1,883	1,957

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

24. PROFIT BEFORE TAX (CONT'D)

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at (cont'd):

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Continuing operations					
After charging (cont'd):					
Directors' remuneration payable to:					
- Directors of subsidiaries					
- fees		36	36	-	-
- other emoluments		696	1,192	-	-
Fair value loss on other investment		410	-	410	-
Foreign exchange loss:					
- realised		358	-	153	-
- unrealised		5	-	2,575	-
Operating lease rental		388	355	388	355
Rental of equipment		12	9	-	-
Rental of premises		1,604	3,093	220	272
Rental of warehouse		39	36	-	-
And crediting:					
Dividend income		-	-	3,540	211,866
Fair value gain on other investment		-	1,532	-	1,463
Foreign exchange gain:					
- realised		-	7,551	-	7,394
- unrealised		-	1,161	-	1,076
Gain on disposal of:					
- other investments		-	373	-	373
- property, plant and equipment		15	13	11	2
Interest income		3,436	3,536	2,646	2,359
Investment income		8,102	13,274	7,491	13,178
Rental income:					
- investment properties	6(d)	779	856	779	856
- others		693	294	1,029	331
Waiver of debts		-	69	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

24. PROFIT BEFORE TAX (CONT'D)

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at (cont'd):

The estimated monetary value of benefits-in-kind not included in the above received by Directors of the Company was RM186,000 (2017: RM246,000) for the Group and the Company.

(a) Other income

(i) Interest income

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

(ii) Dividend income

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

(iii) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as a reduction of rental income over the lease term on a straight line basis.

25. TAXATION

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Continuing operations				
Current year taxation based on profit for the financial year				
- Malaysian income tax	3,500	8,872	597	799
Over provision in prior years				
- Malaysian income tax	(1,420)	(2,353)	(777)	(415)
	2,080	6,519	(180)	384
Deferred tax (Note 12)				
- Relating to origination and reversal of temporary differences	1,097	(30,634)	1,332	(27,517)
- Under provision in prior years	300	1,010	667	1,279
	1,397	(29,624)	1,999	(26,238)
Taxation	3,477	(23,105)	1,819	(25,854)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

25. TAXATION (CONT'D)

		Group	
	Note	2018 RM'000	2017 RM'000
Discontinued operations			
Current year taxation based on profit for the financial year			
- Foreign income tax		-	1,706
Under provision in prior year			
- Foreign income tax		-	112
		-	1,818
Deferred tax (Note 12)			
- Relating to origination and reversal of temporary differences		-	(157)
- Under provision in prior year		-	1,005
		-	848
Tax expense	29	-	2,666

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated taxable profits for the fiscal year.
- (b) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.
- (c) The numerical reconciliation between taxation and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before tax				
- continuing operations	8,936	39,812	27,940	69,802
- discontinued operations	-	27,192	-	-
	8,936	67,004	27,940	69,802
Taxation at Malaysian statutory rate of 24% (2017: 24%)	2,144	16,081	6,706	16,752
Expenses not deductible for tax purposes	10,693	19,211	4,775	18,885
Income not subject to tax	(10,154)	(63,041)	(9,552)	(62,355)
Deferred tax assets not recognised	1,922	10,853	-	-
Difference in tax rates in foreign jurisdiction	(8)	(3,317)	-	-
	4,597	(20,213)	1,929	(26,718)
(Over)/Under provision in prior years				
- corporate tax	(1,420)	(2,241)	(777)	(415)
- deferred tax	300	2,015	667	1,279
Taxation	3,477	(20,439)	1,819	(25,854)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

25. TAXATION (CONT'D)

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

	Group					
	Before tax RM'000	2018 Tax effect RM'000	After tax RM'000	Before tax RM'000	2017 Tax effect RM'000	After tax RM'000
Items that may be reclassified subsequently to profit or loss						
Foreign currency translations	(129)	-	(129)	(7,374)	-	(7,374)

26. EARNINGS PER ORDINARY SHARE

- (a) Basic earnings per ordinary share

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	2018	2017
In RM'000		
Profit for the financial year attributable to equity holders of the parent		
From continuing operations	5,226	77,620
From discontinued operations	-	12,673
Profit attributable to equity holders of the parent	5,226	90,293
In '000		
Weighted average number of ordinary shares in issue	738,564	738,564
Weighted average number of treasury shares held	(687)	(687)
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	737,877	737,877
In sen		
Basic earnings per ordinary share		
- From continuing operations	0.71	10.52
- From discontinued operations	-	1.72
	0.71	12.24

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

26. EARNINGS PER ORDINARY SHARE (CONT'D)

(b) Diluted earnings per ordinary share

The diluted earnings per ordinary share equal basic earnings per ordinary share because there were no potential dilutive ordinary shares as at the end of the reporting period.

27. DIVIDENDS

	Group and Company	
	Dividend per ordinary share	Amount of dividend
2018	sen	RM'000
2017 Second interim dividend paid	6.0	44,273
2017		
2017 First interim dividend paid	6.0	44,277
2017 Special dividend paid	30.0	221,387
2016 Second interim dividend paid	9.0	66,416
	45.0	332,080

Subsequent to the financial year, on 26 February 2019, the Directors declared an interim single tier dividend of 3.0 sen per ordinary share, which amounted to approximately RM22,136,000 in respect of the financial year ended 31 December 2018. The dividend is payable on 18 April 2019 to the shareholders whose names appear in the Record of Depositors at the close of business on 29 March 2019. The financial statements for the current financial year do not reflect the proposed dividend.

28. EMPLOYEE BENEFITS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Salaries and wages	155,243	255,239	121,346	201,370
Defined contribution retirement plans	19,526	25,890	14,631	20,542
Others	7,260	7,996	4,312	6,312
	182,029	289,125	140,289	228,224

Included in employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM2,579,000 (2017: RM5,167,000) and RM1,883,000 (2017: RM1,957,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

29. DISCONTINUED OPERATIONS

- (a) In the previous financial year, on 12 May 2017, Laviani Pte. Ltd., a direct wholly-owned subsidiary of the Company had entered into an agreement to dispose off its entire equity interest (equivalent to 52.51%) in a subsidiary, Cityneon Holdings Limited, a company incorporated in Singapore, which was an investment holding company for a cash consideration of SGD115,612,731 (equivalent to approximately RM360,180,000). The disposal was completed on 12 July 2017.
- (b) An analysis of the results of the discontinued operations was as follows:

	Group 2017 RM'000
Revenue	156,798
Other income	1,176
Operating expenses	(129,108)
Finance costs	(1,385)
Share of loss of an associate, net of tax	(289)
Profit before tax	27,192
Taxation (Note 25)	(2,666)
Profit for the financial year	24,526

