

# 世界華文

媒體 MEDIA CHINESE

Annual Report  
2017/18

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

明報  
MING PAO DAILY NEWS

星洲日報  
SIN CHEW DAILY

南洋商報  
NANYANG SIANG PAU

中國報  
CHINA PRESS

光明日報  
Guang Ming Daily

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# Corporate Information

## NON-EXECUTIVE DIRECTORS

Dato' Sri Dr TIONG Ik King (*Chairman*)  
Tan Sri Datuk Sir TIONG Hiew King

## EXECUTIVE DIRECTORS

Ms TIONG Choon  
Mr TIONG Kiew Chiong  
(*Group Chief Executive Officer*)  
Mr LEONG Chew Meng

## INDEPENDENT NON-EXECUTIVE DIRECTORS

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

## GROUP EXECUTIVE COMMITTEE

Mr TIONG Kiew Chiong (*Chairman*)  
Mr LEONG Chew Meng  
Mr NG Kait Leong  
Mr Yll Hua Tung  
Mr WONG Khang Yen

## AUDIT COMMITTEE

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

## REMUNERATION COMMITTEE

Datuk CHONG Kee Yuon (*Chairman*)  
Mr YU Hon To, David  
Mr KHOO Kar Khoon  
Mr TIONG Kiew Chiong  
Mr LEONG Chew Meng

## NOMINATION COMMITTEE

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

## JOINT COMPANY SECRETARIES

Ms TIN Suk Han  
Ms TONG Siew Kheng

## PRINCIPAL BANKERS

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

## AUDITOR

PricewaterhouseCoopers

## STOCK CODE

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

## WEBSITE

[www.mediachinesegroup.com](http://www.mediachinesegroup.com)

# Corporate Information

## HONG KONG HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

## MALAYSIA HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

## REGISTERED OFFICE IN BERMUDA

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

## REGISTERED OFFICE IN MALAYSIA

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

## PRINCIPAL REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

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

## MALAYSIA BRANCH REGISTRAR AND TRANSFER OFFICE

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

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



# Profile of Board of Directors

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

### **Non-executive Director and Chairman (Non-independent)**

*Malaysian, male, aged 67*

Dato' Sri Dr TIONG Ik King was appointed as an executive director of Media Chinese International Limited (the "Company") on 20 October 1995 and was re-designated as a non-executive director on 1 April 2017. He was then appointed as the Chairman of the Company on 1 April 2018. He has extensive experience in media and publishing, information technology, timber, plantations, oil palm and manufacturing industries.

Dato' Sri Dr TIONG graduated from the National University of Singapore with an M.B.B.S. Degree in 1975 and became a member of the Royal College of Physicians, United Kingdom (M.R.C.P.) in 1977. He was conferred the datukship title of Dato' Sri by the Sultan of Pahang, Malaysia on 24 October 2008 in recognition of his contribution to the country.

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

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

## **拿督斯里張翼卿醫生**

### **非執行董事兼主席 (非獨立)**

*馬來西亞公民，男性，67歲*

拿督斯里張翼卿醫生於1995年10月20日獲委任為世界華文媒體有限公司(「本公司」)執行董事，並於2017年4月1日調任為非執行董事。他其後於2018年4月1日獲委任為本公司主席。他在傳媒及出版、資訊科技、木材、林業、油棕及製造業領域均擁有豐富經驗。

拿督斯里張醫生於1975年畢業於新加坡國立大學，獲頒內外全科醫學士學位，並於1977年取得英國皇家內科醫學會會員資格。他於2008年10月24日獲馬來西亞彭亨州蘇丹頒授拿督斯里封號，以表揚他對國家的貢獻。

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

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

# Profile of Board of Directors

**Tan Sri Datuk Sir TIONG Hiew King**  
**Non-executive Director (Non-independent)**  
*Malaysian, male, aged 83*

Tan Sri Datuk Sir TIONG Hiew King was appointed as the Chairman of the Company on 20 October 1995 and was re-designated as a non-executive Director of the Company on 1 April 2018. He is currently a non-executive Director of One Media Group Limited ("One Media"), a subsidiary of the Company listed on the main board of The Stock Exchange of Hong Kong Limited (the "HK Stock Exchange"). Tan Sri Datuk Sir TIONG is also the Executive Chairman of Rimbunan Hijau Group, a large diversified conglomerate in Malaysia comprising timber harvesting, processing and manufacturing of timber products, plantations and other businesses around the world. He has extensive experience in a number of industries, including media and publishing, timber, oil palm plantations and mills, oil and gas, mining, fishery, information technology and manufacturing.

He is the founder of *The National*, an English newspaper in Papua New Guinea and is currently the President of The Chinese Language Press Institute Limited. He was bestowed the Knight Commander of the Most Excellent Order of the British Empire (K.B.E.) by Queen Elizabeth II of the United Kingdom in June 2009 in recognition of his contribution to commerce, community and charitable organisations. In 2010, he was awarded "Malaysia Business Leadership Award 2010 — The Lifetime Achievement Award" by the Kuala Lumpur Malay Chamber of Commerce in recognition of his entrepreneurship achievements and contribution to the country. On 15 December 2017, he was awarded the title of "Chinese Culture Promoter of the Year" by CCTV (China Central Television), to be one selected during the "2017 — The Brilliance of China-Choice for Chinese Culture Promoter of the Year" event. In January 2018, he was honoured the inaugural Nation Builder Tribute from the Branding Association of Malaysia, for his immense economic contribution as well as his role as a champion for the Malaysian Chinese culture in the modern global business world.

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

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

**丹斯里拿督張曉卿爵士**  
**非執行董事(非獨立)**  
*馬來西亞公民，男性，83歲*

丹斯里拿督張曉卿爵士於1995年10月20日獲委任為本公司主席，其後於2018年4月1日調任為非執行董事。他現任萬華媒體集團有限公司（「萬華媒體」）的非執行董事。萬華媒體為本公司之附屬公司，於香港聯合交易所有限公司（「香港聯交所」）主板上市。丹斯里拿督張曉卿爵士為馬來西亞大型多元化綜合企業常青集團的執行主席，該集團在全球擁有採伐、加工及製造木材產品、林業及其他業務。他在多個行業均有豐富經驗，包括傳媒及出版、木材、油棕林業、氣油、礦業、漁業、資訊科技及製造業等。

他是在巴布亞新畿內亞出版的英文報章《The National》之創辦人，也是世界中文報業協會有限公司的現任會長。他於2009年6月獲英女皇伊利沙伯二世冊封爵級司令勳章(K.B.E.)，以嘉許他對商界、社會及慈善機構的貢獻。他也於2010年榮獲吉隆坡馬來商聯會頒授「2010年度馬來西亞商業領袖大獎——終生成就獎」，以表揚他的企業成就及對國家的貢獻。他於2017年12月15日中央電視台舉辦的「2017中華之光——傳播中華文化年度人物評選」活動獲得「年度人物獎」。他於2018年1月因對現代全球商業世界的經濟和推廣華人文化和價值觀貢獻良多，榮獲馬來西亞品牌協會頒發首屆國家建設者致敬獎(Nation Builder Tribute)。

丹斯里拿督張爵士是本公司馬來西亞全資附屬公司星洲媒體集團有限公司（「星洲媒體」）的主席。他現任馬來西亞上市公司常青油棕有限公司之執行董事及新加坡上市公司常青石油及天然氣有限公司之執行主席。他同時出任本公司多間附屬公司的董事。

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

# Profile of Board of Directors

## **Ms TIONG Choon** **Executive Director**

*Malaysian, female, aged 49*

Ms TIONG Choon was appointed as a non-executive director of the Company on 31 March 2013 and was re-designated as an executive director of the Company on 17 July 2017. She was appointed as the Chairman of One Media on 1 April 2018, a subsidiary of the Company which is on the main board of the HK Stock Exchange. She sits on the board of Sin Chew and a number of subsidiaries of the Company. She has started her career with Rimbunan Hijau Group since 1991 and served in various managerial and senior positions in plantation and hospitality sectors. She holds a Bachelor of Economics Degree from Monash University, Australia. She is currently a non-independent non-executive director of Jaya Tiasa Holdings Berhad, a listed company in Malaysia.

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

## **Mr TIONG Kiew Chiong** **Executive Director and Group Chief Executive Officer** *Malaysian, male, aged 58*

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

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

## **張聰女士** **執行董事**

*馬來西亞公民，女性，49歲*

張聰女士於2013年3月31日獲委任為本公司非執行董事，其後於2017年7月17日調任為執行董事。她亦於2018年4月1日獲委任為萬華媒體之主席，該公司是本公司附屬公司，於香港聯交所主板上市。她亦出任星洲媒體及本公司多間附屬公司之董事。她於1991年加入常青集團開展其職業歷程，於林業及酒店服務業擔任管理層及高級主管之職務。她持有澳洲莫納什大學經濟學學士學位。她現為馬來西亞上市公司常成控股有限公司之非獨立非執行董事。

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

## **張裘昌先生** **執行董事及集團行政總裁** *馬來西亞公民，男性，58歲*

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

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

# Profile of Board of Directors

## **Mr LEONG Chew Meng**

### **Executive Director**

*Malaysian, male, aged 62*

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

## **梁秋明先生**

### **執行董事**

*馬來西亞公民，男性，62歲*

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

# Profile of Board of Directors

**Mr YU Hon To, David**  
**Independent Non-executive Director**  
*Chinese, male, aged 70*

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

Mr YU is an independent non-executive director of China Renewable Energy Investment Limited, China Resources Gas Group Limited, Haier Electronics Group Co., Limited, Keck Seng Investments (Hong Kong) Limited, MS Group Holdings Limited, New Century Asset Management Limited (the manager of New Century Real Estate Investment Trust which is listed on the HK Stock Exchange), and Playmates Holdings Limited, which are listed companies in Hong Kong. In the past three years preceding 31 March 2018, Mr YU had been an independent non-executive director of Synergis Holdings Limited, Bracell Limited (formerly known as Sateri Holdings Limited) and Great China Holdings Limited. Bracell Limited was privatised and the shares of which were withdrawn from the HK Stock Exchange on 24 October 2016.

**Datuk Chong Kee Yuon**  
**Independent Non-executive Director**  
*Malaysian, male, aged 52*

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

**俞漢度先生**  
**獨立非執行董事**  
*中國公民，男性，70歲*

俞漢度先生於1999年3月30日獲委任為本公司獨立非執行董事。他是本公司的審核委員會主席，以及薪酬委員會及提名委員會成員。他也是自2005年10月起於香港聯交所主板上市之本公司附屬公司萬華媒體及本公司全資附屬公司明報集團有限公司的獨立非執行董事。俞先生為英格蘭及威爾斯特許會計師公會資深會員及香港會計師公會會員。他是一間國際會計師事務所的前合夥人，擁有豐富的企業融資、審核及企業管理經驗。

俞先生是中國再生能源投資有限公司、華潤燃氣控股有限公司、海爾電器集團有限公司、激成投資(香港)有限公司、萬成集團股份有限公司、開元產業投資信託基金(於香港聯交所上市)之管理人、開元資產管理有限公司及彩星集團有限公司的獨立非執行董事，該等公司為香港上市公司。於2018年3月31日止前三年期間，俞先生曾任昇捷控股有限公司、Bracell Limited(前稱賽得利控股有限公司)及大中華集團有限公司之獨立非執行董事。Bracell Limited已於2016年10月24日被私有化，其股份亦於同日在香港聯交所撤銷。

**拿督張啟揚**  
**獨立非執行董事**  
*馬來西亞公民，男性，52歲*

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

# Profile of Board of Directors

## Mr KHOO Kar Khoon

### Independent Non-executive Director

Malaysian, male, aged 53

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

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

#### Notes:

#### Conflict of interest

Save for Dato' Sri Dr TIONG Ik King, Tan Sri Datuk Sir TIONG Hiew King, Ms TIONG Choon and Mr TIONG Kiew Chiong, who are related parties in some related party transactions with the Group, the details of which are set out in the circular dated 13 July 2018 and on pages 62 to 66 of this Annual Report, none of the other directors has any conflict of interest with the Company.

#### Conviction of offences

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

#### Family relationship

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

#### Record of attendance

Record of attendance of directors for board meetings during the financial year ended 31 March 2018 is set out on page 49.

## 邱甲坤先生

### 獨立非執行董事

馬來西亞公民，男性，53歲

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

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

#### 附註：

#### 利益衝突

除拿督斯里張翼卿醫生、丹斯里拿督張曉卿爵士、張聰女士及張裘昌先生(彼等均為本集團若干關連方交易中之關連方，有關詳情載於2018年7月13日刊發之通函及本年報第62至66頁)外，概無其他董事與本公司有任何利益衝突。

#### 犯罪紀錄

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

#### 家族成員關係

除所披露者外，概無其他董事與本公司任何董事及／或主要股東有任何家族關係。

#### 會議出席記錄

董事於截至2018年3月31日止財政年度之董事會會議出席記錄載於第49頁。



# Profile of Senior Management

## **Mr NG Kait Leong**

*Malaysian, male, aged 66*

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

## **Mr Yll Hua Tung**

*Malaysian, male, aged 56*

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

## **伍吉隆先生**

*馬來西亞公民，男性，66歲*

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

## **余華通先生**

*馬來西亞公民，男性，56歲*

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

# Profile of Senior Management

## Mr WONG Khang Yen

Malaysian, male, aged 50

Mr WONG Khang Yen joined the Group in 1992. He is an executive director and the Group Chief Executive Officer of Sin Chew. He is a member of the Group Executive Committee and the Malaysian Executive Committee since 1 June 2018.

Mr WONG graduated with a Bachelor of Communications (Hons) Degree from University of Science Malaysia in 1992. He started his career in Sin Chew and became a senior manager in 1997 and the General Manager in 2006. He assumed the post of Group Marketing Director in 2010 and a year later became an executive director of Sin Chew. He currently oversees the sales and marketing operations, as well as leading the business expansion and diversification of Sin Chew Group.

## Mr LIEW Sam Ngan

Malaysian, male, aged 60

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

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

## Mr LEUNG Heung Nam

Chinese, male, aged 61

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

## 黃康元先生

馬來西亞公民，男性，50歲

黃康元先生於1992年加入本集團。他是星洲媒體的執行董事及其集團首席執行員。他自2018年6月1日成為集團行政委員會及馬來西亞行政委員會成員。

黃先生於1992年畢業於馬來西亞理科學大學，獲頒傳媒（榮譽）學士學位。他於星洲媒體展開其職業生涯，並於1997年出任高級經理及於2006年擔任總經理。他於2010年擔任集團市場總監一職，一年後成為星洲媒體的執行董事。他目前負責監督銷售及市場營銷業務，並帶領星洲媒體集團的業務拓展及多元化發展。

## 廖深仁先生

馬來西亞公民，男性，60歲

廖深仁先生於1994年加入南洋報業。他為南洋報業及其附屬公司之執行董事，現任南洋報業之集團總營運長兼中國報有限公司之總執行長。他自2013年2月1日起為馬來西亞行政委員會成員。

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

## 梁享南先生

中國公民，男性，61歲

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

# Profile of Senior Management

## Mr KAM Woon Ting, Keith

*Chinese, male, aged 61*

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

## Mr LAM Pak Cheong

*Chinese, male, aged 49*

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

*Notes:*

### Conflict of interest

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

### Conviction of offences

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

### Family relationship

Save as disclosed, none of the above Senior Management members has any family relationship with any director and/or major shareholder of the Company.

## 甘煥騰先生

*中國公民，男性，61歲*

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

## 林栢昌先生

*中國公民，男性，49歲*

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

*附註：*

### 利益衝突

除所披露者外，概無任何上述之高級管理層成員與本公司有任何利益衝突。

### 犯罪紀錄

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

### 家族成員關係

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

# Chairman's Statement



"At MCIL, we stand with the people and care about their life and livelihood. We believe in the goodness of humanity and we uphold equality and justice. We strive to forge ahead in the cusp of this new era. We support the weak and the underprivileged and we impart values and promulgate rational judgment. We aspire to achieve happiness.

We have the dream. We have perseverance. We have the will power to transform and change ourselves for the better."

「我們和世華媒體，立足民生，關注世間的冷暖；我們相信善良，追求公平正義；我們逐潮時代，扶弱底幼；我們傳播價值，輸出理性判斷；我們心存理想，奮力擁抱幸福。」

我們有夢想，有堅持，我們有改變的動力。」

**Dato' Sri Dr TIONG Ik King**

**拿督斯里張翼卿醫生**

Non-executive Chairman

非執行主席

Dear Shareholders,

As announced by the Company on 28 March 2018, Tan Sri Datuk Sir TIONG Hiew King has been re-designated from his position as Group Executive Chairman and Executive Director to a Non-executive Director of the Company, and I, Dato' Sri Dr TIONG Ik King, a Non-Executive Director of the Company, have been appointed as the Non-executive Chairman of the Company with effect from 1 April 2018.

I am humbled by the appointment to lead a renowned Chinese media group with influential presence in Southeast Asia and Greater China. I am committed to steering the Group through these tumultuous times that most print media are experiencing with the hope of emerging as a stronger and more resilient Group.

The year 2018 marks the 10th anniversary of the merger of our three main publishing groups in 2008. The Group's flagship newspaper, Sin Chew Daily, had recently celebrated its 30th year re-publication after the take-over by Tan Sri Datuk Sir TIONG Hiew King in 1988.