The cash flows attributable to the discontinued operations were as follows:

	Group 2017 RM'000
Net cash used in operating activities	(9,883)
Net cash used in investing activities	(16,952)
Net cash from financing activities	12,913
	(13,922)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

29. DISCONTINUED OPERATIONS (CONT'D)

Other than those disclosed elsewhere in the financial statements, profit before tax of the discontinued operations was arrived at:

	Group 2017 RM'000
After charging:	
Auditors' remuneration:	
BDO member firms	
- Statutory	
- Current year	510
- Directors' remuneration payable to:	
- Directors of the Company	
- fees	91
- Directors of subsidiaries	
- fees	1,249
- other emoluments	2,018
Foreign exchange loss:	
- realised	1,243
Loss on disposal of property, plant and equipment	4
Rental of equipment	7,866
Rental of premises	2,409
And crediting:	
Interest income	76
Rental income	120

30. RELATED PARTIES DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

30. RELATED PARTIES DISCLOSURES (CONT'D)

(a) Identities of related parties (cont'd)

Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 8 to the financial statements;
- (ii) Associates as disclosed in Note 9 to the financial statements;
- (iii) Companies in which certain Directors have financial interests; and
- (iv) Key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Company, and certain members of the senior management of the Group.

- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Company	
	2018 RM'000	2017 RM'000
Subsidiaries		
Advertisement commission paid/payable	-	108
Dividend income	3,540	211,866
Jobbing income	-	1,156
Management fees	44	727
Purchase of content	1,019	996
Purchase of ePaper subscription	-	26
Rental income	358	30
Sales of advertisement space	19	23
Shared services cost	9,421	20,096
Training fees paid/payable	-	153

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

30. RELATED PARTIES DISCLOSURES (CONT'D)

- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year (cont'd):

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Companies in which certain Directors deemed to have financial interests				
Sales of advertisement space	16,812	16,038	16,793	16,015
Purchase of services	-	28	-	28

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 31 December 2018 is disclosed in Notes 11 and 18 to the financial statements.

- (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and the Company.

The remuneration of the Directors during the financial year was as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Short term employee benefits	1,897	1,963	1,825	1,963
Contributions to defined contribution plans	244	240	244	240
	2,141	2,203	2,069	2,203

31. CONTINGENT LIABILITIES

- (a) There are several libel suits, which involve claims against the Group and the Company of which the outcome and probable compensation, if any, are currently indeterminable. However, after consulting with their legal counsel for litigation cases and internal and external experts to the Group and the Company for matters in the ordinary course of business, the Directors and management do not expect the amounts of liabilities, if any, to be material to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

31. CONTINGENT LIABILITIES (CONT'D)

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

	2018		2017	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group and Company				
Unrecognised financial liabilities				
- Contingent liabilities				
- Litigations	-	899	-	3,245

The fair value of contingent liabilities is categorised as Level 3 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

32. COMMITMENTS

- (a) Operating lease commitments

- (i) The Group as a lessee

The Group had entered into non-cancellable lease agreements resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

The lease terms do not contain restrictions on the activities of the Group concerning dividends or additional debt. The Group has aggregate future minimum lease commitment as at the end of each reporting period as follows:

	Group	
	2018 RM'000	2017 RM'000
Not later than one (1) year	1,721	192
Later than one (1) year and not later than five (5) years	3,745	83
More than five (5) years	2,534	-
	8,000	275

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

32. COMMITMENTS (CONT'D)

(a) Operating lease commitments (cont'd)

(ii) The Group and the Company as lessor

The Group and the Company have entered into non-cancellable lease arrangements on properties for terms of between one (1) to three (3) years and renewable at the end of the lease period.

The Group and the Company have aggregate future minimum lease receivables as at the end of each reporting period as follows:

	Group and Company	
	2018 RM'000	2017 RM'000
Not later than one (1) year	1,291	1,398
Later than one (1) year and not later than five (5) years	714	1,753
	2,005	3,151

(b) Capital commitments

	Group and Company	
	2018 RM'000	2017 RM'000
Authorised capital expenditure not provided for in the financial statements		
- contracted	1,120	2,560
- not contracted	19,174	13,934
	20,294	16,494
Analysed as follows:		
- Property, plant and equipment	20,294	16,494

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

33. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to ensure that the Group would be able to continue as a going concern whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in financial year ended 31 December 2017.

The Group reviews its capital structure on an annual basis and the Directors consider the cost of capital and the risks associated with each class of the capital. The Group manages its capital structure and makes adjustments to address changes in economic environment, regulatory requirements and risk characteristics in the business operations of the Group. These initiatives include dividend payments, share buy-back, issuance of new debts, redemption of debts and other adjustments in light of economic conditions.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, loans and borrowings, less cash and bank balances. Capital represents equity attributable to the owners of the parent.

There are no changes made on the capital management, policies and procedures of the Group and the Company during the financial years ended 31 December 2018 and 31 December 2017.

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Loans and borrowings	3,315	102,497	1,348	101,709
Less: Cash and bank balances (Note 15)	(300,030)	(480,807)	(220,234)	(408,177)
Net cash	(296,715)	(378,310)	(218,886)	(306,468)
 Total capital	 832,282	 873,613	 802,711	 821,692
 Gearing ratio	 -	 -	 -	 -

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of not less than or equals to twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial year ended 31 December 2018.

The Group is not subject to any other externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

33. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from foreign currency risk, liquidity and cash flow risk, interest rate risk, credit risk and market risk.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to foreign currency risk, liquidity and cash flow risk, interest rate risk, credit risk and market risk. Information on the management of the related exposures is detailed below.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rate.

The Group and the Company are exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currencies of the operating entities.

The Group and the Company also hold cash and bank balances denominated in foreign currencies for working capital purposes. At the end of each reporting period, such foreign currency balances amounted to RM2,781,000 (2017: RM13,100,000) for the Group and RM438,000 (2017: RM11,305,000) for the Company.

The Group maintains a natural hedge, where possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

During the financial year, the Group and the Company entered into foreign currency forward contracts to manage exposures to currency risk for payables, which are denominated in a currency other than the functional currencies of the Group and of the Company.

The notional amount and maturity date of the forward foreign exchange contracts outstanding as at the end of the reporting period is disclosed in Note 14 to the financial statements.

The sensitivity analysis for foreign currency risk has been disclosed in Notes 11, 15 and 18 to the financial statements respectively.

(ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

33. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (cont'd)

(ii) Liquidity and cash flow risk (cont'd)

The Group is actively managing its operating cash flows to ensure all commitments and funding needs are met. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 18 and 19 to the financial statements respectively.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The primary interest rate risk of the Group and of the Company relates to interest-earning deposits, amount owing by a subsidiary and interest-bearing borrowings from financial institutions. The fixed-rate deposit and borrowings of the Group are not exposed to a risk of changes in their fair values due to changes in interest rates. The floating rate deposits and borrowings of the Group are exposed to a risk of change in cash flows due to changes in interest rates. The Group does not use derivative financial instruments to hedge its risk. The Group borrows in the desired currencies at both fixed and floating rates of interest.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 11, 15, 19 and 20 to the financial statements respectively.

(iv) Credit risk

Cash deposits and trade receivables could give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are reputable institutions and organisations. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of one (1) month, extending up to three (3) months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control section to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The credit risk profile has been disclosed in Note 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

33. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (cont'd)

(v) Market risk

Market risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risks arising from quoted investments held by the Group. They are held for strategic rather than trading purposes. The Group does not actively trade these investments. These instruments are classified as financial assets designated at fair value through profit or loss.

To manage its price risk arising from investments in shares, funds and bonds, the Group diversifies its portfolio in accordance with the limits set by the Group.

The sensitivity analysis of market risk has been disclosed in Note 10 to the financial statements.

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) On 13 August 2018, the Group completed the disposal of its entire equity interest (equivalent to 51%) in a subsidiary, Leaderonomics Sdn. Bhd., a company incorporated in Malaysia, which was engaged in human capital development services including training and consultancy for a total cash consideration of RM5,650,000 as disclosed in Note 8(e) to the financial statements.
- (b) On 20 February 2018, the Company announced that the deadline for the delivery of vacant possession of its investment property under construction ("Tower A") pursuant to the sale and purchase agreement dated 19 August 2011 made between the Company and Jaks Island Circle Sdn. Bhd. ("JIC") ("SPA") had expired on 15 February 2018 following the latest fourth extension agreed between the Company and JIC.

Resulting thereto, the Company had on 15 February 2018 called on the two (2) bank guarantees issued by United Overseas Bank (Malaysia) Berhad and AmBank (M) Berhad respectively (collectively, "Banks") amounting to RM50,000,000 pledged as security by JIC under the SPA.

JIC had on 23 February 2018 filed in two (2) originating summons in the High Court of Malaya in Kuala Lumpur to among others, restrain the Banks from releasing payment under the bank guarantees and to restrain the Company from receiving the payment under the bank guarantees.

On 28 February 2018, the Company called on the corporate guarantee dated 17 October 2013 issued by Jaks Resources Berhad ("JRB") demanding JRB to complete and deliver the Vendor's Entitlement under the SPA, i.e. the completion, delivery and transfer of title with vacant possession and certificate of completion and compliance of Tower A by 30 June 2018.

On 6 March 2018, the Company received a purported notice of arbitration from JIC's solicitors ("the said Letter") to resolve the disputes between the Company and JIC by way of arbitration.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD (CONT'D)

(b) (Cont'd)

On 8 March 2018, the Company's solicitors responded to JIC's solicitors disagreeing with JIC's contentions in the said Letter as to "disputes or differences which have therefore arisen between the Company and JIC in connection with SPA" when at all material times, JIC had never raised such alleged disputes or differences during the performance of their obligations under the SPA. Such alleged disputes or differences does not in any way affect the Company's call on the bank guarantees which terms clearly provide that the performance of the bank guarantees shall not be prevented by any contestation, protestation or arbitration.

In the said Letter, JIC had requested to waive the procedural step of panel resolution pursuant to the SPA which the Company is not agreeable to waive.

The Company views that the said Letter does not and cannot amount to a notice of arbitration particularly when it is premature and does not even state or particularise JIC's alleged dispute intended to be referred to arbitration.

On 12 July 2018, the High Court dismissed the two (2) originating summons and ordered among others, the Banks to make payment under the bank guarantees to the Company on or before 19 July 2018.

JIC had on 13 July 2018 filed Notices of Appeal to the Court of Appeal against the High Court's decision in dismissing both the originating summons and Stay of Execution of the High Court's Order dated 12 July 2018 until the hearing and resolution of JIC's appeals. JIC had also filed the application for Erinford Injunction at the High Court to prevent/restrain the Company from receiving the payment under the bank guarantees and to prevent/restrain the Banks from releasing payment under the bank guarantees pending the full and final disposal of JIC's appeals above.

JIC had subsequently withdrawn their application for Stay of Execution during the case management on 17 July 2018.

The High Court had on 23 July 2018 dismissed JIC's Erinford Injunction Application and ordered among others that the Banks make payment under the bank guarantees to the Company on or before 30 July 2018.

On 24 July 2018, JIC filed fresh Erinford Injunction at the Court of Appeal to restrain and/or prevent the Company from receiving payment under the bank guarantees and the Banks from releasing payment under the bank guarantees until full and final disposal of JIC's appeals. The Court of Appeal had on 27 July 2018 dismissed JIC's application for Erinford Injunction and ordered the Banks to pay the monies under the bank guarantees to the Company by 30 July 2018.

On 27 July 2018, JIC filed application at the Federal Court for leave to appeal against the Court of Appeal's decision ("Leave Application") and applied for Erinford Injunction at the Federal Court to restrain and/or prevent the Company from receiving payment under the bank guarantees and the Banks from releasing payment under the bank guarantees until full and final disposal of the Leave Application.

The Federal Court had on 30 July 2018 and 1 August 2018 granted interim stay/Erinford Injunction until 26 September 2018. On 26 September 2018, the counsel for JIC sought an adjournment of the hearing for Leave Application and the Federal Court ordered interim stay/Erinford Injunction to be continued until disposal of the Leave Application or JIC's appeals to the Court of Appeal against the High Court's decision in dismissing both the originating summons, whichever earlier.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD (CONT'D)

(b) (Cont'd)

On 7 November 2018, the Court of Appeal's hearing for JIC's appeals had been adjourned to 16 November 2018 on account of the recusal of Justice Stephen Chung. Following this, the Federal Court adjourned the Leave Application's hearing to 19 November 2018 and ordered interim stay/Erinford Injunction to be continued until disposal of the Leave Application or JIC's appeals, whichever earlier.

The Company was informed by its solicitors on 8 November 2018 that the Court of Appeal had brought forward the abovementioned hearing in respect of JIC's appeals to 14 November 2018. The hearing date of 16 November 2018 was therefore vacated.

The Court of Appeal had on 14 November 2018 unanimously dismissed both JIC's appeals against the High Court Orders dated 12 July 2018 with costs and ordered RM30,000 to be paid to the Company.