Over the past few years, the media sector worldwide has been facing massive disruptions brought about by the advent of internet and global digitalisation. Changes in media landscape, consumer reading behavior and lifestyle has forced media companies and practitioners to relook at the manner in which content has to be presented and the medium through which it is presented. We, at Media Chinese International Limited, are no different. Whilst not forgetting our role as the fourth estate in ensuring accurate and truthful news and information are communicated to our readers in a timely manner, we are also mindful that our advertisers are constantly reviewing the manner and platform in which their advertisements are delivered to their customers.

The digital landscape is rapidly changing and we are fully aware that we have to change the way we look at our business as a media company and the way we run our operations in this digital era. As such, we have intensified our efforts in strengthening our digital capabilities and enhancing our web content development as well as investing more in the digital space and social media in order to ride on the rapid shift of readers and advertisers to the digital platforms. With the new technologies and communication tools, we are now able to reach a more extensive audience base through digital channels. The interactive nature of the digital media also enables us to provide our readers with the content that they want and need.

# Chairman's Statement

By aligning our sales and marketing strategies across different channels, we are able to provide customised and integrated advertising solutions for our advertisers to reach their targeted customers across print, mobile, video and social platforms. Our travel business has also been affected by the digital technology as more travelers choose to plan and manage their trips using convenient and user-friendly apps. Moreover, airlines are now reaching out to travelers directly and competing with tour operators by offering very competitive airfares.

## FINANCIAL YEAR 2017/2018

In spite of all the challenges, our core business in print media remained important and relevant as the Group's revenue was still substantially generated from its publishing and printing segment.

The Group's total turnover for the year was US\$284,963,000 as opposed to US\$302,586,000 for the last financial year, reflecting a year-on-year decline of 5.8%. Due to the provisions for impairment of goodwill and some plant and machinery totalling US\$25,855,000, the Group reported a loss before income tax of US\$6,874,000 as against prior year's profit before income tax of US\$20,775,000.

However, the digital revenue for the Group grew by about 24.6% year-on-year with some of our major digital categories showing encouraging growth.

Basic loss per share for the year ended 31 March 2018 was US0.68 cents, compared with a basic earnings per share of US0.90 cents in the previous year. As at 31 March 2018, the Group's net assets stood at US\$201,768,000, which was 2.3% higher than the previous year's US\$197,315,000. The Group's net gearing ratio was zero as at 31 March 2018.

## OPERATIONS

The financial year 2017/2018 has been an extremely challenging one.

For the publishing and printing business, soft advertising spending and subdued market sentiments in Malaysia, especially in the property and retail sectors, have negatively impacted our revenue. The rise in cost of living has affected many people, especially the lower income earners, in Malaysia. This weakened consumer spending and subsequently advertisers' spending. Advertising expenditure in Malaysia for FY2017/18 fell 7.6% year-on-year to RM16,990 million.

The significant global newsprint price hike due to the supply shortage of newsprint, as well as the commencement of creditors' voluntary winding up of the only local newsprint manufacturer in Malaysia have given us no alternative but to raise the cover price for our four newspaper titles in Peninsula Malaysia effective from March 2018, 13 years since it was last adjusted.

In Hong Kong, our publishing and printing business continued to face a decline owing to the reduction in advertisement spend from the property and luxury goods sectors. However, the demand for classified, especially job-related, advertisements continued to be on an uptrend, as unemployment rate has been low for years.

With much concerted efforts and as a result of driving for new revenue streams, total advertising revenue is stabilising which is an indication that the economy of the markets we operate in is improving and that our efforts in building our digital capabilities and developing multi-platform media offerings are creating tangible results.

Besides intense competition from airline companies, our travel business was also affected by additional travel restrictions imposed by the US government. However, our travel business managed to maintain a stable performance in 2017/2018 with its offer of attractive tour destinations and customised holiday packages. Furthermore, our tour operations in North America continued to lead with demand for its tours to the Rockies and Northern Lights packages.

# Chairman's Statement

Meanwhile, our digital business has gone from strength to strength with strong growth in our new digital products and services such as uniquely customised content for our readers and innovative cross-platform advertising campaigns for our customers.

## THE WAY FORWARD

Our publishing and printing business will continue to be the main revenue driver for the Group. As such, we are continuously working towards finding the balance between generating content that will retain readers for our printed publications and providing alternative content on our digital platforms to allow both our readers and advertisers the benefit of switching between platforms.

Our editorial operations in Malaysia have been undergoing a fundamental transformation. We are in the process of transforming the editorial operations in Malaysia to reflect our new Newsroom Motto: DIGITAL FIRST. We will move more into digitalisation and further streamline our operations to boost efficiency, without neglecting our fundamental objective in providing the top-quality journalism, especially in an environment where fake news is prevalent.

We will also continue to upgrade and increase ways to monetise our digital venture. Further, we will redouble our efforts to achieve optimum convergence between our print and digital operations for greater cost efficiency.

For our travel business, we have intensified our efforts to look for new exotic destinations and are continuously reviewing our tour packages to make them more attractive and unique.

In addition to the above initiatives, the Group is also reviewing its operations to ensure optimum utilisation of assets and manpower. It is studying ways to rationalise the number of offices it operates in and the optimisation of its production plants by further integrating the operations of all its publications. A study of its manpower needs and utilisation is being carried out to ensure it can meet the demands of the rapidly changing business environment.

To ensure sustainable growth, the Group strives to maintain a healthy financial position while at the same time is always on a lookout for business expansion through investments that are synergistic with the business of the Group. The investments would be in businesses that can springboard the Group to new digital media innovations with minimum time investment.

## CORPORATE GOVERNANCE & SUSTAINABILITY

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

## DIVIDENDS

The Board has declared a second interim dividend in lieu of final dividend of US0.18 cents per share payable on 13 July 2018. Together with the first interim dividend of US0.25 cents paid on 29 December 2017, the Group has declared a total of US0.43 cents per ordinary share for the financial year 2017/2018. This represents a dividend payout ratio of about 50.5% of the adjusted profit attributable to owners of the Company\* and a dividend yield of 4.5% based on the Company's closing share price on 31 March 2018.

\* Excluding the provision for impairment of goodwill of US\$20,709,000 and impairment loss of plant and machinery of US\$5,146,000.



# Chairman's Statement

## PROSPECTS

We expect the operating environment for our businesses, both publishing and printing and travel business, to remain challenging. Despite the improvement in the general economy of the countries we operate in, such improvement has not benefitted our businesses as the sectors in which our advertisers operate in remain subdued. Nevertheless, we will continue our efforts in converging our print with our digital business and intensify our cost cutting efforts. The Group is committed to further developing its digital media business in order to ensure long term sustainable competitiveness while continuing to strengthen its core publishing and printing and travel businesses.

## CHANGE IN BOARDROOM

On behalf of the Board, I would like to thank Mr NG Chek Yong who resigned from the Board on 2 October 2017. Mr NG Chek Yong was appointed as an Executive Director on 1 March 2012.

I would like to put on record our sincere appreciation to Tan Sri Datuk Sir TIONG Hiew King for his commendable stewardship and valuable contribution to the Group during his tenure of office as the Group Executive Chairman. The Board believes that the shareholders and the Group will continue to benefit from his presence as a non-executive director of the Company.

## APPRECIATION

I, on behalf of the Group, would like to express our gratitude to our shareholders, readers, viewers, advertisers, business partners and other stakeholders for their continued support and confidence in the Group. We also thank our employees for their passion, efforts and contribution in delivering value for our shareholders and stakeholders especially in the current challenging environment for the media industry.

**Dato' Sri Dr TIONG Ik King**

*Non-executive Chairman*

30 May 2018

# Management Discussion and Analysis

## FINANCIAL HIGHLIGHTS

(US\$'000)

	Year ended 31 March		
	2018	2017	% Change
Turnover	<b>284,963</b>	302,586	-5.8%
Operating profit before provision for impairment of goodwill	<b>16,549</b>	28,755	-42.4%
Provision for impairment of goodwill	<b>(20,709)</b>	(3,603)	-474.8%
(Loss)/profit before income tax	<b>(6,874)</b>	20,775	-133.1%
(Loss)/profit for the year	<b>(12,205)</b>	13,191	-192.5%
(Loss)/profit attribute to owners of the Company	<b>(11,485)</b>	15,156	-175.8%
EBITDA	<b>8,687</b>	32,154	-73.0%
Basic (loss)/earnings per share (US cents)	<b>(0.68)</b>	0.90	-175.6%

## OVERALL REVIEW OF OPERATIONS

Financial year 2017/2018 was a challenging year for the Group. The total turnover of the Group for the year ended 31 March 2018 fell by 5.8% to US\$284,963,000 from US\$302,586,000 reported in the last financial year. The Group reported a loss before income tax of US\$6,874,000 for the year under review, as against last year's profit before income tax of US\$20,775,000. The current year's results included a provision for impairment of goodwill of US\$20,709,000 (2016/2017: US\$3,603,000). The Group's operating profit before the aforesaid impairment was US\$16,549,000 as against last year's US\$28,755,000, reflecting a year-on-year decrease of 42.4%.

The Group's performance during the year was adversely affected by the subdued consumer demands and weak advertising expenditure in all the markets it operates in. The changing trend of shopping from brick and mortar outlets to online shopping has also hastened the continuing migration of advertising spending from print to digital platforms. The intense competition from airlines and the increasing popularity of vacation rental booking websites such as Airbnb as well as a large number of user-friendly travel apps have also affected the performance of the Group's travel segment.

Turnover of the Group's publishing and printing segment dropped by 9.9% to US\$210,093,000 in 2017/2018 from US\$233,177,000 in the last year. Due to the provision for impairment of goodwill of US\$20,709,000, the segment reported a loss before income tax of US\$6,077,000 as against a profit before income tax of US\$23,881,000 in 2016/2017.

The travel segment's turnover for the year increased by 7.9% to US\$74,870,000. Nevertheless, the segment's profit before income tax fell by 4.2% to US\$2,361,000 from US\$2,464,000 in the previous year.

During the year ended 31 March 2018, both Malaysian Ringgit ("RM") and the Canadian dollar ("CAD") strengthened mildly against the US\$ which resulted in a positive currency impact of about US\$1.8 million on the Group's turnover and a negative currency impact of about US\$0.4 million on the Group's profit before income tax and provision for impairment of goodwill.

Basic loss per share for the year ended 31 March 2018 was US0.68 cents, compared with a basic earnings per share of US0.90 cents in the previous year. As at 31 March 2018, the Group's cash and cash equivalents and short-term bank deposits totaled US\$120,235,000 and the Group's net assets per share attributable to owners of the Company was US11.72 cents.

# Management Discussion and Analysis

## SEGMENTAL REVIEW

### Publishing and printing

#### Malaysia and other Southeast Asian countries

The Malaysian operation achieved a total turnover of US\$142,848,000 in the current financial year, 11.9% down from US\$162,080,000 reported in the last year. The decline was in line with the 12.0% drop in Malaysia's total adex (excluding pay-TV adex) from RM7.12 billion in FY2016/2017 to RM6.27 billion in FY2017/2018. The segment reported a loss before income tax of US\$2,959,000 for the year under review, mainly attributed to a provision for impairment of goodwill of US\$20,709,000 and an impairment of plant and machinery of US\$5,146,000. The segment's profit before income tax and the aforesaid impairment losses was US\$22,896,000, a decrease of 28.2% on a comparable basis, from US\$31,904,000 in the last year.

The Group has been constantly reviewing its cost base and is always looking for ways to increase efficiency and effectiveness in its operations. In the coming financial year, the Malaysian operation will commence using 27-inch web-width newsprint and revamp its advertisement layout for better yield while continue its stringent controls on print order, pagination and wastage. In addition, the Group will be continuing its efforts in streamlining and consolidating the printing and production processes as well as rationalising its branch offices.

The segment's digital business continued to attain decent double digits growth, an affirmation that the digital efforts put in by the Malaysian operation are in sync with market demands. The Group's efforts in generating original content have led it to produce advertisements in the form of story-based videos for its advertisers. The Group has been working hard at aligning the marketing efforts across its print and digital platforms.

According to the Audit Bureau of Circulation Malaysia report, as at 30 June 2017, the Group continued to lead the Chinese newspaper industry in Malaysia with 80% of the market's total average daily print and digital replica circulation sales copies. Effective from early March 2018, the Group's 4 daily newspapers have increased their respective cover price by RM0.20. A series of subscriptions drives was in place to cushion the impact on newspaper circulation sales brought about by the cover price increase.

*Sin Chew Daily* continues to command the leading position as the Chinese daily publication with the largest circulation in Malaysia. Its average daily print and digital circulation was 436,471 copies for the period of January to June 2017, according to the Audit Bureau of Circulation report ("ABC report"). *Sin Chew Daily* continuously allocates resources to improve its digital platforms such as mobile site, apps and its web-portal, [sinchew.com.my](http://sinchew.com.my), in order to attract more readers. The healthy growth of unique visitors to *Sin Chew Daily's* web-portal has also made it a platform favoured by the advertisers for targeted and effective advertisements.

*Sin Chew Daily* enriches and enhances its editorial content by introducing special daily editions, namely *Warm Power*, *Sin Chew Healthcare*, and *Seeking Truth* as well as a weekly edition *We*. *Warm Power* reports on the real happenings and stories of people from all walks of life which bring great encouragement and motivation in shaping a caring and helpful society filled with positive energy and promoting national integration. *Sin Chew Healthcare* shares medical advices and knowledge besides enable readers to interact with panel professional doctors to create a more health awareness society. *Seeking Truth* follows up on fake news, stories and photographs circulated on social media, to verify and rectify incorrect reports or news in order to restore the truth. The weekly edition *We* strives to promote the beauty of moderation, to champion integration, mutual respect and unity among people from all racial and religious background. These new editions have successfully brought *Sin Chew Daily* closer to readers, improved stickiness and attracted advertisers to collaborate and partnership with *Sin Chew Daily*.

To stay relevant and maintain engagement with its readers, *Sin Chew Daily* organises talks that range from health, financial to investment topics such as breast cancer awareness, Budget 2017 and e-commerce marketing. These talks are sometimes organised together with its advertisers hence creating an opportunity for the advertisers to reach out to potential customers.

# Management Discussion and Analysis

As part of its effort to increase revenue, *Sin Chew Daily* organises various trade shows, exhibitions and awards such as “Sin Chew Education Fair” and “Sin Chew Trade Fair”. During the financial year under review, *Sin Chew Daily* successfully launched its “Malaysia Health and Wellness Brand Awards” in collaboration with Life Magazines. The award seeks to recognise brands in the health and wellness sector that is widely accepted by customers. It also held its annual “Sin Chew Business Excellence Awards” in November 2017.

The above events are clear examples of how *Sin Chew Daily* leverages on both print and non-print platforms to drive revenue and reach out to both readers and advertisers.

Ranking as the second widely read Chinese language newspapers in Malaysia, the average daily print and digital circulation of *China Press* was 177,825 copies during January to June 2017 (source: ABC report). *China Press* is well known for its interesting news, vibrant entertainment and sports news. Furthermore, known for its speedy delivery of news via its digital platforms, the increasing popularity of its app is not a surprise.

*Guang Ming Daily*, renowned for its entertainment and lifestyle features and quality northern regional news, recorded an average daily print and digital circulation of 80,665 copies during the period of January to June 2017 (source: ABC report). Its digital edition launched in February 2014 is growing steadily. In collaboration with its 30th anniversary celebration, *Guang Ming Daily* organised the “Guang Ming Excellent Achievement Enterprise Award”, besides holding appreciation dinners in the northern region of Peninsula Malaysia in December 2017. Overwhelming response and support were received from many leaders, advertisement clients, entrepreneurs and corporations.

*Nanyang Siang Pau*, a business focused newspaper, is constantly developing its readership base of highly educated Chinese entrepreneurs, executives, management and businessmen. It provides quality, informative and in-depth business news. It also engages in book publishing to build an additional revenue stream. In the year under review, *Nanyang Siang Pau* published a special book *Legend of Glory 2.0* in July 2017 on prominent business personalities in Malaysia.

## **Hong Kong, Taiwan and Mainland China**

The Group’s Hong Kong, Taiwan and Mainland China publishing and printing operations recorded a total turnover of US\$51,583,000 for the year ended 31 March 2018, reflecting a decrease of 3.6% from US\$53,498,000 in the previous year. The segment’s loss before income tax was US\$585,000, narrowed by 82.6% from last year’s loss before income tax of US\$3,363,000.

For the year 2017, the Hong Kong economy grew by 3.8% as compared to 2.1% in 2016 whilst total advertising spending in 2017 was HK\$41.9 billion, 4% more than in 2016. The marginal improvement in the economy has helped to stabilise the decline in this segment’s revenue. Driven by Hong Kong’s booming property market and very low unemployment rate, the segment reported growth in advertising revenue from these two sectors during the financial year under review. However, the migration of advertising spending from traditional to digital media has continued to adversely affect the segment’s performance.

*Ming Pao Daily News* (“*Ming Pao*”), well known for its independent reporting and high journalistic standards, remains an influential newspaper in Hong Kong. In the “Hong Kong News Awards 2017” organised by The Newspaper Society of Hong Kong, *Ming Pao* won a total of 14 awards including 5 Winner awards in Best Scoop, Best News Reporting, Best News Writing (Chinese), Best Photograph (News) and Best Photograph (Features) categories.