On 16 November 2018, the Company was served with sealed Notices of Motion filed by JIC at the Federal Court for leave to appeal the Court of Appeal's orders dated 14 November 2018 in dismissing JIC's appeals against the High Court Orders dated 12 July 2018 ("Federal Court's Leave Application") and an Interim Erinford Injunction to prevent the Banks from releasing the bank guarantees to the Company pending the Federal Court's Leave Application.

On 19 November 2018, the Federal Court granted an interim Erinford Injunction filed by JIC restraining the Banks from releasing the Bank Guarantees and restraining the Company from receiving the Bank Guarantees to the Company pending the hearing of JIC's Federal Court's Leave Application, which had been fixed for hearing on 7 January 2019.

On 7 January 2019, the Federal Court had unanimously dismissed JIC's Federal Court's Leave Application with costs awarded to the Company and the Court orders have been executed.

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

35.1 New MFRSs adopted during the financial year

The Group and Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

35.1 New MFRSs adopted during the financial year (cont'd)

The Group and Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year (cont'd):

Title	Effective Date
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 15 and MFRS 9 described in the following sections.

(a) MFRS 9 *Financial Instruments*

MFRS 9 replaces MFRS 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, encompassing all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied MFRS 9 prospectively, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 have been recognised directly in retained earnings and other components of equity.

(i) Classification of financial assets and financial liabilities

The Group and the Company classify their financial assets into the following measurement categories depending on the business model of the Group and the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

The following summarises the key changes:

- The Available-For-Sale (AFS), Held-To-Maturity (HTM) and Loans and Receivables (L&R) financial asset categories were removed.
- A new financial asset category measured at Amortised Cost (AC) was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (cont'd)

35.1 New MFRSs adopted during the financial year (cont'd)

(a) MFRS 9 *Financial Instruments* (cont'd)

(i) Classification of financial assets and financial liabilities (cont'd)

The following summarises the key changes: (cont'd)

- A new financial asset category measured at Fair Value Through Other Comprehensive Income (FVTOCI) was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139 all fair value changes of liabilities designated as Fair Value Through Profit or Loss (FVTPL) are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
- The remaining amount of change in the fair value is presented in profit or loss.

(ii) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Group by replacing the incurred loss approach of MFRS 139 with a forward-looking expected credit loss approach. MFRS 9 requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

35.1 New MFRSs adopted during the financial year (cont'd)

(a) MFRS 9 *Financial Instruments* (cont'd)

(ii) Impairment of financial assets (cont'd)

Impairment for other receivables and amounts owing by subsidiaries are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve (12) months expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

(iii) Classification and measurement

The following table summarises the reclassification and measurement of the financial assets and financial liabilities of the Group and of the Company as at 1 January 2018:

	Classification		Carrying amount	
	Existing under MFRS 139	New under MFRS 9	Existing under MFRS 139 RM'000	New under MFRS 9 RM'000
Group				
Financial assets				
Other investments	FVTPL	FVTPL	10,660	10,660
Derivative assets	FVTPL	FVTPL	30	30
Trade and other receivables (excluding prepayments)	L&R	AC	76,249	73,158
Cash and bank balances	L&R	AC	480,807	480,807
Financial liabilities				
Trade and other payables	OFL	AC	145,739	145,739
Borrowings	OFL	AC	102,497	102,497

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

35.1 New MFRSs adopted during the financial year (cont'd)

(a) MFRS 9 *Financial Instruments* (cont'd)

(iii) Classification and measurement (cont'd)

The following table summarises the reclassification and measurement of the financial assets and financial liabilities of the Group and of the Company as at 1 January 2018 (cont'd):

	Classification		Carrying amount	
	Existing under MFRS 139	New under MFRS 9	Existing under MFRS 139 RM'000	New under MFRS 9 RM'000
Company				
Financial assets				
Other investments	FVTPL	FVTPL	10,660	10,660
Derivative assets	FVTPL	FVTPL	30	30
Trade and other receivables (excluding prepayments)	L&R	AC	70,898	69,808
Cash and bank balances	L&R	AC	408,177	408,177
Financial liabilities				
Trade and other payables	OFL	AC	165,639	165,639
Borrowings	OFL	AC	101,709	101,709

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

35.1 New MFRSs adopted during the financial year (cont'd)

(a) MFRS 9 *Financial Instruments* (cont'd)

(iii) Classification and measurement (cont'd)

The following tables are reconciliations of the carrying amounts of the statements of financial position of the Group and of the Company from MFRS 139 to MFRS 9 as at 1 January 2018:

	Existing under MFRS 139 Carrying amount as at 31 December 2017 RM'000	Remeasurement RM'000	New under MFRS 9 Carrying amount as at 1 January 2018 RM'000
Group			
Trade and other receivables:			
Opening balance	101,488	-	101,488
Increase in impairment loss	-	(3,091)	(3,091)
Total trade and other receivables	101,488	(3,091)	98,397
Deferred tax assets:			
Opening balance	3,333	-	3,333
Increase in impairment loss	-	724	724
Total deferred tax assets	3,333	724	4,057
Retained earnings:			
Opening balance	136,884	-	136,884
Increase in impairment loss	-	(2,155)	(2,155)
Total retained earnings	136,884	(2,155)	134,729
Non-controlling interests:			
Opening balance	1,660	-	1,660
Increase in impairment loss	-	(212)	(212)
Total non-controlling interests	1,660	(212)	1,448

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

35.1 New MFRSs adopted during the financial year (cont'd)

(a) MFRS 9 *Financial Instruments* (cont'd)

(iii) Classification and measurement (cont'd)

The following tables are reconciliations of the carrying amounts of the statements of financial position of the Group and of the Company from MFRS 139 to MFRS 9 as at 1 January 2018 (cont'd):

	Existing under MFRS 139 Carrying amount as at 31 December 2017 RM'000	Remeasurement RM'000	New under MFRS 9 Carrying amount as at 1 January 2018 RM'000
Company			
Trade and other receivables:			
Opening balance	92,699	-	92,699
Increase in impairment loss	-	(1,090)	(1,090)
Total trade and other receivables	92,699	(1,090)	91,609
Deferred tax liabilities:			
Opening balance	25,742	-	25,742
Increase in impairment loss	-	(261)	(261)
Total deferred tax liabilities	25,742	(261)	25,481
Retained earnings:			
Opening balance	84,897	-	84,897
Increase in impairment loss	-	(829)	(829)
Total retained earnings	84,897	(829)	84,068

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

35.1 New MFRSs adopted during the financial year (cont'd)

(b) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a comprehensive framework for revenue recognition and measurement. It replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts*, and related Interpretations. Under MFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires significant judgement.

The Group adopted MFRS 15 using the retrospective method (without practical expedients), with the effect of initially applying this Standard at the date of initial application of 1 January 2018. The cumulative effect of initially applying MFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under MFRS 111, MFRS 118 and related Interpretations.

There is no impact of adopting MFRS 15 on the statements of financial position and statements of changes in equity. The following summarises the impact of adopting MFRS 15 on the statements of profit or loss and OCI of the Group and Company for the financial year then ended for each of the line items affected.

(i) Statements of profit or loss and OCI

	As reported RM'000	Adjustments RM'000	Amounts without adoption of MFRS 15 RM'000
Group			
Revenue	392,680	38,049	430,729
Cost of sales	(184,384)	(4,401)	(188,785)
Income tax expense	(3,477)	-	(3,477)
Others	(199,360)	(33,648)	(233,008)
Profit for the financial year	5,459	-	5,459
Total comprehensive income for the financial year	5,330	-	5,330

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

35.1 New MFRSs adopted during the financial year (cont'd)

(b) MFRS 15 *Revenue from Contracts with Customers* (cont'd)

(i) Statements of profit or loss and OCI (cont'd)

	As reported RM'000	Adjustments RM'000	Amounts without adoption of MFRS 15 RM'000
Company			
Revenue	325,846	33,381	359,227
Cost of sales	(151,667)	-	(151,667)
Income tax expense	(1,819)	-	(1,819)
Others	(146,239)	(33,381)	(179,620)
Profit for the financial year	26,121	-	26,121
Total comprehensive income for the financial year	26,121	-	26,121

35.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

35.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019 (cont'd)

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company (cont'd):

Title	Effective Date
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company do not expect the adoption of the above Standards to have a significant impact on the financial statements, except for MFRS 16 at the Group level as described in the following sections.

The Group is currently finalising the adjustments upon adoption of MFRS 16. As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 are no longer required. This Standard introduces a single accounting model, requiring the lessee to recognise the right-of-use of the underlying lease asset and the future lease payments liabilities in the statements of financial position. For a lessor, MFRS 16 continues to allow the lessor to classify leases as either operating leases or finance leases and to account for these two types of leases differently.

Comparatives are not restated in accordance with the transition requirements under the Appendix C, paragraph 5(b) of this Standard.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

35.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019 (cont'd)

The following table provides an estimate of the impact of expected changes to the statements of financial position of the Group resulting from the adoption of MFRS 16 as at 1 January 2019:

	Note	As at 31 December 2018 RM'000	Changes RM'000	As at 1 January 2019 RM'000
Group				
Non-current assets				
Right-of-use assets	(a)	-	10,332	10,332
Non-current liabilities				
Lease liabilities		-	8,788	8,788
Current liabilities				
Lease liabilities		-	1,798	1,798
Total lease liabilities	(b)	-	10,586	10,586
Equity				
Retained earnings		95,682	(254)	95,428

- (a) Right-of-use assets comprise rental of equipment and premises. Subsequent to initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of lease liabilities. The right-of-use assets are measured at an amount equal to the lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

35.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019 (cont'd)

The following table provides an estimate of the impact of expected changes to the statements of financial position of the Group resulting from the adoption of MFRS 16 as at 1 January 2019 (cont'd):

- (b) Lease liabilities arising from the equipment are recognised and discounted using the weighted average incremental borrowing rate of the Group of 6.4%. Subsequent to initial recognition, the Group measure the lease liabilities by increasing the carrying amount to reflect the interest on the lease liabilities, reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.
- (c) There is an estimated impact amounting to RM254,000 to the retained earnings of the Group as at 1 January 2019.

Other than the above, the Group elected to apply exemption for leases of equipment expiring within twelve (12) months under the Appendix C, paragraph 10(c) of this Standard. The lease payments of these equipment are recognised as expenses on a straight line basis over the remaining lease terms.

LIST OF PROPERTIES

AS AT 31 DECEMBER 2018

Location	Tenure	Size	Description	Approximate age of buildings (years)	Net book value RM'000	Year of Acquisition/ Last Revaluation#
No.15-19, Jalan Masjid Kapitan Keling 10200 Pulau Pinang	Leasehold Expiry: 2055	23,372 sq. ft.	Office block and creative & events hub	Pre-war	813	1983#
No. 26A, Randolph Avenue London W9 1BL United Kingdom	Leasehold Expiry: 2086	1,481 sq. ft.	2-storey semi-detached house	58	713	1995
Kawasan Perindustrian Bukit Minyak, Mukim 13 Daerah Seberang Perai 14100 Bukit Mertajam Pulau Pinang	Leasehold Expiry: 2056	172,644 sq. ft.	Newsprint warehouse	21	7,703	1995
Menara Star 15, Jalan 16/11 46350 Petaling Jaya Selangor Darul Ehsan	Freehold	165,000 sq. ft.	17-storey tower block	18	35,860	2001
No. 2, Jalan Astaka U8/88 Section U8 Bukit Jelutong Industrial Park 40150 Shah Alam Selangor Darul Ehsan	Freehold	405,979 sq. ft.	Industrial land	N/A	22,495	1997
		205,117 sq. ft.	Printing plant	18	29,634	2001
202, Jalan Sultan Azlan Shah 11900 Bayan Lepas Pulau Pinang	Freehold	7,204 sq. metres	Industrial land	N/A	11,954	1997
		19,472 sq. metres	Regional office and printing plant	17	17,675	2002
Lot 9, First Floor Block B, Lintas Square 88300 Kota Kinabalu Sabah	Leasehold Expiry: 2996	1,210 sq. ft.	1st floor of an office block	20	168	1999
GM 4148 Lot 26198 (GM 613 Lot 6037) Mukim Bentong Pahang Darul Makmur	Freehold	3.632 hectare	Vacant agriculture land	N/A	2,096	1999
GM 4111 Lot 26192 (GM 611 Lot 3162) Mukim Bentong Pahang Darul Makmur	Freehold	0.3655 hectare	Vacant agriculture land	N/A	1,079	2000
GM 4147 Lot 26197 (GM 612 Lot 6036) Mukim Bentong Pahang Darul Makmur	Freehold	0.3676 hectare	Vacant agriculture land	N/A		

LIST OF PROPERTIES

AS AT 31 DECEMBER 2018 (CONT'D)