The Group’s education publication business continued to grow steadily during the year under review. Revenue from this business registered a double-digit growth over the last year. In response to Hong Kong government’s promotion of STEM (Science, Technology, Engineering, Mathematics) Education, *Ming Pao* pioneered in publishing the *STEM Education Special Supplement* introducing this new education methodology to schools in Hong Kong. STEM is a curriculum aimed to strengthen students’ ability to integrate and apply knowledge and skills, as well as nurturing their creativity, collaboration and problem-solving skills. *Ming Pao* continues to leverage on its pioneering efforts by introducing more publications on the same.

# Management Discussion and Analysis

One Media Group Limited (“One Media Group”), the Company’s subsidiary listed on the Main Board of the Stock Exchange of Hong Kong Limited, publishes Chinese language lifestyle magazines and provides outdoor media services in the Greater China region. It has also expanded its digital platforms by generating more original content in the form of videos. In the year under review, One Media Group has focused on providing creative advertising services which includes developing a storyboard, video production and cross selling the same with its other print publications such as *Ming Pao Weekly*, *MING’S* and *Top Gear*.

A gain of US\$2,716,000 was recognised by One Media Group in respect of its interest in Most Kwai Chung Limited as a result of the latter’s listing on the Main Board of The Hong Kong Stock Exchange Limited on 28 March 2018.

## North America

Turnover of the Group’s publishing and printing operations in North America dropped by 11.0% to US\$15,662,000 from last year’s US\$17,599,000. In addition to the region’s slow economy, the cooling of the property market in Canada as a result of the country’s restrictive policies also caused advertisers to shrink their spending which in turn affected the Group’s performance in this segment. Driven by the decline in revenue, the segment’s loss widened to US\$2,533,000 from US\$1,057,000 a year ago. The Group has taken measures to further streamline its Canadian operation, including outsourcing part of its production process and downsizing the workforce.

## Travel and travel related services

For the financial year 2017/2018, the Group’s travel segment reported a total turnover of US\$74,870,000, representing an increase of 7.9% when compared with the previous year. However, segment profit before income tax fell 4.2% to US\$2,361,000 from last year’s US\$2,464,000.

Travel to Europe continued its steady recovery and there was a rise in demand for the segment’s incentive tours during the year under review. Moreover, tour packages to view the Aurora Borealis and the Rockies remained lead revenue drivers for the Group’s operations in North America. Despite the growth in revenue, the segment experienced lower profit margins due to the increasing competition from airlines and industry players as well as currency impact. The growth of FIT (Free Independent Travellers), driven by the increasing popularity of vacation rental booking websites and user-friendly travel apps, also negatively affected the Group’s tour operations. In addition, the new restriction imposed by airlines on block booking for travel peak periods has also reduced the inventory of seats that the Group is able to take on and hence its profitability.

## Digital business

The Group has intensified its measures to counter the rapid shift of readers and advertisers to the digital platforms. Through the years it has been working tirelessly to converge its print and digital platforms from all aspects such as operations, manpower usage, marketing and products. The efforts have been rewarded by the double digit growth in digital revenue in 2017/2018. Original content generation and creative story boards for its customised marketing videos are in demand from both the Group’s readers and advertisers. Besides, the Group’s digital arm MCIL Multimedia has also diversified into organising related events and seminars such as “Asian Digital Marketing Forum” to draw closer collaboration between potential business partners and share related know-how with the community.

The demand for *Sin Chew Daily* e-paper continues to trend up as internet usage and broadband facilities increase in Malaysia. In addition, *Sin Chew Daily* has found a way to leverage on its print and digital platforms to increase its advertising revenue by promoting holistic marketing packages that combine the printed publication, customised videos by its digital team and ground events to help advertisers promote their products. In the recent Chinese New Year festival, the demand for such packages was encouraging.

*Sin Chew Daily*’s website, [sinchew.com.my](http://sinchew.com.my), charted a historical height of monthly unique visitors in 2017.

# Management Discussion and Analysis

Pocketimes has attained the highest monthly video views in March 2018 subsequent to the expansion of content marketing business besides extending its business model by creating different offerings across platforms, such as content collaboration which enables direct interaction between clients. Pocketimes is heading towards offering holistic digital marketing solution via its expertise in storytelling.

The usage of the *China Press* app by its readers has been very encouraging. *China Press* is now working on how to monetize the high usage of its app by introducing advertisement packages that leverage on the ability to drive stickiness to its app. The combined pageview of *China Press*'s website and mobile app has soared significantly.

In Hong Kong, *Ming Pao*'s main website, mingpao.com, went through extensive revamp and content enhancement during the current financial year. *Ming Pao* also launched other websites and apps featuring diversified themes in order to reach out to the extensive network of online readers. From the Google Analytics, the number of pageviews of mingpao.com has increased from 1.9m in April 2017 to hit the highest point of 3.8m in June and July 2017 during the Chief Executive election and the HKSAR's 20th Anniversary Event. It also recorded year-on-year growth of 57% for pageview and 80% for page per session. In addition, according to Socialbakers' statistics in April 2018, the facebook page of mingpao.com ranked 27 out of the top 100 media pages in Hong Kong and was in the 3rd place among all Chinese language newspapers.

## OUTLOOK

We expect the operating environment for our businesses, both publishing and travel, to remain challenging amid weak consumer sentiment and rising costs of doing business as well as new technologies that continue to reshape the media industry. Despite the improvement in the general economy of the countries we operate in, such improvement has not benefitted our businesses as the sectors in which our advertisers operate in remain subdued. Furthermore, newsprint prices are escalating due to a supply shortage and this will hit the Group with more challenges in the year ahead.

Nevertheless, we will continue our efforts in converging our print with our digital businesses and intensify our cost cutting efforts, particularly in streamlining our printing process in Malaysia. The Group is committed to further developing its digital media business in order to ensure long term sustainable competitiveness while continuing to strengthen its core publishing and travel businesses.

## PLEDGE OF ASSETS

As at 31 March 2018 and 2017, none of the Group's assets were pledged to secure any banking facilities.

## CONTINGENT LIABILITIES

As at 31 March 2018, there were several libel suits which involved claims against some companies in the Group. The Group has been strongly contesting those claims. Even though the final outcome of the proceedings is still uncertain as of the date this consolidated financial statements is authorised for issue, the directors of the Company are of the opinion that the respective ultimate liability, if any, will not have a material adverse impact on the Group's financial position.

## CAPITAL COMMITMENTS

As at 31 March 2018, the Group's authorised capital expenditure for property, plant and equipment contracted but not provided for in this consolidated financial statements amounted to US\$123,000 whereas authorised capital expenditure for property, plant and equipment not contracted and not provided for in this consolidated financial statements amounted to US\$98,000.



# Management Discussion and Analysis

## LIQUIDITY, FINANCIAL RESOURCES AND NET GEARING RATIO

As at 31 March 2018, the Group's cash and cash equivalents and short-term bank deposits amounted to US\$120,235,000 (2017: US\$90,032,000) and total bank and other borrowings were US\$68,447,000 (2017: US\$53,376,000). The net cash position was US\$51,788,000 (2017: US\$36,656,000). Owners' equity was US\$197,669,000 (2017: US\$193,694,000).

The net gearing ratio of the Group, calculated as net debt over owners' equity, was nil as at 31 March 2018 and 2017.

## EMPLOYEES AND EMOLUMENT POLICY

As at 31 March 2018, the Group had 3,944 employees (2017: 4,208 employees), the majority of whom were employed in Malaysia and Hong Kong. The Group remunerates its employees based on industry practice and performance of individual employees. The emoluments of the directors and senior management are reviewed by the Remuneration Committee regularly, having regard to the Group's operating results, individual performance and comparable market statistics. No director or any of his/her associates is involved in dealing with his/her own remuneration.

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

During the year ended 31 March 2018, neither the Company nor any of its subsidiaries had purchased, sold or the Company had redeemed any of the Company's listed securities.

# Major Awards of the Year — Hong Kong

(Ming Pao Daily News)

— The Newspaper Society of Hong Kong

HONG KONG NEWS AWARDS 2017

## Winner

### Best Scoop



### Best News Reporting



### Best News Writing (Chinese)



### Best Photograph (News)



### Best Photograph (Features)



## 1st Runner-up

### Best Photograph (News)



### Best News Page Design (Single Page)



## 2nd Runner-up

### Best News Writing (Chinese)

### Best Photograph (Features)

## Merit

- Best News Reporting (Chinese)
- Best Arts and Culture News Reporting
- Best News Writing (Chinese)
- Best Headline (Chinese)
- Best News Page Design (Series)

# Major Awards of the Year — Hong Kong

(Ming Pao Daily News)

## 2017 HSMC BUSINESS JOURNALISM AWARDS

— Hang Seng Management College

### Gold Award

Best Property Market News Reporting (Text)  
Best Business Series Reporting (Text)



## THE 22ND ANNUAL HUMAN RIGHTS PRESS AWARDS 2017

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

### Winner

Text & Print — Commentary (Chinese)

### Merit

Text & Print — Spots News (Chinese)

## THE 6TH MEDIA CONVERGENCE AWARDS

— Hong Kong Association of Interactive Marketing

### 10 Outstanding Media

### Bronze Award

Mobile Applications (Newspaper)

### 10 Favourite Facebook Fanpages

Social Media (Newspaper)

Website (Newspaper)

Overall (Newspaper)

## THE 17TH CONSUMER RIGHTS REPORTING AWARDS 2017

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



### Gold Award

Text (Investigation)

### Merit

Text (Investigation)



## THE 8TH CHINESE UNIVERSITY JOURNALISM AWARD

— The Chinese University of Hong Kong Journalism and Communications Alumni Association

### Certificate of Merit

Best Text & Print News Reporting



## "FOCUS AT THE FRONTLINE 2017" PHOTO CONTEST

— Hong Kong Press Photographers Association



### Merit

Features

Sports





# Major Awards of the Year — Malaysia

(Sin Chew Group)

## THE 15TH TAN SRI LIM GAIT TONG PRESS AWARDS 2016

— Penang Press Club



**Dato' LAM Wu Chong Journalist Spirit Award**  
*Guang Ming Daily*

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

**Tan Sri H'NG Bok San Feature Writing Award**  
Excellence Award: *Guang Ming Daily*  
Outstanding Award: *Guang Ming Daily*

**Dato' ONG Choo Hoon Sports News Award**  
Outstanding Award: *Guang Ming Daily*

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

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

**Tan Sri TAN Khoo Hai News Photography Award**  
Outstanding Award: *Guang Ming Daily*

**Dato' Sri CHEW Cheong Kang Special Feature Photography Award**  
Outstanding Award: *Guang Ming Daily*

**Dato' FANG Wan Chun Filial Piety Reporting Award**  
Excellence Award: *Guang Ming Daily*  
Outstanding Award: *Guang Ming Daily*

## MEDIA AWARDS OF THE MINISTRY OF HEALTH MALAYSIA 2017

— Ministry of Health Malaysia



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

## DATO' WONG KEE TAT JOURNALISM AWARDS 2016

— The Editors' Association (Chinese Medium) Malaysia



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

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

**Dato' WONG Kee Tat News Editing Award (Feature Section)**  
3 Outstanding Prizes: *Sin Chew Daily*, *Guang Ming Daily*

**Tan Sri LAW Tien Seng Front Page of the Year Award**  
3 Outstanding Prizes: *Guang Ming Daily*

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

**Dato' P.C. KOH Business News Reporting Award**  
2 Outstanding Prizes: *Sin Chew Daily*

**Tan Sri KONG Hon Kong Sports Reporting Award**  
Excellence Prize: *Sin Chew Daily*

**Dato' Sri Desmond LEE Ee Hoe Travel Reporting Award**  
Excellence Prize: *Sin Chew Daily*  
2 Outstanding Prizes: *Sin Chew Daily*, *Guang Ming Daily*

**Mr TAN Yew Sing Education News Reporting Award**  
Excellence Prize: *Sin Chew Daily*  
2 Outstanding Prizes: *Sin Chew Daily*, *Guang Ming Daily*

**Tan Sri LEONG Hoy Kum Property Reporting Award**  
Excellence Prize: *Sin Chew Daily*  
Outstanding Prize: *Sin Chew Daily*

# Major Awards of the Year — Malaysia

(Sin Chew Group)

## KENYALANG SHELL PRESS AWARDS 2017

— Shell Malaysia, Federation of Sarawak Journalists Association (FSJA) and Kuching Division Journalists Association (KDJA)



### Chief Minister's Award

Gold Award: *Sin Chew Daily*

### Special Articles Award

Gold Award: *Sin Chew Daily*

Silver Award: *Sin Chew Daily*

Bronze Award: *Sin Chew Daily*

### News Reporting Award

Gold Award: *Sin Chew Daily*

Bronze Award: *Sin Chew Daily*

### Sports Reporting Award

Silver Award: *Sin Chew Daily*

Bronze Award: *Sin Chew Daily*

### Petronas Continuous Competency News Award

Silver Award: *Sin Chew Daily*

Bronze Award: *Sin Chew Daily*

### Business and Economic News Reporting Award

Gold Award: *Sin Chew Daily*

Bronze Award: *Sin Chew Daily*

### Community Well-Being and Rural Development Journalism Award

Gold Award: *Sin Chew Daily*

Silver Award: *Sin Chew Daily*

Bronze Award: *Sin Chew Daily*

### Digital Economic News Reporting Award

Gold Award: *Sin Chew Daily*

Silver Award: *Sin Chew Daily*

Bronze Award: *Sin Chew Daily*

## KINABALU SHELL PRESS AWARDS 2017

— Sabah and the Federal Territory of Labuan



### Features Reporting Award (Chinese)

Gold Award: *Sin Chew Daily*

### Sports Reporting Award (Chinese)

Gold Award: *Sin Chew Daily*

### Business and Economic Reporting Award (Chinese)

Gold Award: *Sin Chew Daily*

### Environmental Reporting Award (Chinese)

Gold Award: *Sin Chew Daily*

### Environmental Photography Award

Excellence Prize: *Sin Chew Daily*

### News Reporting Award (Chinese)

Excellence Prize: *Sin Chew Daily*

## SINGAPORE INTERNATIONAL PHOTOGRAPHY AWARD 2017

— Singapore Colour Photographic Society



Gold Medal:  
*Sin Chew Daily*

# Major Awards of the Year — Malaysia

(Nanyang Group)

## DATO' WONG KEE TAT JOURNALISM AWARDS 2016

— The Editor's Association (Chinese Medium) Malaysia



**Dato' Seri Joseph CHONG Chek An Journalism Service Spirit Award**  
Life Magazines

**Tan Sri LEONG Hoy Kum Property Reporting Award**  
Outstanding Prize: *Nanyang Siang Pau*

**Tan Sri YAP Yong Seong Feature Writing Award**  
Excellence Prize: *Nanyang Siang Pau*  
2 Outstanding Prizes: *China Press*

**Tan Sri TEONG Teck Leng Commentary Award**  
Excellence Prize: *Nanyang Siang Pau*

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

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

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

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

**Tan Sri NG Teck Fong News Reporting Award**  
Outstanding Prize: *China Press*

**Dato' TAN Leong Ming News Photography Award**  
Excellence Prize: *China Press*

**Dato' WONG Kee Tat News Editing Award (News Section)**  
Excellence Prize: *China Press*  
4 Outstanding Prizes: *China Press*

**Tan Sri KONG Hon Kong Sports News Reporting Award**  
2 Outstanding Prizes: *Nanyang Siang Pau*, *China Press*



# Major Awards of the Year — Malaysia

(Nanyang Group)

## JOHOR STATE MEDIA AWARDS 2016

— Johor State Government, Johor State Information Department and Johor Media Club



**Best Economic News Award:** *Nanyang Siang Pau*  
**Best Travel & Culture News Award:** *Nanyang Siang Pau*  
**Best Development News Award:** *China Press*

## THE 15TH TAN SRI LIM GAIT TONG PRESS AWARDS 2016

— Penang Press Club



### Dato' Wira Louis NG Chun Hau Advertorial News Award

Excellence Award: *Nanyang Siang Pau*  
 Outstanding Award: *Nanyang Siang Pau*

### Tan Sri H'NG Bok San Feature Writing Award

Outstanding Award: *Nanyang Siang Pau*

### Dato' ONG Choo Hoon Sports News Award

Excellence Award: *Nanyang Siang Pau*

### Dato' KHOR Chong Boon Breaking News Award

Excellence Award: *Nanyang Siang Pau*

### Tan Sri TAN Khoon Hai News Photography Award

Outstanding Award: *Nanyang Siang Pau*

## PAHANG DRB-HICOM MEDIA AWARDS 2017

— Pahang DRB-HICOM

### News Reporting Award (Chinese Category)

First Prize: *Nanyang Siang Pau*  
 Third Prize: *Nanyang Siang Pau*

## THE 8TH SOUTH JOHOR CHINESE PRESS CLUB MEDIA AWARDS 2017

— South Johor Chinese Press Club



### Johor Bharu Chinese Chamber of Commerce and Industry Commercial News Award

First Prize: *Nanyang Siang Pau*  
 Second Prize: *China Press*

### Johor Bharu Tiong Hua Association General News Award

First Prize: *China Press*  
 Second Prize: *China Press*

### Dato' TAN Lian Soon Feature Writing Award

First Prize: *Nanyang Siang Pau*  
 Third Prize: *China Press*

### Grand Straits Garden Seafood Restaurant News Photography Award

First Prize: *Nanyang Siang Pau*

## THE 3RD CHINA-ASEAN TOP BUSINESS AWARDS 2017

— International Business Federation (IBF)



### Outstanding Editor-in-Chief

Ms LIM Hooi Hia (Editor-in-Chief of *Feminine*, *Oriental Cuisine* and *Sweet Home*)

## NEGERI SEMBILAN LITERARY AND MEDIA AWARDS 2017

— The Negeri Sembilan Government



### Best News Reporting Award

*Nanyang Siang Pau*

## Significant Events — Hong Kong

### MING PAO DAILY NEWS



"The Ming Pao Student Reporter Scheme" entered into its 21st year in 2018. The program has helped over 8,500 students build greater social awareness and news sense through a series of media workshops and reporting activities. Mrs Carrie LAM CHENG Yuet Ngor, Chief Executive of the HKSAR, was the officiating Guest of Honour at the scheme's 2018 opening ceremony.