Location	Tenure	Size	Description	Approximate age of buildings (years)	Net book value RM'000	Year of Acquisition/ Last Revaluation#
Lot No. 60 Mukim of Tanah Rata Bintang Cottage A38 Jalan Pekeliling Padang Golf, Tanah Rata Cameron Highlands Pahang Darul Makmur	Leasehold Expiry: 2135	60,387 sq. ft.	Single storey detached house	Pre-war	1,356	2002
Unit A 4103 SOHO Xian Dai Cheng No. 88, Jian Guo Road Chao Yang District Beijing 100022 People's Republic of China	Leasehold Expiry: 2070	386.41 sq.metres	Top floor of a 42-storey building	15	1,730	2004
No. 7, Jalan Tiang U8/93 Section U8 Bukit Jelutong Industrial Park 40150 Shah Alam Selangor Darul Ehsan	Freehold	108,900 sq. ft.	Industrial land	N/A	4,380	2004
No. 9, Jalan Tiang U8/93 Section U8 Bukit Jelutong Industrial Park 40150 Shah Alam Selangor Darul Ehsan	Freehold	111,078 sq. ft.	Industrial land	N/A	4,443	2004
10 Anson Road #19-14 International Plaza Singapore 079903	Leasehold Expiry: 2070	219 sq.metres	19th floor on a 50-storey building	43	1,955	2005
Neighbourhood Commercial Centre GF to 3F, U6 Jalan P9E/1, Presint 9 62250 Putrajaya	Freehold	1,690.72 sq.metres	4-storey shop office	14	3,272	2004
No. 8 & 10, Lorong Chung Thye Phin 30250 Ipoh Perak Darul Ridzuan	Leasehold Expiry: 2893	1,622.53 sq.metres	Commercial land	N/A	1,376	2005
		1,978 sq.metres	Office building	8	4,074	2011
Klang Town Commercial Centre No. 35 Lebuhr Tapah, Bandar Klang 41400 Klang Selangor Darul Ehsan	Freehold	445.93 sq.metres	3-storey shop office	12	663	2007
No. 37 Jalan USJ Sentral 3 USJ Sentral, Persiaran Subang 1 47600 Subang Jaya Selangor Darul Ehsan	Freehold	10,080 sq. ft.	5-storey shop office & 1 lower ground car park	10	2,284	2009

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2019

SHARE CAPITAL

Total Number of Issued Shares	:	738,563,602
Class of Share	:	Ordinary Share
Voting Rights	:	One (1) vote per ordinary share
Number of Shareholders	:	10,976

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	% of Issued Shares
Less than 100	83	0.756	1,627	0.000
100 - 1,000	1,820	16.582	1,534,006	0.208
1,001 - 10,000	6,463	58.883	30,905,638	4.189
10,001 - 100,000	2,347	21.383	71,449,327	9.683
100,001 - 36,893,819 *	259	2.360	145,959,144	19.781
36,893,820 and above **	4	0.036	488,026,660	66.139
Total	10,976	100.000	737,876,402[^]	100.000

Notes:

* Less than 5% of issued share

** 5% and above of issued share

[^] Excludes 687,200 Ordinary Shares bought back by the Company and held as treasury shares

SUBSTANTIAL SHAREHOLDERS (HOLDING 5% AND ABOVE)

(As per Register of Substantial Shareholders as at 29 March 2019)

No.	Name	Direct Interest		Indirect Interest	
		No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1.	AMSEC Nominees Tempatan Sdn. Bhd. Malaysian Chinese Association	313,315,760	42.462	4,851,500 ⁱ	0.657
2.	AmanahRaya Trustees Berhad Amanah Saham Bumiputera	70,020,200	9.489	-	-
3.	Employees Provident Fund Board	66,909,300 ⁱⁱ	9.068	-	-
4.	Urusharta Jamaah Sdn. Bhd.	39,806,300	5.395	-	-

Notes:

ⁱ Held via Huaren Holdings Sdn. Bhd. (4,651,500 shares) and Huaren Management Sdn. Bhd. (200,000 shares), which are deemed interested pursuant to Section 8 of the Companies Act 2016

ⁱⁱ Held via Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board and Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (AberIslamic)

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2019 (CONT'D)

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE COMPANY

(As per Register of Directors' Shareholdings as at 29 March 2019)

No.	Name	Direct Interest		Indirect Interest	
		No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1.	Dato' Fu Ah Kiow	-	-	-	-
2.	Tan Sri Dato' Sri IR Kuan Peng Ching @ Kuan Peng Soon	-	-	-	-
3.	Dato' Dr. Mohd Aminuddin bin Mohd Rouse	-	-	-	-
4.	Mr. Choong Tuck Oon	-	-	-	-
5.	Madam Wong You Fong	-	-	-	-
6.	Mr. Chan Seng Fatt	-	-	-	-
7.	Mr. Loh Chee Can	-	-	-	-

TOP THIRTY (30) LARGEST SHAREHOLDERS

(without aggregating the securities from different securities accounts belonging to the same registered holder)

No.	Name	No. of Shares Held	% of Issued Shares*
1.	AMSEC Nominees (Tempatan) Sdn. Bhd. Malaysian Chinese Association	313,315,760	42.462
2.	AmanahRaya Trustees Berhad Amanah Saham Bumiputera	70,020,200	9.489
3.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	64,884,400	8.793
4.	Urusharta Jamaah Sdn. Bhd.	39,806,300	5.395
5.	Amanahraya Trustees Berhad Amanah Saham Malaysia	29,000,000	3.930
6.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 - Didik	12,673,200	1.718
7.	Valuecap Sdn. Bhd.	9,678,200	1.312
8.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	7,411,200	1.004
9.	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	5,425,800	0.735
10.	Huaren Holdings Sdn. Bhd.	4,651,500	0.630
11.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An For Bank Julius Baer & Co. Ltd. (Singapore BCH)	2,571,200	0.348
12.	Koperasi Jayadiri Malaysia Berhad	2,334,000	0.316

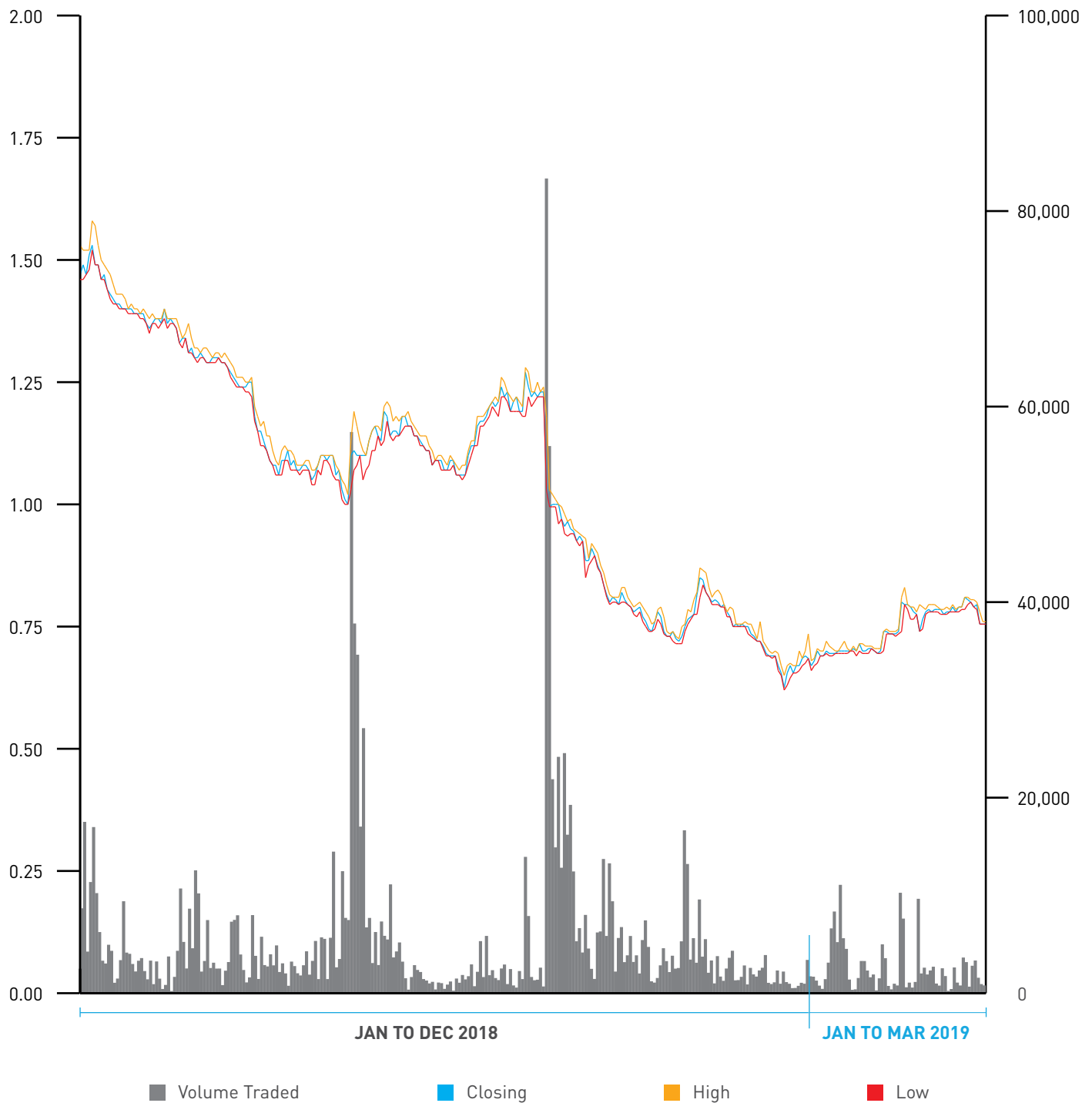
ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2019 (CONT'D)

No.	Name	No. of Shares Held	% of Issued Shares*
13.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	2,131,900	0.289
14.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Lim Yau Tong	2,092,900	0.284
15.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (Aberlslamic)	2,024,900	0.274
16.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY For DFA Emerging Markets Small Cap Series	1,687,500	0.229
17.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY For Dimensional Emerging Markets Value Fund	1,601,100	0.217
18.	Tengku Nerang Putra	1,466,144	0.199
19.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An For OCBC Securities Private Limited (Client A/C-NR)	1,409,700	0.191
20.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd For RHB Small Cap Opportunity Unit Trust	1,397,900	0.189
21.	Chee Ying Lin (See Ah Tai)	1,200,000	0.163
22.	Norinne Ira Dewal Binti Md Ali	1,150,000	0.156
23.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank For Goh Sin Bong (MP0081)	1,130,900	0.153
24.	Toh Kam Choy	1,000,000	0.136
25.	Shanthakumar A/L Santhalingam	957,000	0.130
26.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Deva Dassan Solomon	877,000	0.119
27.	Ng Poh Tip	851,500	0.115
28.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Phua Kiap Wite (E-KTN)	751,000	0.102
29.	Foo Sin Fong	750,000	0.102
30.	Kenanga Nominees (Asing) Sdn. Bhd. Exempt An For Philip Securities Pte. Ltd. (Client Account)	722,500	0.098
Total		584,973,704	79.278

* Excludes 687,200 Ordinary Shares bought back by the Company and held as treasury shares

SHARE PERFORMANCE CHART



CORPORATE DIRECTORY



STAR OFFICES

Star Media Group Berhad

Menara Star

15 Jalan 16/11
46350 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 7967 1388
Fax : +603 7954 1606
Customer Service
Hotline: 1-300-88-7827

Star Media Hub

Lot 2, Jalan Astaka U8/88
Section U8, Bukit Jelutong
40150 Shah Alam
Selangor Darul Ehsan
Tel : +603 7967 1388
Fax : +603 7845 4644

Star Northern Hub

202 Jalan Sultan Azlan Shah
11900 Bayan Lepas
Pulau Pinang
Tel : +604 647 3388
Fax : +604 647 3371/647 3335

Bureaus

George Town

15, Jalan Masjid Kapitan Keling
10200 Pulau Pinang
Tel : +604 647 3388
Fax : +604 261 1410

Ipoh

A-G-6, Menara Majestic
Jalan C.M. Yusuff
30250 Ipoh
Perak Darul Ridzuan
Tel : +605 253 0402
Fax : +605 253 9669