Ming Pao Daily News organised a number of finance seminars, covering a wide range of topics on investment, property and retirement, to impart the latest market information to readers.



Ming Pao Daily News conducted various health seminars to enrich the public's knowledge of healthy lifestyle.



"Recruitment Day" and "Education Expo" provided platforms for students to obtain the latest studies and employment information for devising their future path.



## Significant Events — Hong Kong

### MING PAO EDUCATION PUBLICATIONS



Ming Pao Education Publications acted as a media partner of “STEMUp x HK18 Districts” event, which highlighted the importance of STEM education (science, technology, engineering and mathematics) in a fast-challenging world and the career possibilities in these sectors. 18 secondary schools were paired with 18 technical companies to exchange experience and views.

### MING PAO PUBLICATIONS



To keep close relationship with authors and readers, Ming Pao Publications organised the “Ben Sir Talk Show”, reading clubs, new book launching and signing parties.

### MING PAO MONTHLY



“The 6th International Conference on Travel Writings in Chinese”, co-organised by *Ming Pao Monthly*, United College of the Chinese University and Macao Foundation, was held in Hong Kong and Macau. About a hundred prominent writers, professors and scholars worldwide presented their papers and shared their experience in travel literature writings.

# Significant Events — Malaysia

(Sin Chew Group)

## SIN CHEW DAILY



Ms TIONG Choon represented Tan Sri Datuk Sir TIONG Hiew King received the "Nation Builder Tribute" awarded by The Branding Association of Malaysia, in recognition to Tan Sri Datuk Sir TIONG's immense contribution to the nation.



The "5th Sin Chew Excellence Business Awards 2017" served with much jubilation among the 199 business excellence of SMEs who celebrated their achievements together with the special guests at the ceremony.



*Sin Chew Daily* together with Life Magazines organised a group synergy project — the 1st "Malaysia Health & Wellness Brand Awards" in 2017. The response was well received by all participants.



Together with His Excellency Mr BAI Tian (right), Ambassador of China to Malaysia, the Group wished everyone a happy and peaceful Lunar New Year.



The premiere of "Best Story" attracted overwhelming participation from management of *Sin Chew Daily*. Actors, crew and readers happily posed for a group photo.



*Sin Chew Daily*, its e-Paper and 3 student weekly magazines (*Cahaya Sin Chew*, *Sinaran Sin Chew* & *Bintang Sin Chew*) organised the "2018 Sin Chew's Filial Piety Campaign" for primary and secondary school students.

## GUANG MING DAILY



At the *Guang Ming Daily's* 30th anniversary celebration dinner, the management thanked the guests, advertisers and readers for the support over the years.

## YAYASAN SIN CHEW



Sin Chew Foundation donated RM68,500 to 25 dependent students to alleviate their livelihood under the "We Care — Sponsor-A-Child Program". Each of 11 impoverished families also received a special assistance of RM5,000.



# Significant Events — Malaysia

(Nanyang Group)

## NANYANG SIANG PAU



Themed “Exploring New Reality”, the 5th “Golden Eagle Award” of *Nanyang Siang Pau* aims to fuel the engine of entrepreneurial growth, induce new concepts of virtual reality technologies and to move forward to new milestone.



The “Top Ten Charity Concert” jointly organised by *Nanyang Siang Pau*, *China Press* and Carlsberg Malaysia entered into the 31st anniversary in 2017. It raised more than RM500 million funds for Chinese schools.



*Nanyang Siang Pau* and Japan JR Hokkaido Railway Company jointly organised a talk on railway backpacking tour in Hokkaido. Speakers introduced practical information and shared travel tips to audience.

## CHINA PRESS



In September 2017, *China Press* organised a “3D2N Treasure Hunt” activity. It attracted 500 participants to explore eat-play-fun adventure.



*China Press* and Ah Huat Coco Drink jointly conducted the “School Reading Program 2017” and reached out to 30 Chinese primary schools nationwide.



In commemoration of the 7th Anniversary of the “Lady Pink Biz Section”, *China Press* organised “The 7th Pink Biz Seminar 2017” on 7 October 2017. 7 female speakers shared their secrets of success in their lives.

## LIFE MAGAZINES



*Oriental Cuisine* published a special edition “Excellent 100 Restaurants Malaysia 2017–18 Yearbook”. Datuk Musa YUSOF, Senior Director of International Promotion Division of Tourism Malaysia, attended the launching ceremony.



In 2017, *Citta Bella* celebrated its “Sparkle 20th Anniversary! Let’s Party!”. Brand partners, celebrities and readers joined the joyful celebration party.

## YAYASAN NANYANG PRESS



On 29 November 2017, Yayasan Nanyang Press launched the Star Horizon Art Gallery, a platform for graduated autistic children of “Dream House for the Hidden Stars” to exhibit and sell their masterpieces in order to assist them with living expenses.

# Sustainability Report

The Group adopted its Sustainability Policy in 2017. The policy encompasses sustainability measures on Environmental, Economic, Social and Governance (“EESG”) practices. The Group aims to adopt sustainability measures in its operations to ensure that its business will have minimal impact on the environment and it practises good governance in the management of its business and dealing with all stakeholders.

The Group’s EESG approach is structured around priorities considered to be material to its business. These EESG priorities will cover areas that are important to the Group’s stakeholders such as:

- managing EESG risks in business activities
- implementing environment management in relation to production of products
- approaching markets and ensuring quality of products
- caring for the Group’s staff and workplace

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

## SUSTAINABILITY POLICY

The Group’s sustainability vision is to produce credible and quality content, services and products with minimal impact on the environment and deliver value to the Group’s stakeholders. To achieve this vision, sustainability measures will be implemented in 4 areas namely environmental, economic, social and governance. The Group is aware that this is an on-going journey as it needs to align all aspects of its organisation’s sustainability measures and integrate them across its operations. During the financial year under review, the Group has adopted specific policies for respective EESG matters in order to provide a more comprehensive view of its sustainability practices.

## GOVERNANCE

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

## SCOPE

This sustainability report covers the printing and publishing and travel operations of the Group in Malaysia and Hong Kong as these operations represent the core of the Group’s business contributing over 80% of the Group’s turnover for the financial year ended 31 March 2018.

# Sustainability Report

## MATERIAL SUSTAINABILITY MATTERS

The Group engaged both its external and internal stakeholders in order to identify the EESG issues that are material to the Group. The Group will select sustainability items that will have material impacts on the performance and sustainability of the Group.

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

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

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

Area	Material sustainability items
Environmental	<ul style="list-style-type: none"><li>• Use of resources</li><li>• Materials management</li><li>• Disposal of waste materials</li><li>• Greenhouse gas emissions</li></ul>
Economic	<ul style="list-style-type: none"><li>• Financial performance</li><li>• Sustainable procurement</li><li>• Product responsibility</li></ul>
Social	<ul style="list-style-type: none"><li>• Training and development</li><li>• Health and safety</li><li>• Diversity</li><li>• Contribution to community</li></ul>
Governance	<ul style="list-style-type: none"><li>• Governance structure</li><li>• Corporate governance</li><li>• Business ethics</li></ul>



# Sustainability Report

## STAKEHOLDERS ENGAGEMENT

The Group places importance in establishing strong and mutually beneficial relationships with its community of stakeholders. As the business landscape changes continuously, the Group engages its stakeholders periodically to understand their concerns on sustainability development, hence balance their different viewpoints and manage their expectations.

The Group engages its stakeholders in its daily operations and communicates with them through various channels. The list of stakeholders and methods of engagement are listed below:

Stakeholders	Method of engagement
Customers	<ul style="list-style-type: none"><li>• Social media and websites</li><li>• Events held for readers</li><li>• Dinner events</li><li>• Awards</li></ul>
Community	<ul style="list-style-type: none"><li>• Social media</li><li>• Community events</li><li>• Financial and non-financial contributions</li></ul>
Shareholders	<ul style="list-style-type: none"><li>• Annual general meeting</li><li>• Announcements to Bursa Malaysia Securities Berhad and The Stock Exchange of Hong Kong Limited</li><li>• Annual report</li><li>• Investor relations website</li><li>• Analyst briefing</li></ul>
Industry peers	<ul style="list-style-type: none"><li>• Industry associations</li></ul>
Regulators	<ul style="list-style-type: none"><li>• Regular communication for updates</li></ul>
Suppliers	<ul style="list-style-type: none"><li>• Meetings</li></ul>
Employees	<ul style="list-style-type: none"><li>• Corporate events</li><li>• Internal communications</li><li>• Trainings</li><li>• Occupational Safety and Health Committee</li></ul>

# Sustainability Report

## SUSTAINABILITY AREAS

### (a) Environmental

As the Group's most significant environmental impacts come from the printing plants, the Group has adopted an Environmental Policy which provides for the conservation of energy, reduction of greenhouse gas emissions and minimisation of waste. The Group's environmental management strategy focuses on managing resources used in its business and ensuring every aspect of its operations is conducted in accordance with sound environmental practices.

The environmental aspect includes the use of resources such as electricity and water; materials management which involves the use of paper, plates, ink and other chemicals; disposal of hazardous and non-hazardous waste and greenhouse gas emissions.

### (I) Use of resources

#### (i) Electricity

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

Some of these initiatives include conducting energy saving campaigns at its offices and printing plants where employees are reminded to switch off the lights and equipment when not in use. At its printing plants, the printing process of newspapers is constantly reviewed with the aim of reducing printing slots. Further, the Group is currently reviewing the possibility of further rationalising its plants to consider whether the number of plants can be reduced. Electricity consumption in the Hong Kong office has been reduced due to higher efficiency of its chillers and automatic control system. These measures help the Group keep electricity usage to an acceptable level.

The Group's electricity usage for the financial years ended 31 March 2018 and 2017 were approximately 21,891,000 kWh and 25,156,000 kWh respectively.

#### (ii) Water

The Group's water usage is predominantly at its printing plants for its production process. This is then followed by normal office usage. The Group endeavors to reduce its usage of this key resource in order to save costs as well as to reduce its environmental impact. Hence, in some plants in Malaysia, it has put facilities in place to store rain water for cleaning purpose.

The Group's water usage for the financial years ended 31 March 2018 and 2017 were approximately 72,900 m<sup>3</sup> and 83,200 m<sup>3</sup> respectively.

### (II) Materials management

As an effort to reduce production costs, the Group places importance on materials management. The Group's production team constantly reviews the manner in which materials are used and explores the possibility of further reducing its usage through the introduction of new technology. The Group is meticulous about measuring consumption at its printing plants to ensure that all materials are used effectively and efficiently.

#### (i) Paper

Newsprint cost is one of the significant cost items for the Group. Hence, the Group tracks the usage of newsprint diligently. Most of the newsprint that the Group uses is made from recycled paper which is environmentally friendly. The Group has moved to using 27" web width newsprint in order to achieve higher efficiency. Further, its printing machines are constantly maintained in good condition to avoid multi starts and stops as this increases start up waste. The Group endeavors to reduce wastage by setting key performance indicators to continuously monitor paper wastage.

For the financial years ended 31 March 2018 and 2017, the newsprint yield (calculated as number of printed pages per kilogram of newsprint) achieved by the Group was 220 and 222 pages respectively.

# Sustainability Report

(ii) *Plates*

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

(iii) *Ink*

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

## (III) **Waste management**

The Group has in place procedures to ensure that its waste materials are disposed in an environmentally responsible manner. All recyclable wastes are collected by recycling companies and all hazardous wastes are disposed of to licensed contractors.

(i) *Solid waste*

The Group recycles where possible its waste. Waste materials such as used newsprint and plates are disposed of for recycling purposes.

(ii) *Hazardous/scheduled waste*

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

(iii) *Effluents treatment*

The Group has installed waste water treatment facilities at some of its printing plants to treat certain chemical waste before the same is released back to the environment. To prevent contaminating the environment, sampling and monitoring of the discharge are conducted periodically to ensure that it is safe to be released into the drainage system.

## (IV) **Greenhouse gas emissions reporting**

The Group places importance in reducing greenhouse gas emissions in order to minimise the impact of its operations on the environment.

The Group has chosen its approach to report utility data from operations under its direct control in Malaysia and Hong Kong. Scope 2 (Electricity) is reported on below.

The Group does not own a fleet of vehicles hence it will not report on Scope 3 emissions. The transportation of the Group's products has been outsourced to third parties.

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

CO<sub>2</sub> emission from purchased electricity for the financial years ended 31 March 2018 and 2017 were approximately 15,300 tonnes and 17,600 tonnes respectively.

# Sustainability Report

## **(b) Economic**

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

### **(I) Procurement**

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

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

### **(II) Product responsibility**

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

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

The Group also takes care to observe and protect intellectual property rights. It only uses licensed software and employees are repeatedly reminded to refrain from installing unauthorised software on office equipment such as desktop computers and laptops.

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

The Group has also in place customer management processes to ensure that consumer complaints are handled in an appropriate and time-efficient manner.

# Sustainability Report

## (c) Social

### (i) Employees

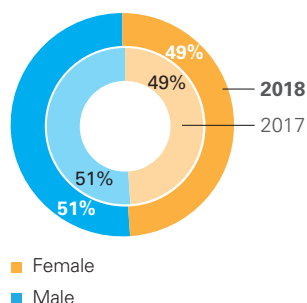
#### (i) Diversity

The Group recognises the importance of diversity at work especially for the media industry as it drives innovation and sustainability which are important to meet the evolving needs of customers and markets.

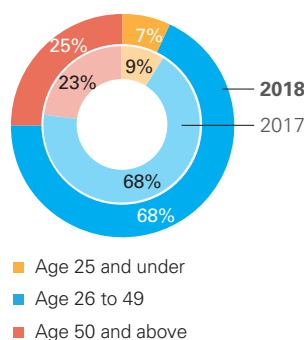
Employees with broad range of experiences, skills and views are key strengths and critical to the Group's sustainability. As such, the Group believes in hiring capable individuals without any discrimination. It places emphasis on the importance of treating employees fairly, regardless of gender, race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

The number of employees in Malaysia and Hong Kong for the financial years ended 31 March 2018 and 2017 are 3,652 and 3,883 respectively. The diversity of employees in Malaysia and Hong Kong by gender, age and position is presented below:

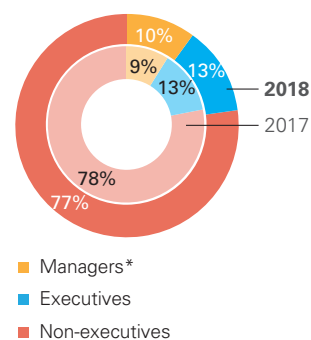
**Employee diversity by gender**



**Employee diversity by age**



**Employee diversity by position**



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

#### (ii) Employee engagement

The Group believes in promoting good rapport among its employees hence employee engagement and dialogue are important. Events such as annual dinner, Chinese New Year and Christmas festival celebrations, in addition to departmental dinners are organised from time to time by the Group. These events provide employees with the opportunity to get to know each other better. Long-service employees are given awards as an appreciation for their loyalty to the Group.

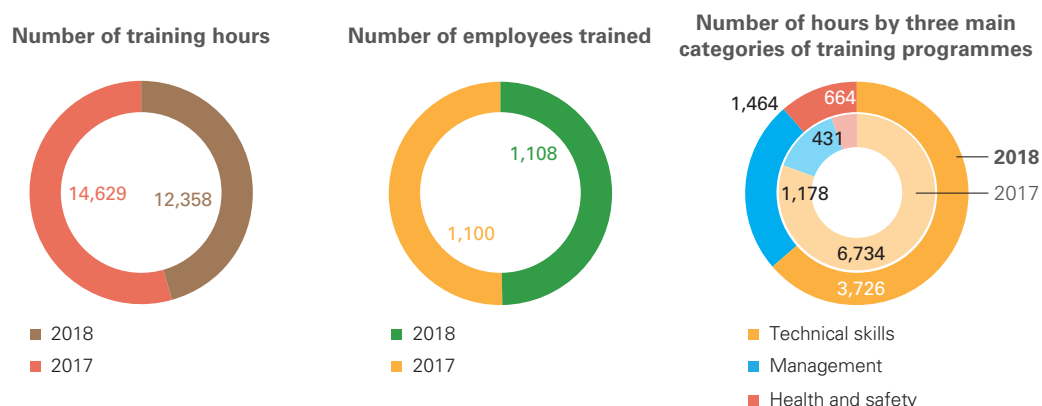
#### (iii) Employee training and development

The Group has adopted a policy on "Employee Training and Development" to improve the job skills and performance of its employees. The Group views that training and development to employees is important as it helps the employees improve their efficiency and productivity.

The Group provides internal and external training and development programmes on new knowledge and technical skills for employees to help them cope with technological changes and the Group's development strategies.

# Sustainability Report

The Group's employees are subjected to a performance evaluation process that takes into account their ability to meet the Group's key performance indicators. The training hours, number of employees trained and training by category for the financial years ended 31 March 2018 and 2017 are presented below:



## (iv) Health and safety

Health and safety at work is an important aspect in the Group. The Group is committed to employing effective health and safety procedures and practices in its operations and workplace in order to achieve a workplace free from injury and illness. The Group employs comprehensive safe work practices that are reviewed on an on-going basis to ensure that high safety standards are maintained across its business operations.

An Occupational Safety and Health Committee ("OSHC") has been set up in its business operations in Malaysia to assist in the identification of hazards and trends, and to facilitate the dissemination of information to address any concerns raised. Employees are constantly trained and reminded by the OSHC to adopt and adhere to health and safety procedures. The OSHC also monitors and meets regularly to review current practices and implement proposals in improving working environments for the benefit of the employees.

In Hong Kong, a safety review is conducted every year for the purposes of evaluating the effectiveness and the improvement of the Safety Management System in its printing plant in order to comply with the Factories and Industrial Undertakings (Safety Management) Regulation in Hong Kong. A safety review report including safety improvement plan will be prepared and submitted to the Labour Department of Hong Kong for examination.

There were a few workplace injuries at the printing plants during the current financial year, they were all non-fatal and caused minimal productivity disruption. These accidents have been investigated and reported to the relevant authorities, if necessary, to avoid similar incidents from recurring in future. The Group will endeavor to reduce its workplace accidents in the coming years and uphold stringent standards of safety. The number of workplace accidents during the financial years ended 31 March 2018 and 2017 were 24 and 17 respectively.

## (v) Work life balance

Most employees now seek work life balance and it is important for employee recruitment and retention. As such, the Group strives to provide a working environment that allows its employees to experience work life balance. Some initiatives include implementing a 5-day and 5.5-day working weeks despite of the newspapers' 7-day week operation and incorporating sports and fitness activities within and outside the workplace to promote healthier living.

# Sustainability Report

(vi) *Child and forced labour policies*

The Group has adopted a policy of not engaging any employees through forced labour or engaging any underage employees. The Group does not use child labour or forced labour in any form.

(vii) *Code of Ethics and Conduct*

The Group has in place a Code of Ethics and Conduct which binds its directors and employees to behave in an ethical manner and uphold the highest standards of professionalism and exemplary corporate conduct. The Code of Ethics and Conduct states that directors and employees should avoid being involved in situations where there is real or apparent conflict of interest between them as individuals and the interests of the Group. Directors and employees are required to exercise caution and due care to safeguard any information of a confidential and sensitive nature relating to the Group which may have come to their knowledge in the course of their employment. They are also reminded about prohibitions against using inside information for securities trading.

The Group has a whistleblowing policy that applies to its directors and employees. Directors may refer or highlight their concerns to the Non-executive Chairman of the Board or the Group Chief Executive Officer; and employees may highlight their concerns to their immediate superior, head of department or the Group Chief Executive Officer. No individual will be discriminated against or suffer any act of retaliation for reporting in good faith on violations or suspected violation.

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

To safeguard employees from any form of sexual harassment, the Group also has in place an anti-sexual harassment policy. Any concerns about sexual harassment may be reported to the individual's immediate superior or to the Human Resources Department and will be treated in the strictest confidence.

## (II) **Community involvement**

Historically, the Group's newspapers were started as a tool to connect the local communities. As such, they play an important role in the local communities in which they operate. Further, the local communities turn to and rely on the Group's newspapers for assistance in areas such as community development and social welfare needs. To maintain a close connection with the communities, which in turn will translate into brand loyalty, the Group continuously engages the communities through outreach programmes, corporate sponsorships and donations, as part of its corporate social responsibility efforts.

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

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

The Group has always been promoting education as it believes education is an important tool to build, strengthen and develop communities. To this end, it has been actively involved in various educational initiatives.

To instill interest and promote journalism, *Sin Chew Daily* formed a cadet reporter team in 1984 and *Ming Pao Daily News* set up the "Ming Pao Student Reporter Scheme" in 1997. Students are recruited as cadet reporters and given training in basic journalistic and multimedia publishing skills in order to widen their horizons and stimulate independent thinking and analytical skills. These students are also given opportunities to conduct interviews on personalities from various backgrounds and write articles for the newspapers' student publications.



# Sustainability Report

To promote the literacy of the Chinese language, *China Press* organised “SaZhong Writing Camp” whilst *Ming Pao Daily News* organised the “Young Writer’s Training Program”. Both programmes are aimed at encouraging students’ interest in writing.

## (ii) Education

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

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

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

## (iii) Humanitarian assistance

The Group has in place several charitable foundations to assist the under privileged and the communities in which the Group operates.

At the fore front of these activities in Malaysia are *Yayasan Sin Chew* and *Yayasan Nanyang Press*. One of these foundations’ causes is to help special needs children. *Yayasan Nanyang Press* had supported the Dream House for Hidden Stars which offers painting, piano, ukulele, vocal, dancing, junior robotic, and group percussions classes to autistic students. An art gallery was also set up for the Hidden Stars to sell their artworks. Some of these students have been able to make a living after completing their training by selling their paintings or carrying out performances. *Yayasan Nanyang Press* had also donated vehicles to St John Ambulance and funds to schools for maintenance purposes.

*Yayasan Sin Chew* made donations of RM3 million to various orphanages and old folks’ homes throughout Malaysia in December 2017. *Yayasan Sin Chew* also donated funds to repair schools which were affected by flood, and organised lunches for some old folks home during the Chinese New Year celebration. Meanwhile, *China Press* and *Guang Ming Daily* also raised funds to support families that are in need.

During the financial year under review, *Ming Pao Daily News* collected 1,500 books and magazines from its staff and donated them to four charitable organisations: The Church of the United Brethren in Christ, Hong Kong Sheng Kung Hui Welfare Council, Fung Ying Seen Koon Cheung Lung Wai Integrated Services Centre and New Life Psychiatric Rehabilitation Association. It also donated nearly 100 desktops and LCD monitors to the Caritas Computer Workshop for distribution to underprivileged students.

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

The Group is aware that the cost of medical treatment has increased and is beyond the reach of certain segments of society. With this in mind, the Group through *Yayasan Nanyang Press* provides sponsorship to four dialysis centres in Malaysia to subsidise their costs of treatment for the patients. This year, *Yayasan Sin Chew* made a donation of RM300,000 to the “Silent Mentor Program” for the purpose of setting up an operation theatre for medical education training purposes.

# Sustainability Report

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

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

### (III) Readers and advertisers

The Group recognises the importance to stay connected with its readers and advertisers in order to understand their preferences and views. Social media platforms such as Facebook, Twitter and YouTube are used to connect and publish content that are of interest to the readers. In addition, the Group also connects through surveys, advertisements, hotline numbers, ground events and email accounts.

During the current financial year, the Group’s newspaper titles received visits from teachers and students to their offices to observe the on-goings of the editorial room. Further, the Group continuously holds various activities at schools and universities, such as the “School Reading Programme 2017” at 30 schools organised by *China Press*, to encourage the reading habit which will also enhance subscriptions as well as brand loyalty.

To increase the Group’s revenue, *Sin Chew Daily* organised the Sin Chew Trade Fair and Sin Chew Education Fair in several locations in Malaysia in partnership with various businesses and education institutions. It also held a Chinese New Year event jointly with a developer which helped the advertiser reach out to its customers through a food and cultural event driven by a digital platform. Meanwhile, *Guang Ming Daily* celebrated its 30th anniversary in 2017 with dinner events in several locations in the Northern region of Malaysia.

In Hong Kong, *Ming Pao Daily News* conducted 14 investment seminars for its readers in which investment experts were invited to share their investment insights. Meanwhile, *Sin Chew Daily* had organised a Budget Talk 2018 for its readers whilst “Pink Biz Seminar 2017” was held by *China Press* to allow some successful female entrepreneurs to share their success stories and advice on how to be an entrepreneur.

In addition to its annual “Sin Chew Business Excellence Awards” to give recognition to enterprises which have achieved utmost excellence in all key business management disciplines, *Sin Chew Daily* and *Life Magazines* launched a new “Malaysia Health and Wellness Brand Awards” for the purposes of recognising top health brands in the industry. At the same time, *Nanyang Siang Pau’s* “Golden Eagle Awards” is one of the most prestigious and reputable annual business awards recognised by the business community.

# Sustainability Report

## **(IV) Investors/shareholders**

The Company engages its investors through press releases and corporate announcements made quarterly, half-yearly and annually of its financial results. It also engages its shareholders at annual general meetings.

The Company has adopted a shareholders' communication policy. The details of shareholders' rights are set out in the Corporate Governance Overview Statement in this Annual Report on pages 45 to 66. Information on procedures for shareholders to propose a person for election as a director can be found on the Group's website.

## **(d) Governance**

The Group is committed to adopting practices that will support sustainable economic growth with strong governance and accountability.

Further details on the Group's corporate governance are set out in the Corporate Governance Overview Statement and Statement on Risk Management and Internal Control on pages 45 to 66 and pages 68 to 73 of this Annual Report respectively.

# Corporate Governance Overview Statement

## INTRODUCTION

The Board of Directors ("Board") is pleased to report to the shareholders the manner in which the Company has applied most of the principles and recommendations as set out in the Corporate Governance Code (the "Hong Kong Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HK Listing Rules") and the Malaysian Code on Corporate Governance 2017 (the "Malaysian Code") pursuant to Paragraph 15.25 of the Main Market Listing Requirements (the "Bursa Securities Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

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

Code provision E.1.2 of the Hong Kong Code stipulates that the chairman of the board should attend the annual general meeting ("AGM"). Code provision A.2.7 of the Hong Kong Code stipulates that the chairman should at least annually hold meetings with the non-executive directors ("NEDs") (including independent non-executive directors ("INEDs")) without the executive directors' presence. Tan Sri Datuk Sir TIONG Hiew King, who was the Chairman of the Board until 31 March 2018 and was re-designated as a NED from 1 April 2018, is currently on medical leave upon doctor's advice. He was unable to attend the AGM of the Company held on 11 August 2017 and had not held any meeting with the NEDs of the Company during the year. In his absence, Mr TIONG Kiew Chiong, the executive director and Group Chief Executive Officer ("GCEO") of the Company chaired the said AGM and ensured that proceedings of the meeting were conducted in order. In place of Tan Sri Datuk Sir TIONG Hiew King, Dato' Sri Dr TIONG Ik King, a NED of the Company, has been appointed as the new Chairman of the Board with effect from 1 April 2018. On 30 May 2018, Dato Sri Dr TIONG IK King, the new chairman held a meeting with the NEDs without the presence of the executive directors. The Company considers that sufficient measures have been taken to ensure the Company's corporate governance practices are no less exacting than those in the Hong Kong Code.

The Company is guided by the Malaysian Code which is based on the following three key principles of good corporate governance:

- board leadership and effectiveness;
- effective audit and risk management; and
- integrity in corporate reporting and meaningful relationship with stakeholders.

This statement seeks to present an overview of how these key principles are applied. Details of the application of the principles of the Hong Kong Code and the Malaysian Code are stated in the Corporate Governance Report which can be accessed on the Company's website at [www.mediachinesegroup.com](http://www.mediachinesegroup.com).

## KEY FOCUS

For the financial year ended 31 March 2018, the key area of focus was on reviewing whether the Company's current governance practices meet the Malaysian Code's requirements.

# Corporate Governance Overview Statement

## CONDUCT ON SHARE DEALINGS

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

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

## BOARD LEADERSHIP AND EFFECTIVENESS

### Board — strategy & supervisory

The Board acknowledges its key responsibilities in providing entrepreneurial leadership, directing the strategic plans, overseeing the Group's business affairs and management effectiveness.

The principal responsibilities of the Board include reviewing and adopting strategic direction and corporate plan for the Group, directing future expansion, overseeing the conduct of business, reviewing the adequacy and the integrity of internal control system, identifying principal risks and ensuring the implementation of appropriate systems to manage these risks, establishing a succession plan, and developing and implementing a shareholders' communication programme for the Group.

The duties of the Board also cover reviewing and developing the Company's policies and practices on good corporate governance; reviewing and monitoring the training and continuous professional development of directors and senior management; reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and directors; and reviewing the Company's compliance with the Hong Kong Code and the Malaysian Code and disclosures in this Corporate Governance Overview Statement.

Together with the GCEO who is fully committed to managing the Group's business, the Board is constituted of individuals who are committed to business integrity and professionalism in all its activities.

In order to ensure the effective discharge of its functions and responsibilities, the Board delegates specific powers to the relevant Board committees, all of which operate within defined terms of reference and the terms as set out in the Board Charter. The Board committees report to the Board on matters that have been discussed and deliberated at respective committee meetings and make recommendations to the Board for final decision. The Board committees include the Group Executive Committee, Audit Committee, Nomination Committee and Remuneration Committee. Members of the Group Executive Committee are invited to brief the Board on a quarterly basis. Monthly management updates are circulated to the Board members. The management reports presented to the Board would include the following information:

- The Group's business and financial performance;
- Marketing and sales activities;
- Market developments and consumer trends; and
- Human resources, safety, environmental, legal and regulatory matters and updates thereof.

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Before the end of each financial year, the executive directors together with the management start to plan, deliberate and finalise the budget and strategic plan for the following financial year. After much discussion and debate, the financial budget for the next financial year will be finalised and approved by the Board.

During the financial year under review, the Board met 5 times, whereat it deliberated and considered a variety of matters including the Group's financial results, corporate strategies, business plan and directions. The Board also reviewed the succession planning, governance policies and practices with the adoption of revised Board Charter and Code of Ethics and Conduct. The Group's business plan and financial budget for the financial year ending 31 March 2019 were approved by the Board on 26 February 2018. At the same meeting, the Board, together with the management, deliberated on the transformation plan of the Group's editorial operations in Malaysia, to ensure the investment and editorial strategies are aligned with the Group's strategic objective.

The attendance of the directors at the board meetings is set out on page 49 of this Annual Report.

## CHAIRMAN OF THE BOARD

The Chairman of the Board plays an important leadership role on matters pertaining to the Board and the overall conduct of the Group. He is responsible for the efficient and effective functioning of the Board and that all key issues are deliberated in a timely manner.

The positions of Chairman and GCEO are held by two different individuals and each has a clearly accepted division of responsibilities. The GCEO is primarily responsible for the day-to-day management of the business and operations of the Group. On 1 April 2018, Tan Sri Datuk Sir TIONG Hiew King was re-designated from his position as the Group Executive Chairman and an executive director to a NED of the Company, and Dato' Sri Dr TIONG Ik King, a NED, was appointed as the new Chairman of the Company. Dato' Sri Dr TIONG Ik King is an experienced Chairman, he is not only a vocal Chairman but also one who ensures that all members of the Board are given an opportunity to voice their views.

## BOARD CHARTER

The Board has adopted a Board Charter, which sets out the Board's strategic intent and outlines the Board's roles and responsibilities, the vision, mission, principles, as well as the policies and strategic development of the Group. It specifies clearly the roles and responsibilities of the Board, Board committees and individual directors. The Board Charter also serves as a source of reference and an induction literature for new Board members.

The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter was last reviewed on 26 February 2018, to incorporate changes in corporate governance requirements. The Board Charter is available for reference on the Company's website at [www.mediachinesegroup.com](http://www.mediachinesegroup.com).

## ETHICAL STANDARDS

In discharging its responsibilities, the Board is guided by the Company's Code of Ethics and Conduct, which sets out the values, principles and guidelines as to how the Company conducts its business to ensure integrity, transparency and accountability. In February 2018, the Board reviewed and approved the amendments to the Code of Ethics and Conduct, in order to be in line with the Malaysian Code. This is applicable to all directors and employees of the Group to govern the desired standard of behavior and ethical conduct expected from each individual throughout all levels within the Group. The Company also has in place a Whistleblowing Policy, which forms part of the Code of Ethics and Conduct. This provides an avenue for any director or employee to freely communicate their concerns about unethical practices without fear or repercussions in a safe and confidential manner.

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## BOARD COMPOSITION

The Board has 8 members, comprising 3 executive directors, Ms TIONG Choon, Mr TIONG Kiew Chiong (GCEO) and Mr LEONG Chew Meng; 2 NEDs, Dato' Sri Dr TIONG Ik King (Non-executive Chairman) and Tan Sri Datuk Sir TIONG Hiew King; and 3 INEDs, Mr YU Hon To, David, Datuk CHONG Kee Yuon and Mr KHOO Kar Khoon, which fulfils the requirements under the HK Listing Rules and Bursa Securities Listing Requirements. During the financial year under review, Ms TIONG Choon had been re-designated from a NED to an executive director on 17 July 2017 whilst Mr NG Chek Yong had resigned as an executive director of the Company on 2 October 2017.