Johor Bahru

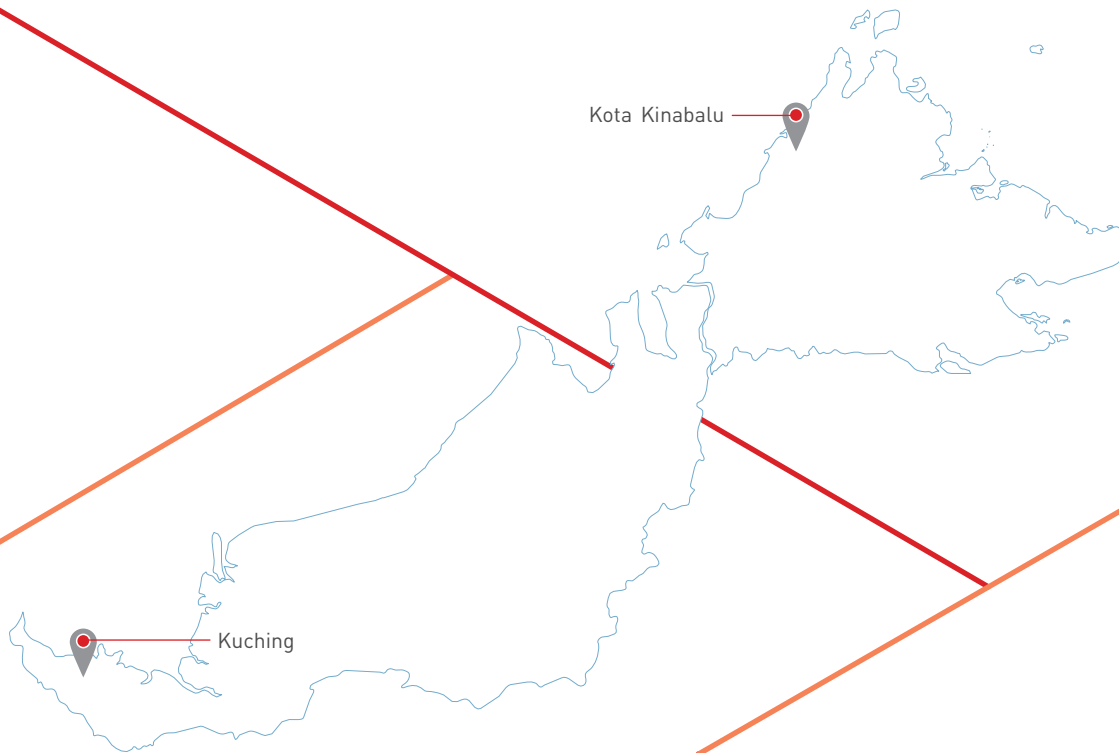
65 & 65A, Jalan Maju
Taman Maju Jaya
80400 Johor Bahru
Johor Darul Ta'zim
Tel : +607 331 5666/9745/2399/2433
Fax : +607 333 2435/3251

Klang

No. 35, Lebuhr Tapah,
Bandar Klang
41400 Klang
Selangor Darul Ehsan
Tel : +603 3344 8978
Fax : +603 3344 4584

Kuantan

14, 1st Floor,
Jalan Tun Ismail
25000 Kuantan
Pahang Darul Makmur
Tel : +609 513 1323/7415, +609 514 7624
Fax : +609 514 6276



Melaka

4A, 1st Floor,
Jalan Hang Tuah
75300 Melaka
Tel : +606 282 1909/283 6405
Fax : +606 283 5352

Putrajaya

T.01-U.03-1, Jalan P9 E/1
Presint 9
62250 W.P. Putrajaya
Tel : +603 8889 5513
Fax : +603 8889 5516

Seremban

49, Jalan Yam Tuan
70000 Seremban
Negeri Sembilan Darul Khusus
Tel : +606 762 6984/761 2992
Fax : +606 761 2577

Sabah & Sarawak

Kota Kinabalu

Lot 9, 1st Floor, Block B
Lintas Square, Jalan Lintas
88300 Luyang, Kota Kinabalu,
Sabah
Tel : +6088 233 380
Fax : +6088 237 380

Kuching

First Floor, Sublot 7,
Song Plaza,
Jalan Tun Jugah,
93350 Kuching
Sarawak
Tel : +6082 457 888
Fax : +6082 459 457

Overseas Bureau

Beijing

B1602 Jinqiao International Apartment
55, Guangqumen North Street
2nd East Ring Road, Dongcheng District
100062 Beijing, China
Tel : +86-10-858 03711
Fax : +86-10-858 03711

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PROXY FORM*

I/We _____
(full name of shareholder as per NRIC/Passport/Certificate of Incorporation in capital letters)
(NRIC/Passport/Company No. _____) of _____

_____ (full address)
being a member of STAR MEDIA GROUP BERHAD ("the Company") hereby appoint _____
(full name of proxy as per NRIC/Passport in capital letters)
(NRIC/Passport/Company No. _____) of _____

_____ (full address)
and/or, _____ (NRIC/Passport/Company No. _____)
(full name of proxy as per NRIC/Passport in capital letters)
of _____

_____ (full address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Forty-Seventh Annual General Meeting of the Company to be held at the Cybertorium, Level 2, Menara Star, 15, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 15 May 2019 at 10.00 a.m. and at any adjournment thereof and to vote as indicated below:

No.	Resolutions	FOR	AGAINST
Ordinary Resolutions			
1.	Re-election of Tan Sri Dato' Sri IR Kuan Peng Ching @ Kuan Peng Soon		
2.	Re-election of Dato' Dr. Mohd Aminuddin bin Mohd Rouse		
3.	Re-election of Mr. Chan Seng Fatt		
4.	Re-election of Mr. Loh Chee Can		
5.	Approval of payment of Directors' fees		
6.	Approval of payment of benefits payable to Non-Executive Directors		
7.	Re-appointment of BDO PLT as Auditors		
8.	Authority to allot shares pursuant to Section 75 of the Companies Act 2016		
9.	Proposed renewal of the authority to purchase own shares		
10.	Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue of trading nature		
Special Resolution			
1.	Proposed adoption of new Constitution of the Company		

Please indicate with an "X" in the appropriate space as to how you wish your votes to be cast in respect of each resolution. In the absence of specific directions, your proxy will vote or abstain from voting at his/her discretion.

[* Only original Forms of Proxy are valid. Photocopies are not acceptable. Any alteration to the Form of Proxy must be initialled.]

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:		
	No. of Shares	Percentage (%)
Proxy 1		
Proxy 2		
Total		100%

Dated this _____ day _____ of 2019

Signature/Common Seal of Member

Notes:

- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice shall be put to vote by way of poll.
- A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his/her stead. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy. A proxy may but need not be a member of the Company and there shall be no restrictions as to the qualification of the proxy. In the case of a corporation, the Form of Proxy must be executed under seal or signed by an officer or attorney duly authorised.
- 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") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- All original Forms of Proxy must be deposited at the Share Registrar's Office, Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the meeting.
- Only Members whose names appear in the General Meeting Record of Depositors as at **7 May 2019** shall be entitled to attend, participate, speak and vote at this Forty-Seventh AGM or appoint proxy(ies) to attend, participate, speak and/or vote on their behalf.

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Affix stamp
here

THE SHARE REGISTRAR
STAR MEDIA GROUP BERHAD (10894-D)
c/o 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

fold here

STAR MEDIA GROUP BERHAD (10894-D)

Menara Star, 15, Jalan 16/11,
46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel +603 7967 1388 Fax +603 7954 6752

starmediagroup.my