A brief description of the background of each director including his/her relationship, if any, with other Board members is presented on pages 4 to 9.

The Company, being majority owned by the TIONG's family, is aware of the benefits of having at least half of the Board made up of INEDs. As such, effective from 1 April 2018, the newly appointed Chairman is a Non-executive Chairman and the number of executive directors had been reduced from 4 to 3. The Board from time to time undertakes review of its composition to determine areas of strengths and improvement opportunities, and will work towards in having a board composition that consists of at least half INEDs.

## BOARD MEETINGS

All directors are expected to commit sufficient time in carrying out their responsibilities and the Chairman of the Board will be notified before a director accepts any new directorship.

The Board meets on a quarterly basis and additionally as and when required. Quarterly meetings as well as AGM are scheduled in advance annually to enable the directors to plan ahead to ensure their attendance at the meetings. Notices of meetings which set out the matters to be discussed are sent to the directors at least 14 days prior to the meetings. All notices and meeting materials are communicated to the directors via online and the directors may participate the meetings through telephone, video conference or any other form of communications.

## MEETING MATERIALS

Timely and accurate information are given to the Board at least 5 days in advance before each Board and Board committee meeting. Sufficient time is given to allow the directors to review the board papers and to obtain further explanation or clarification to facilitate the decision-making process and the meaningful discharge of their duties.

All proceedings of the Board and the Board committees are minuted by the Joint Company Secretaries and signed by the chairman of the meetings.



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During the year, five (5) Board meetings were held, in which four (4) were regular board meetings. The attendance record for each director at the Board meetings and AGM is as follows:

Directors	No. of meetings attended	
	Board	AGM
<b>Non-executive directors</b>		
Dato' Sri Dr TIONG Ik King ( <i>Chairman</i> ) ( <i>note 1</i> )	5/5	–
Tan Sri Datuk Sir TIONG Hiew King ( <i>note 2</i> )	3/5	–
<b>Executive directors</b>		
Ms TIONG Choon ( <i>note 3</i> )	5/5	1/1
Mr TIONG Kiew Chiong (GCEO)	5/5	1/1
Mr NG Chek Yong ( <i>note 4</i> )	2/2	1/1
Mr LEONG Chew Meng	5/5	1/1
<b>Independent non-executive directors</b>		
Mr YU Hon To, David	5/5	1/1
Datuk CHONG Kee Yuon	5/5	1/1
Mr KHOO Kar Khoon	5/5	1/1

*Notes:*

- (1) Dato' Sri Dr TIONG Ik King was appointed as the Non-executive Chairman on 1 April 2018. He was unable to attend the AGM due to sick leave.
- (2) Tan Sri Datuk Sir TIONG Hiew King was re-designated from the Group Executive Chairman and executive director to a NED on 1 April 2018. He was unable to attend the AGM due to medical leave.
- (3) Ms TIONG Choon was re-designated from a NED to an executive director on 17 July 2017.
- (4) Mr NG Chek Yong resigned as an executive director on 2 October 2017.

## BOARDROOM DIVERSITY

The Company places importance on diversity. The Company adopted a policy on board diversity ("Board Diversity Policy") with effect from 1 September 2013. Factors such as gender, age, nationality, ethnicity and socio-economic background diversity are taken into account for the appointment of any director. In addition, the Nomination Committee also places emphasis on relevant skills, age, experience, knowledge, cultural background, personality and gender when considering the new appointment of director and conducting the annual performance evaluation on the effectiveness of the Board.

At present, the Company has a female director and the Board will work towards having more women representative on the Board to reflect the Company's commitment towards gender diversity.

## BOARD APPOINTMENT

The appointment of new directors is approved by the Board members. The Nomination Committee recommends suitable candidates for appointment to the Board, and the final endorsement lies with the entire Board. In ensuring the suitability of a candidate, the Board reviews the required mix of skills, experience and expertise of Board members to ensure that it is sufficient to address the issues affecting the Company. In its deliberations, the integrity, professionalism, skills, knowledge, expertise, experience and independence of the proposed candidate are taken into account.

The Board may utilise independent sources to identify candidates for appointment of directors. Apart from that, the Nomination Committee also considers recommendations from existing Board members, management or major shareholders.

# Corporate Governance Overview Statement

## RE-ELECTION OF DIRECTORS

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

## TERMS OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

The Company had entered into appointment letters with the INEDs namely, Mr YU Hon To, David, Datuk CHONG Kee Yuon and Mr KHOO Kar Khoon, and the NEDs namely, Dato' Sri Dr TIONG Ik King and Tan Sri Datuk Sir TIONG Hiew King, for a term of two years from 1 April 2018 to 31 March 2020, subject to retirement and re-election by rotation at the AGM in accordance with the Bye-Laws of the Company.

## BOARD INDEPENDENCE

The Company measures the independence of its directors based on the criteria of independence as prescribed by the Bursa Securities Listing Requirements and the HK Listing Rules.

The Nomination Committee reviews the independence of directors annually and each INED also performed a self-evaluation to affirm their independence from management. The Board and the Nomination Committee have, upon their annual assessment concluded that each INED continues to demonstrate conduct and behaviour that are essential indicators of independence and act in the best interest of the Company.

## SHAREHOLDERS' APPROVAL FOR RE-APPOINTMENT OF AN INDEPENDENT DIRECTOR WHO HAS SERVED MORE THAN 9 YEARS

In line with the practice of the Malaysian Code, the tenure of an INED should not exceed a cumulative term of 9 years. An independent director may continue to serve the Board subject to his re-designation from an INED to a NED. In the event the Board intends to retain the INED after serving a cumulative term of 9 years, it should justify and seek annual shareholders' approval.

Mr YU Hon To, David was appointed to the Board as an INED on 30 March 1999, and has therefore served the Board for more than 9 years. During his tenure of office, Mr YU has fulfilled all the requirements regarding independence of an INED and has provided annual confirmation of independence to the Company pursuant to Rule 3.13 of the HK Listing Rules and Paragraph 1.01 of the Bursa Securities Listing Requirements.

The Board believes that valuable contribution can be obtained from Mr YU's experience, over a period of time, developed valuable insight of the Company and its business. His experience enables him to discharge his duties and responsibilities independently and effectively notwithstanding his tenure on the Board. Based on the review and recommendation of the Nomination Committee, the Board views that Mr YU's independence has not been impaired or compromised in any way. In view of the above, the Board recommends to seek shareholders' approval for the re-appointment of Mr YU Hon To, David as an INED of the Company at the forthcoming AGM. However, the shareholders' approval through a two-tier voting process to retain an independent director after the 12th year pursuant to the Malaysian Code is not applicable, as the tenure of Mr YU serving as an INED shall be counted and commenced from the date when the Company was dual-listed on Bursa Securities on 30 April 2008.

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## BOARD EVALUATION

The Board, through the Nomination Committee, undertakes the annual evaluation on effectiveness of the Board as a whole, the Board committees and the contribution of each individual director of the Company based on a set of pre-determined criteria. During the year, the annual evaluation process was internally facilitated and conducted through questionnaires circulated to each individual director covering areas such as board structure, diversity (including the gender diversity), contribution and performance, integrity and other qualities including core competencies which directors should bring to the Board, etc. They reviewed their own performance, the effectiveness of the Board, the Board committees and contributions of each individual director, the independence of the INEDs and the Board's mix and skillset. All INEDs had also submitted the annual confirmation of independence and confirmed their compliance with the independence criteria.

A summary report on the results of questionnaires was tabled to the Nomination Committee for deliberation, prior to recommending the appropriate action to the Board for consideration, on 23 February 2018. The Nomination Committee is satisfied that (i) the Board and the Board committee's composition has fulfilled the criteria required, and possess a right blend of knowledge, experience and mix of skills; and (ii) the overall performance of the Board, Board committees and individual directors had been effective in discharging their functions and duties.

## DIRECTORS' TRAININGS

All Board members are encouraged to attend trainings, both internal and external for their continuous professional development. During the year under review, the directors attended briefings and trainings to enable them to effectively discharge their duties. Internal training programmes on the new Malaysian Code and the Malaysian Companies Act 2016 as well as the consequential amendments in Bursa Securities Listing Requirements were arranged on 11 August 2017 and 29 January 2018 respectively. The directors also attended external training programmes, among which were:

- Audit Committee Conference 2017
- Capital Market Conference 2017
- E-commerce: Strategies + Market Trend Forum 2017
- Risk Management Programme: I Am Ready to Manage Risks
- The Ninth Forum on the Global Chinese Language Media
- 2017 Media Cooperation Forum on Belt and Road
- The 50th Chinese Language Press Institute Conference
- The KPMG INED Forum
- NED Programme: Valuation in Corporate Transactions
- CIMB — Sin Chew Business Forum
- Malaysian Media Conference 2018
- Corporate Governance Briefing Sessions: MCCG Reporting & CG Guide

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

Name of director	Type of training
Dato' Sri Dr TIONG Ik King	A, B
Tan Sri Datuk Sir TIONG Hiew King	B
Ms TIONG Choon	A, B
Mr TIONG Kiew Chiong	A, B
Mr NG Chek Yong (resigned on 2 October 2017)	A, B
Mr LEONG Chew Meng	A, B
Mr YU Hon To, David	A, B
Datuk CHONG Kee Yuon	A, B
Mr KHOO Kar Khoon	A, B

A: attended seminars/conferences/workshops/forums

B: read journals and update relating to the economy, media business, governance and directors' duties and responsibilities, etc.

The directors will continue to attend relevant training programmes and seminars from time to time, in order to equip themselves with requisite knowledge and skills to discharge their duties and responsibilities more effectively.

## BOARD COMMITTEES

The following is the attendance record of the Board committees' meetings for the financial year ended 31 March 2018 (save and except for the Audit Committee of which attendance is set out on page 74):

Directors	No. of meetings attended
<b>Group Executive Committee</b>	
Mr TIONG Kiew Chiong ( <i>Chairman</i> ) ( <i>note 1</i> )	4/4
Mr NG Chek Yong ( <i>note 2</i> )	2/2
Mr LEONG Chew Meng	4/4
Mr NG Kait Leong	4/4
Mr YII Hua Tung	3/4
Mr WONG Khang Yen ( <i>note 3</i> )	N/A
<b>Nomination Committee</b>	
Mr KHOO Kar Khoon ( <i>Chairman</i> )	3/3
Mr YU Hon To, David	3/3
Datuk CHONG Kee Yuon	3/3
<b>Remuneration Committee</b>	
Datuk CHONG Kee Yuon ( <i>Chairman</i> )	4/4
Mr YU Hon To, David	4/4
Mr KHOO Kar Khoon	4/4
Mr TIONG Kiew Chiong	4/4
Mr NG Chek Yong ( <i>note 2</i> )	2/2
Mr LEONG Chew Meng ( <i>note 4</i> )	1/1

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## Notes:

- (1) Mr TIONG Kiew Chiong was appointed as the Chairman of the Group Executive Committee on 2 October 2017.
- (2) Mr NG Chek Yong resigned as the Chairman of the Group Executive Committee and a member of Remuneration Committee on 2 October 2017.
- (3) Mr WONG Khang Yen was appointed as a member of the Group Executive Committee on 1 June 2018.
- (4) Mr LEONG Chew Meng was appointed as a member of the Remuneration Committee on 26 February 2018.

## Group Executive Committee

The Board has delegated the day-to-day operations of the Group's business to the Group Executive Committee which comprises the following members:

- Mr TIONG Kiew Chiong (*Chairman*)
- Mr NG Chek Yong (resigned on 2 October 2017)
- Mr LEONG Chew Meng
- Mr NG Kait Leong
- Mr YII Hua Tung
- Mr WONG Khang Yen (appointed on 1 June 2018)

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

- Monitoring and reviewing the operations in Hong Kong, Taiwan, Mainland China, North America, Malaysia and other Southeast Asian countries;
- Performing duties delegated by the Board and exercising the authorities and rights authorised by the same;
- Formulating strategies and business development plans, submitting the same to the Board for approval and implementing such strategies and business development plans thereafter; and
- Assisting the Board in conducting the review of the adequacy and effectiveness of risk management and internal control systems of the Group.

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

## Nomination Committee

The Nomination Committee comprises entirely INEDs and its members during the year are:

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

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

- Reviewing the structure, size and composition of the Board, including the balance mix of skills, knowledge, experience and independence of the INEDs at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- Assessing annually the effectiveness of the Board as a whole, the Board committees and the contribution of each individual director. All assessments and evaluation are documented for proper records; and
- Identifying and recommending new nominees to the Board and Board committees. The final decision as to who shall be appointed as director remains the responsibility of the full Board, after considering the recommendation of the Nomination Committee.

During the year, the Nomination Committee met 3 times which were attended by all members. A summary of the key activities undertaken by the Nomination Committee is as follows:

- Reviewed the structure, size and composition of the Board and the Board committees and made recommendations to the Board with regard to any adjustment thereof and/or the appointment of directors as the Nomination Committee deems necessary;
- Conducted the annual performance evaluation and reviewed the assessment results prior to recommending the appropriate action to the Board for consideration;
- Reviewed and deliberated on the summary report of the directors' performance evaluation prior to recommending the appropriate action to the Board for consideration;
- Recommended whether the directors who are retiring by rotation should stand for re-election at the AGM;
- Reviewed the retention of Mr YU Hon To, David, who has served the Company as an INED for more than 9 years, for recommendation to the shareholders for their approval;
- Considered and recommended the renewal and new service contracts for the Board members on 23 February 2018 and 28 March 2018 respectively; and
- Considered the nomination of Dato' Sri Dr TIONG Ik King as the new Chairman of the Company effective from 1 April 2018, in place of Tan Sri Datuk Sir TIONG Hiew King, who has been re-designated from the Group Executive Chairman and an executive director to a NED, on 28 March 2018.

## Remuneration Committee

The Remuneration Committee comprises 5 directors, 3 of whom are INEDs. The members of the Remuneration Committee are:

- Datuk CHONG Kee Yuon (*Chairman*)
- Mr YU Hon To, David
- Mr KHOO Kar Khoon
- Mr TIONG Kiew Chiong
- Mr NG Chek Yong (resigned on 2 October 2017)
- Mr LEONG Chew Meng (appointed on 26 February 2018)



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

- Recommending to the Board on the Company's policies and structure for directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing a remuneration policy; and
- Reviewing and recommending to the Board on the remuneration packages of individual executive directors, senior management and the remuneration of NEDs.

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

## REMUNERATION — POLICIES AND PROCEDURES

### Remuneration Procedure

The policy for directors' remuneration is to provide a remuneration package needed to attract, retain and motivate directors and senior management of quality required to supervise and/or manage the business of the Group.

The NEDs of the Company are paid fixed annual directors' fees for serving as members of the Board, and these payments are subject to the shareholders' approval at the AGM. NEDs are also paid an attendance allowance for each Board or Board committee meeting that they attend. The Chairman of the Board committees receives an annual fixed allowance for the additional responsibility and commitment required. The executive directors of the Company who are full time employees are remunerated in the form of salaries and bonuses.

The remuneration for executive directors of the Company and senior management of the Group are based on the human resource policies and procedures of the respective operating companies in the Group.

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

### Remuneration Package

The remuneration package of directors is as follows:

#### a. Basic salary and bonus

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

#### b. Fees and other emoluments

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

#### c. Benefits-in-kind

Other benefits (such as use of company cars, insurance coverage and housing) are made available as appropriate.

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## Disclosure on Remuneration

The aggregate remuneration of directors comprising remuneration received/receivable from the Company and its subsidiary companies for the financial year ended 31 March 2018 is categorised as follows:

	Executive directors US\$'000	Non-executive directors US\$'000
Directors' fees	194	122
Meeting allowances	–	5
Salaries and other emoluments	900	–
Benefits-in-kind	49	–

The details of each director's total remuneration for the financial year ended 31 March 2018 are set out in Note 16 to the financial statements on page 135.

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

Range of remuneration	Executive directors	Non-executive directors	Senior management
from US\$0 to US\$11,994 (equivalent to RM1 to RM50,000)		1	
from US\$11,995 to US\$23,987 (equivalent to RM50,001 to RM100,000)		3	
from US\$23,988 to US\$35,981 (equivalent to RM100,001 to RM150,000)	1		
from US\$47,975 to US\$59,968 (equivalent to RM200,001 to RM250,000)		1	
from US\$119,937 to US\$131,929 (equivalent to RM500,001 to RM550,000)			1
from US\$131,930 to US\$143,923 (equivalent to RM550,001 to RM600,000)			1
from US\$143,924 to US\$155,916 (equivalent to RM600,001 to RM650,000)			2
from US\$179,905 to US\$191,897 (equivalent to RM750,001 to RM800,000)	1		
from US\$203,892 to US\$215,884 (equivalent to RM850,001 to RM900,000)	1		1
from US\$263,860 to US\$275,852 (equivalent to RM1,100,001 to RM1,150,000)			1
from US\$311,834 to US\$323,826 (equivalent to RM1,300,001 to RM1,350,000)			1
from US\$323,827 to US\$335,820 (equivalent to RM1,350,001 to RM1,400,000)	1		
from US\$395,789 to US\$407,781 (equivalent to RM1,650,001 to RM1,700,000)	1		

The Board opined that the names of the top 5 senior management will not be disclosed due to sensitivity and privacy issues.

## JOINT COMPANY SECRETARIES

The Board is supported by the Joint Company Secretaries who are qualified to act as company secretaries under relevant legislative requirements and the HK Listing Rules.

The Joint Company Secretaries are accountable directly to the Board on the Board's policies and procedures, which include reviewing and implementing corporate governance practices and processes, keeping the Board and the Board committees up to date on relevant regulatory rules, requirements, codes, guidance and legislations. They also provide advice on matters pertaining to corporate disclosures and compliance with corporate governance requirements.

# Corporate Governance Overview Statement

The Joint Company Secretaries are responsible to organise and record minutes for all Board and Board committee meetings. They also ensure that Board meeting procedures are followed and that the Company's statutory records are maintained accordingly at the head offices and registered office of the Company. They also organise the AGM with the support from other related departments of the Group.

The Joint Company Secretaries provide assistance in organising and facilitating the induction and professional developments of directors. On 11 August 2017, the Board had been presented the new Malaysian Code and highlights on certain gaps with current practices of the Company. A special seminar on the Malaysian Companies Act 2016 and updates on Bursa Securities Listing Requirements was also conducted to the Board on 29 January 2018.

The Joint Company Secretaries are full-time employees of the Group. During the year under review, the Joint Company Secretaries have complied with the professional training requirements under the Hong Kong Code. On 16 April 2018, Ms LAW Yuk Kuen, who is an associate member of the Hong Kong Institute of Certified Public Accountants, had resigned as the Joint Company Secretary of the Company. In replacement thereof, Ms TIN Suk Han, who is a solicitor to the High Court of the Hong Kong Special Administrative Region and an associate member of the Hong Kong Institute of Chartered Secretaries, has been appointed as the new Joint Company Secretary of the Company. The other Joint Company Secretary, Ms TONG Siew Kheng is an associate member of the Malaysian Institute of Chartered Secretaries and Administrators.

## EFFECTIVE AUDIT AND RISK MANAGEMENT

### Audit Committee

The Audit Committee, amongst others, provides advices in the areas of financial reporting, external audit, internal control process, and review of conflict of interest situations and the related party transactions. The Audit Committee also undertakes to provide oversight on the risk management framework of the Group. A full Audit Committee Report detailing its composition, terms of reference and summary activities during the year is set out on pages 74 to 77.

The Audit Committee is chaired by Mr YU Hon To, David, an INED who is distinct from the Chairman of the Board. The members are all financially literate and have a full understanding of the financial reporting process and the financial matters deliberated. The members also attended training on new rules or standards relating to the accounting standards or corporate governance.

## INDEPENDENCE OF EXTERNAL AUDITOR

The Audit Committee places importance on ensuring the external auditor is independent.

The appointment of PricewaterhouseCoopers as the external auditor of the Group for the financial year ended 31 March 2018 was approved by the shareholders on 11 August 2017. Though there are currently no written policies in place on the methodology to assess the independence of the external auditor, the external auditor has confirmed its continuing independence status, in compliance with the requirements of International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.

PricewaterhouseCoopers will retire and has offered itself for re-appointment as external auditor at the coming AGM to be held in August 2018.

A statement by PricewaterhouseCoopers about the reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 87 to 90.

# Corporate Governance Overview Statement

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Board recognises the importance of risk management and internal controls in the overall management processes.

### Risk Management and Internal Control Framework

The Board, through the Audit Committee reviews the adequacy and effectiveness of the Group's risk management framework to ensure robust risk management and internal control systems are in place.

The Group has adopted a formal Risk Management Policy and through the Group Executive Committee, maintains detailed risk registers which are reviewed and updated regularly. Reports on risk profiles of the Group and the status of progress towards mitigating the key risks areas are reviewed and deliberated by the Audit Committee at its quarterly meeting, before tabling to the Board for notation.

Regular reviews on risk management and internal control activities are performed by the Internal Audit Function. The Internal Audit Function reports functionally to the Audit Committee. Please refer to the Statement on Risk Management and Internal Control on page 68 to 73 for further information.

### Internal Audit

The Group has an in-house Internal Audit Function. 5 team members form the Internal Audit Function and is headed by Ms TING Huey Lian. She is a Certified Internal Auditor (CIA) of the Institute of Internal Auditors (IIA USA), a Certified Public Accountant (CPA) of the Malaysian Institute of Certified Public Accountants (MICPA) and a Chartered Accountant (CA) of the Malaysian Institute of Accountants (MIA). The internal auditors are free from any relationships or conflicts of interest which could impair their objectivity and independence. The Internal Audit Function is guided by the International Professional Practice Framework (IPPF) promulgated by the Institute of Internal Auditors (IIA). The mandatory elements of the IPPF are Core Principles for the Professional Practice of Internal Auditing, Code of Ethics, International Standards for the Professional Practice of Internal Auditing (Standards) and Definition of Internal Auditing.

Details of the Audit Committee's oversight of Internal Audit Function are set out in the Audit Committee Report on page 77 of this Annual Report.

## INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### Inside Information

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

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

# Corporate Governance Overview Statement

## COMMUNICATION WITH STAKEHOLDERS

The Company values the importance of having effective communication with its stakeholders, shareholders and investors.

During the year, management had carried out 2 closed group briefing sessions for the fund managers and investment analysts, besides attending to ad-hoc written queries on the Company's performance. From time to time, scheduled conference calls are also conducted with regards to the same. The Company also posts its latest corporate information, financial results, press releases, annual reports on its website at [www.mediachinesegroup.com](http://www.mediachinesegroup.com).

Announcements are made on a timely basis to Bursa Securities and the HK Stock Exchange and these are made electronically to the public via Bursa Securities website at [www.bursamalaysia.com](http://www.bursamalaysia.com), the HK Stock Exchange website at [www.hkexnews.hk](http://www.hkexnews.hk) as well as on the Company's website.

### Annual Report

The Annual Report is the main channel of communication between the Company and its stakeholders. The Company has yet to adopt a fully integrated report format but the current format contains comprehensive information of the financial results, management discussion and analysis on operations, governance, sustainability measures and activities of the Group.

### AGM and Special General Meetings ("SGM")

The Company's AGM is the principal forum for dialogue with individual shareholders. The AGM is conducted simultaneously both in Hong Kong and Malaysia via video conferencing. At the Company's AGM, which is generally well attended, shareholders are presented with an overview of the Company's performance during the year. Shareholders have direct access to the Board at the AGM and are given the opportunity to ask questions during the open question and answer session prior to the moving of the motion to approve the proposed resolutions. Shareholders are encouraged to ask questions about the resolutions being proposed and on the Company's operations in general.

The Company is committed to provide 28 days prior notice for the AGM.

Separate resolutions are proposed at general meetings for substantially separate issues including the re-election of directors.

Pursuant to Rule 13.39(4) of the HK Listing Rules and Paragraph 8.29A under the Bursa Securities Listing Requirements, all votes of the shareholders at the general meetings shall be taken by poll. Procedures for voting by poll are read out at the general meetings and the shareholders participate in the deliberation of resolutions being proposed. The resolutions are proposed and seconded by the shareholders and then voted on by way of poll in the manner prescribed under the HK Listing Rules and the Bursa Securities Listing Requirements. The chairman of the meeting will declare the results of the voting on each resolution.

At the 27th AGM of the Company held on 11 August 2017, 7 directors were present in person to engage directly with the shareholders, and be accountable for their stewardship of the Company. The Company had appointed Tricor Investor & Issuing House Services Sdn Bhd as the Poll Administrator to conduct the polling process, and Coopers Professional Scrutineers Sdn Bhd as the independent Scrutineer to verify the poll results.

The attendance record of directors at the general meeting for the financial year ended 31 March 2018 is set out on page 49.

# Corporate Governance Overview Statement

## Procedures of Raising Enquiries

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

- (a) Malaysia: Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or
- (b) Hong Kong: Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

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

- (a) Malaysia head office: No. 19, Jalan Semangat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, or
- (b) Hong Kong head office: 15th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong.

## Implications of the Company's Dual Primary Listings Status on the Investors

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

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

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

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

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

For the share transmission between the Hong Kong branch share register and the Malaysian branch share register, a shareholder has to pay approximately RM222.46 or HK\$442.50 to the relevant share registrar as administrative fees for registration and issuance of new share certificates. Such fees are subject to revision from time to time.

## CONVENING OF SGM UPON REQUISITION BY SHAREHOLDERS

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

# Corporate Governance Overview Statement

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

- (i) Malaysia head office: No. 19, Jalan Semangat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, or
- (ii) Hong Kong head office: 15th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong (collectively the "Head Offices").

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

## PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

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

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

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

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

With respect to proposing a person for election as a director, the procedures are accessible on the Company's website at [www.mediachinesegroup.com](http://www.mediachinesegroup.com).

## ADDITIONAL COMPLIANCE INFORMATION

### 1. Utilisation of Proceeds

There were no proceeds raised from corporate proposals during the year ended 31 March 2018.

### 2. Material Contracts

There were no material contracts of the Company and its subsidiaries (not being contracts entered into in the ordinary course of business) involving directors' and major shareholders' interests, either still subsisting at 31 March 2018 or entered into since the end of the previous financial year.



# Corporate Governance Overview Statement

## 3. Audit and Non-Audit Fees

For the financial year ended 31 March 2018, PricewaterhouseCoopers and its other member firms provided the following audit and non-audit services to the Group:

	Group US\$'000	Company US\$'000
Audit services	659	207
Non-audit services	273	174

The fees for audit and non-audit services provided by other external auditors and their affiliated companies to the subsidiaries of the Company amounted to nil and US\$41,000 respectively.

## 4. Recurrent Related Party Transactions of a Revenue or Trading Nature (As Defined under Paragraph 10.09 of the Bursa Securities Listing Requirements) for the Financial Year Ended 31 March 2018

No.	Related parties	Contracting parties	Nature of transactions	Transacted value RM'000	Equivalents in US\$'000
1.	Malaysian Newsprint Industries Sdn Bhd ("MNI")	Sin Chew Group and Nanyang Group	(i) Purchase of newsprint from MNI: — Sin Chew Group — Nanyang Group	32,108 22,551	7,680 5,329
			(ii) Disposal of newsprint scraps to MNI: — Sin Chew Group — Nanyang Group	1,603 2,719	383 653

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

2.	Tiong Toh Siong & Sons Sendirian Berhad ("TTS&S")	Mulu Press Sdn Bhd ("MPSB")	MPSB's tenancy of various properties from TTS&S as landlord	30	7
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*Nature of relationship: TSTHK is both a major shareholder and a director of the Company and TTS&S, and a director of Sin Chew (the holding company of MPSB). Ms TIONG Choon is both a shareholder and a director of the Company. She is a director of TTS&S and MPSB.*

3.	Rimbunan Hijau Holdings Sdn Bhd ("RHH")	MPSB	MPSB's tenancy of various properties from RHH as landlord	67	16
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*Nature of relationship: Teck Sing Lik Enterprise Sdn Bhd ("TSL") is a major shareholder of RHH and a shareholder of the Company. TSTHK is both a major shareholder and a director of the Company, TSL and RHH. He is a director of Sin Chew (the holding company of MPSB). Dato' Sri Dr TIONG Ik King is both a major shareholder and a director of the Company. He is also a major shareholder of RHH.*

4.	Sun Media International Sdn Bhd ("SMISB")	Sin Chew	SMISB's leasing of office space at 1/F, No. 19, Jalan Semangat, 46200 Petaling Jaya, Selangor, Malaysia from Sin Chew as landlord	6	2
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*Nature of relationship: Sin Chew is a wholly-owned subsidiary of the Company. SMISB is a wholly-owned subsidiary of Sun Media International Limited ("Sun Media"). TSTHK is both a major shareholder and director of the Company and Sun Media. He is also a director of Sin Chew and SMISB.*

# Corporate Governance Overview Statement

No.	Related parties	Contracting parties	Nature of transactions	Transacted value	
				RM'000	Equivalents in US\$'000
5.	Everfresh Dairy Products Sdn Bhd ("Everfresh")	MPSB	MPSB's tenancy of office at Lot 1054, Block 31, Kemena Commercial Centre, Jalan Tanjung Batu, 97000 Bintulu, Sarawak, Malaysia from Everfresh as landlord	6	1
Nature of relationship: Tiong Toh Siong Enterprises Sdn Bhd ("TTSE") and TSL are major shareholders of Everfresh and shareholders of the Company. TSTHK is both a major shareholder and a director of Everfresh, TTSE, TSL and the Company. TSTHK is a director of Sin Chew (the holding company of MPSB). Dato' Sri Dr TIONG Ik King is both a major shareholder and a director of the Company. He is also a major shareholder of TTSE.					
6.	Evershine Agency Sdn Bhd ("EA")	MPSB	MPSB purchases motor vehicle insurance from EA	7	2
Nature of relationship: Rimbunan Hijau (Sarawak) Sdn Bhd ("RHS") is a shareholder of the Company and a major shareholder of EA. Pertumbuhan Abadi Asia Sdn Bhd ("PAA"), TSL and TTSE are major shareholders of RHS and shareholders of the Company. TSTHK is a major shareholder of EA and a director of Sin Chew (the holding company of MPSB). He is both a major shareholder and a director of the Company, RHS, PAA, TSL and TTSE. Dato' Sri Dr TIONG Ik King is both a major shareholder and a director of the Company. He is a major shareholder of TTSE and, pursuant to the Act, a substantial shareholder of EA.					
7.	R.H. Tours & Travel Agency Sdn Bhd ("RHTT")	the Group	Purchase of air-tickets from RHTT	32	8
Nature of relationship: RHS is a shareholder of the Company and a major shareholder of RHTT. PAA, TSL and TTSE are major shareholders of RHS and shareholders of the Company. TSTHK is both a major shareholder and a director of the Company, RHTT, RHS, PAA, TSL and TTSE. Dato' Sri Dr TIONG Ik King is both a major shareholder and a director of the Company. He is a major shareholder of TTSE and a shareholder of RHTT. Ms TIONG Choon is both a shareholder and a director of the Company. She is a director of RHTT.					
8.	R H Bee Farms Sdn Bhd ("RHBFSB")	the Group	(i) Purchase of honey	7	2
			(ii) Commission receivable from sale of honey	21	5
Nature of relationship: TSTHK is both a major shareholder and a director of the Company and RHBFSB. Ms TIONG Choon is both a shareholder and a director of the Company. She is a director of RHBFSB.					
9.	Optical Communication Engineering Sdn Bhd ("OCE")	MCIL Multimedia Sdn Bhd ("MCIL Multimedia")	Provision of broadband internet services by OCE to MCIL Multimedia	8	2
Nature of relationship: PAA is a major shareholder of OCE and a shareholder of the Company. TSL is a substantial shareholder of OCE and a shareholder of the Company. TSTHK is both a major shareholder and a director of OCE, PAA, TSL and the Company. He is a director of Sin Chew (the holding company of MCIL Multimedia). Dato' Sri Dr TIONG Ik King is both a major shareholder and a director of the Company. He is also a shareholder of OCE. Ms TIONG Choon is both a shareholder and a director of the Company. She is a director of OCE and MCIL Multimedia.					
10.	Web Technology Center Sdn Bhd ("WTC")	Sin Chew	Provision of engineering professional services by WTC to Sin Chew	192	46
Nature of relationship: Mr NG Kait Leong is a director of the subsidiaries of the Company. He is both a major shareholder and a director of WTC.					

# Corporate Governance Overview Statement

No.	Related parties	Contracting parties	Nature of transactions	Transacted value	
				HK\$'000	Equivalents in US\$'000
11.	One Media Holdings Limited ("OMH")	Ming Pao Newspapers Limited ("MPN")	Provision of circulation support services and library support services by MPN to OMH and its subsidiaries	976	125
<p><i>Nature of relationship: OMH is a wholly-owned subsidiary of One Media. MPN is a wholly-owned subsidiary of the Company. The Company is a major shareholder and a substantial shareholder of One Media. TSTHK is both a major shareholder and a director of the Company and One Media. Mr TIONG Kiew Chiong is a director of One Media, OMH and MPN. He is also a director and a shareholder of the Company. Ms TIONG Choon is both a shareholder and a director of the Company and One Media.</i></p>					
12.	OMH	Ming Pao Holdings Limited ("MPH")	Provision of administrative support services by MPH to OMH and its subsidiaries	4,121	528
<p><i>Nature of relationship: OMH is a wholly-owned subsidiary of One Media. MPH is a wholly-owned subsidiary of the Company. The Company is a major shareholder and a substantial shareholder of One Media. TSTHK is both a major shareholder and a director of the Company and One Media. He is also a director of MPH. Mr TIONG Kiew Chiong is a director of One Media, OMH and MPH. He is also a director and a shareholder of the Company. Ms TIONG Choon is both a shareholder and a director of the Company and One Media.</i></p>					
13.	OMH	Holgain Limited ("Holgain")	Leasing and licensing of parking spaces, office space and storage space in Ming Pao Industrial Centre situated at 18 Ka Yip Street, Chaiwan, Hong Kong from Holgain as landlord to OMH and its subsidiaries	2,577	329
<p><i>Nature of relationship: OMH is a wholly-owned subsidiary of One Media. Holgain is a wholly-owned subsidiary of the Company. The Company is a major shareholder and a substantial shareholder of One Media. TSTHK is both a major shareholder and a director of the Company and One Media. Mr TIONG Kiew Chiong is a director of One Media, OMH and Holgain. He is also a director and a shareholder of the Company. Ms TIONG Choon is both a shareholder and a director of the Company and One Media.</i></p>					
14.	One Media Group	Charming Holidays Limited ("Charming")	Provision of air-ticketing and accommodation arrangement services by Charming to One Media Group	288	37
<p><i>Nature of relationship: Charming is a wholly-owned subsidiary of the Company. The Company is a major shareholder and a substantial shareholder of One Media. TSTHK is both a major shareholder and a director of the Company and One Media. Mr TIONG Kiew Chiong is a director of One Media and Charming. He is also a director and a shareholder of the Company. Ms TIONG Choon is both a shareholder and a director of the Company and One Media.</i></p>					
15.	One Media Group	the Group	Provision of barter advertising services by the Group to One Media Group	844	108
<p><i>Nature of relationship: The Company is a major shareholder and a substantial shareholder of One Media. TSTHK is both a major shareholder and a director of the Company and One Media. Mr TIONG Kiew Chiong is a director and a shareholder of the Company. He is also a director of One Media. Ms TIONG Choon is both a shareholder and a director of the Company and One Media.</i></p>					

# Corporate Governance Overview Statement

No.	Related parties	Contracting parties	Nature of transactions	Transacted value	
				HK\$'000	Equivalents in US\$'000
16.	One Media Group	the Group	Receipt of barter advertising services by the Group from One Media Group	844	108
<p><i>Nature of relationship: The Company is a major shareholder and a substantial shareholder of One Media. TSTHK is both a major shareholder and a director of the Company and One Media. Mr TIONG Kiew Chiong is a director and a shareholder of the Company. He is also a director of One Media. Ms TIONG Choon is both a shareholder and a director of the Company and One Media.</i></p>					
17.	OMH	Kin Ming Printing Company Limited ("Kin Ming")	Provision of pre-press services by Kin Ming to OMH and its subsidiaries	–	–
<p><i>Nature of relationship: OMH is a wholly-owned subsidiary of One Media. Kin Ming is a wholly-owned subsidiary of the Company. The Company is a major shareholder and a substantial shareholder of One Media. TSTHK is both a major shareholder and a director of the Company and One Media. Mr TIONG Kiew Chiong is a director of One Media, OMH and Kin Ming. He is also a director and a shareholder of the Company. Ms TIONG Choon is both a shareholder and a director of the Company and One Media.</i></p>					
18.	Cheerhold (H.K.) Limited ("Cheerhold")	Charming	Provision of services such as air tickets and accommodation arrangement services by Charming to Cheerhold	281	36
<p><i>Nature of relationship: Charming is a wholly-owned subsidiary of the Company. TSTHK and Dato' Sri Dr TIONG Ik King are both a major shareholder and director of the Company. The sister-in-law of both TSTHK and Dato' Sri Dr TIONG Ik King is the ultimate sole shareholder of Cheerhold.</i></p>					
19.	TTS&S	Charming	Provision of services such as air tickets and accommodation arrangement services by Charming to TTS&S	–	–
<p><i>Nature of relationship: Charming is a wholly-owned subsidiary of the Company. TSTHK is both a major shareholder and a director of the Company and TTS&amp;S. Ms TIONG Choon is both a shareholder and a director of the Company. She is a director of TTS&amp;S.</i></p>					
20.	OMH	MCIL Digital Limited ("MCIL Digital")	Provision of IS programming support services by MCIL Digital to OMH and its subsidiaries	1,401	179
<p><i>Nature of relationship: OMH is a wholly-owned subsidiary of One Media. MCIL Digital is a wholly-owned subsidiary of the Company. The Company is a major shareholder and a substantial shareholder of One Media. TSTHK is both a major shareholder and a director of the Company and One Media. He is also a director of MCIL Digital. Mr TIONG Kiew Chiong is a director of One Media, OMH and MCIL Digital. He is also a director and a shareholder of the Company. Ms TIONG Choon is both a shareholder and a director of the Company and One Media.</i></p>					

# Corporate Governance Overview Statement

No.	Related parties	Contracting parties	Nature of transactions	Transacted value	
				HK\$'000	Equivalents in US\$'000
21.	Narong Investment Limited ("Narong")	MPH	MPH's tenancy of premises at Flat A, 15th Floor, Marigold Mansion, Taikoo Shing, Hong Kong	490	63
<i>Nature of relationship: MPH is a wholly-owned company of the Company. TSTHK and Dato' Sri Dr TIONG Ik King are both a major shareholder and director of the Company. TSTHK is also a director of MPH. The sister-in-law of both TSTHK and Dato' Sri Dr TIONG Ik King is the major shareholder of Narong. Dato' Sri Dr TIONG Ik King is also a director of Narong.</i>					
22.	Sun Media	MPH	Provision of accounting and administrative services by MPH to Sun Media	60	8
<i>Nature of relationship: MPH is a wholly-owned subsidiary of the Company. TSTHK is both a major shareholder and director of the Company and Sun Media. He is also a director of MPH.</i>					
23.	Zero New Media International Limited ("Zero New Media")	MPH	Provision of accounting and administrative services by MPH to Zero New Media	63	8
<i>Nature of relationship: MPH is a wholly-owned subsidiary of the Company. Zero New Media is a wholly-owned subsidiary of Sun Media. TSTHK is both a major shareholder and director of the Company and Sun Media. He is also a director of MPH and Zero New Media.</i>					

## CONSTITUTIONAL DOCUMENTS

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

This Corporate Governance Overview Statement was approved by the Board on 30 May 2018.

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

The directors are responsible for ensuring that the financial statements of the Company and of the Group are prepared in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The directors are also responsible for ensuring that the financial statements of the Company and of the Group are prepared with reasonable accuracy so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2018, and of the Group's profit or loss and cash flows for the year then ended.

In preparing the financial statements of the Company and of the Group for the financial year ended 31 March 2018, the directors have:

- complied with all relevant accounting standards and regulatory disclosure requirements;
- made judgements and estimates that are reasonable and prudent;
- applied appropriate and relevant accounting policies consistently; and
- prepared the financial statements on the going concern basis.

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

# Statement on Risk Management and Internal Control

## INTRODUCTION

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

## BOARD RESPONSIBILITY

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

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

## RISK MANAGEMENT FRAMEWORK

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

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

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

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

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

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



# Statement on Risk Management and Internal Control

## RISK MANAGEMENT PROCESS

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

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

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

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

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

## PRINCIPAL RISKS AND UNCERTAINTIES

The table below lists the principal risks and uncertainties that the Board considers relevant to the Group's business and highlights the mitigating actions that are being taken. However, this is not an exhaustive list of all relevant risks and uncertainties. Other factors besides those listed could also affect the Group and give rise to material consequences.

<b>Nature of risk</b>	<b>Macroeconomic risk</b>
	The Group's revenue is sensitive to discretionary spending available to advertisers and customers in the markets it serves, as well as customer perception of economic trends and uncertainty.
	The Group's revenue has declined in recent years partly due to soft economic conditions affecting the demand for the Group's products.
<b>Mitigating actions</b>	<ul style="list-style-type: none"><li>• Closely monitoring market conditions so that plans can be adapted.</li><li>• Practising prudent financial management and efficient operating procedures.</li><li>• Creating products which meet the needs of customers.</li><li>• Keeping costs down and prices competitive.</li></ul>

# Statement on Risk Management and Internal Control

## Nature of risk

### Market disruption

The Group generates a significant portion of its revenue from traditional print products where revenue is declining.

Accelerated decline in print revenue was driven by increasing popularity of digital media, the shift in newspaper readership demographic, changes in consumer habits and migration of advertising revenue to digital media.

The continued decline in print revenue has a material impact on the Group's profitability.

## Mitigating actions

- Diversifying revenue streams and strengthening digital businesses.
- Closely monitoring business performance through financial results and KPIs.
- Protecting and revitalising core brands in print, in which we will continue to develop new content, products and services that appeal to customers.
- Growing digital audience.

## Nature of risk

### Disruption in supply of newsprint

Newspapers around the world including the Group's newspaper titles are currently experiencing supply shortages of newsprint and delivery issues, as well as price hike.

The supply of newsprint has shrunk due to the closing of many paper mills, a consequence of the switch to digital and an increased demand for newsprint by publishers in China.

The newsprint shortage is contributing to the steep climb in prices. Newsprint prices have jumped since October 2017 to a three-year high and may keep increasing.

## Mitigating actions

- Closely monitoring print consumption and efficient management of content.
- Stockpiling

# Statement on Risk Management and Internal Control

## Nature of risk

### Business interruption

The Group's operations are vulnerable to a range of interruptions such as:

- Infrastructure and technology failure affecting the printing process, computer systems, power supply or telecommunication.
- Incidents where access to the premises is denied, due to causes such as building damage, or pandemic, etc.
- Natural disasters such as severe flooding, hurricane or typhoon, etc.

The occurrence of any of these incidents could adversely affect the Group's business operations and have a material adverse effect on the business results.

## Mitigating actions

The Group has business and IT disaster recovery plans in place for individual businesses and locations where necessary to guard against:

- Damages from fire, power loss and other natural disasters.
- Communication failure.
- Software and hardware failure and crashes.
- Security breaches, computer viruses and distributed denial-of-service attack.
- Other potential service interruptions.

## Nature of risk

### Compliance with laws and regulations

The Group operates across a number of markets and jurisdictions which therefore expose it to a range of legal, tax and other regulatory laws which must be complied with.

The Group's failure or inability to comply with laws and regulations in the markets in which it operates could have material adverse effects on the Group's business.

## Mitigating actions

The Group is committed to adhering to all relevant laws and regulations in conducting business.

# Statement on Risk Management and Internal Control

## INTERNAL AUDIT

The mission of Internal Audit is to enhance and protect organisational value of the Group by providing risk-based and objective assurance, advice and insight. The Internal Audit helps the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls and governance processes.

The Internal Audit Function reviews the adequacy and effectiveness of the Group's risk management and internal control systems based on its annual audit plan approved by the Audit Committee. This provides reasonable assurance to the Board that risk management and internal control processes are in place and operating satisfactorily. For any significant gaps identified, Internal Audit Function provides recommendations to management to improve the design, process and procedures where applicable.

## OTHER INTERNAL CONTROL PROCESSES

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

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

# Statement on Risk Management and Internal Control

- The treasury department manages the cash balances and exposure to currency transaction risks through treasury policies, risk limits and monitoring procedures;
- Code of ethics are established and adhered to by all employees to ensure high standards of conduct and ethical values in all business practices; and
- The legal department monitors compliance with relevant laws and regulations which govern the Group's businesses.

## WHISTLEBLOWING POLICY

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

## REVIEW OF ADEQUACY AND EFFECTIVENESS

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

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

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

## REVIEW OF THIS STATEMENT BY THE EXTERNAL AUDITOR

The external auditor has reviewed this Statement for inclusion in the Group's Annual Report for the financial year ended 31 March 2018. The external auditor has reported to the Board that nothing has come to its attention that causes it to believe that this Statement is inconsistent with its understanding of the process adopted by the Board in reviewing the adequacy and integrity of the Group's system of risk management and internal control.

This Statement on Risk Management and Internal Control was approved by the Board on 30 May 2018.

# Audit Committee Report

The Board of the Company is pleased to present the Audit Committee Report for the financial year ended 31 March 2018.

## COMPOSITION AND ATTENDANCE

The Audit Committee comprises three members who are all independent non-executive directors and each of whom satisfies the “independence” requirements contained in both the Bursa Securities Listing Requirements and the HK Listing Rules. No alternate director is appointed as a member of the Audit Committee. Details of the composition of the Audit Committee and the attendance of each member during the year are set out below:

Name of member	Number of meetings attended	Percentage of attendance (%)
Mr YU Hon To, David ( <i>Chairman</i> )	4/4	100%
Datuk CHONG Kee Yuon	4/4	100%
Mr KHOO Kar Khoon	4/4	100%

The Audit Committee Chairman, Mr YU Hon To, David, is a Fellow of the Institute of Chartered Accountants in England and Wales and an Associate of the Hong Kong Institute of Certified Public Accountants. Accordingly, the Company has complied with paragraph 15.09 of the Bursa Securities Listing Requirements.

Through an annual Board Committee effectiveness assessment, the Board is satisfied that the Audit Committee and its members have discharged their duties and responsibilities in accordance with their terms of reference.

## MEETINGS

The Audit Committee held a total of four meetings during the year. The meetings were appropriately structured through the use of agendas, which had been distributed to the members with sufficient notification. The Group CEO, the relevant executive directors, Head of Internal Audit and staff responsible for the accounting and financial reporting function were also invited to attend and brief the Audit Committee on specific issues.

The Audit Committee held two separate private meetings with the external auditor, PricewaterhouseCoopers, on 25 May 2017 and 24 November 2017 respectively, in the absence of the executive directors and management. At these meetings, the Audit Committee was briefed by the external auditor on the proficiency and adequacy of resources in financial reporting functions, and any other observations they may have had during the audit process. A separate private meeting with the Head of Internal Audit was also held on 11 August 2017.

Minutes of the meetings were tabled for confirmation at the next Audit Committee meeting and subsequently presented to the Board for notation. The Chairman of the Audit Committee reported to the Board the activities that it had undertaken and the key recommendations for the Board’s consideration and decision.

All members of the Audit Committee have and will continue to undertake professional development to keep themselves abreast of relevant developments in accounting and auditing standards, corporate governance, practices and rules. Details of the training programmes and seminars are set out on pages 51 to 52 of this Annual Report.



# Audit Committee Report

## TERMS OF REFERENCE

The Audit Committee is governed by its terms of reference which have been reviewed from time to time and the last review was conducted on 24 May 2018. The terms of reference of the Audit Committee is available on the Company's website at [www.mediachinesegroup.com](http://www.mediachinesegroup.com).

## SUMMARY OF ACTIVITIES

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

### Financial Reporting

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

The Group's unaudited quarterly financial reports for the fourth quarter of 2016/2017 and for the first, second, third and fourth quarters of 2017/2018 were reviewed at the Audit Committee meetings on 25 May 2017, 29 August 2017, 24 November 2017, 23 February 2018 and 24 May 2018 respectively.

- (b) Reviewed the Group's annual report for the financial year ended 31 March 2017, interim report for the six months ended 30 September 2017 and annual report for the financial year ended 31 March 2018 at the Audit Committee meetings on 25 May 2017, 24 November 2017 and 24 May 2018 respectively, prior to submission to the Board for approval.
- (c) Reviewed the going concern basis applied for preparing the Group's consolidated financial statements. The Audit Committee's assessment was based on reports by management and took note of the principal risks and uncertainties, the existing financial position, the Group's financial resources, the capital expenditure and expectation for future performance.
- (d) The Audit Committee's recommendations were presented for approval at the subsequent Board meeting.

### Internal audit

- (a) Reviewed and approved the revised Internal Audit Charter on 29 August 2017.
- (b) Reviewed and approved the annual internal audit plan for the financial year ended 31 March 2018 on 29 August 2017. The annual plan was developed through a comprehensive planning process to ensure the principal risk areas were adequately covered in the plan.
- (c) Reviewed the scope and coverage of the audit over the activities of respective operating units, the basis of assessment and risk rating of the proposed areas of audit.
- (d) Reviewed and deliberated on the reports from the Internal Audit Function.
- (e) Reviewed the recommendations by the Internal Audit Function and appraised the corrective actions taken by management in addressing and resolving the issues as well as ensuring that all issues were adequately addressed on a timely basis.
- (f) Reviewed the adequacy of resources and competency of the Internal Audit Function in executing the audit plan.

# Audit Committee Report

## External audit

- (a) Reviewed with the external auditor the audit plan, strategy and scope of statutory audit of the Group's consolidated financial statements for the financial year ended 31 March 2018 on 24 November 2017.
- (b) Reviewed the audit findings and issues arising from the interim review and annual audit together with management's response to the findings of the external auditor.

On 24 May 2018, the Audit Committee reviewed the external auditor's report with regard to the key audit matters and other relevant disclosures in the annual financial statements for the financial year ended 31 March 2018.

- (c) Considered and recommended the proposed audit fees payable to the external auditor to the Board for approval.
- (d) Assessed the qualification, expertise, resources and effectiveness of the external auditor.
- (e) Reviewed the performance and assessed the independence, objectivity and suitability of the external auditor and the services provided, including non-audit services. Non-audit fees totalling US\$273,000 were paid to the external auditor and its other member firms for the financial year ended 31 March 2018 for the provision of corporate tax advisory and planning and other advisory services.
- (f) The external auditor had provided written assurance on 24 November 2017 to the Audit Committee and set out in the Independent Auditor's Report that, in accordance with the terms of all relevant professional and regulatory requirements, they had been independent throughout the audit engagement for the financial year ended 31 March 2018.
- (g) Reviewed the level of assistance given by the employees of the Group to the external auditor.

## Risk Management

- (a) Reviewed the adequacy and effectiveness of the risk management system.
- (b) Reviewed the risk assessment reports submitted by the Group Executive Committee on key risks faced by the Group. Significant risk issues were summarised and communicated to the Board.
- (c) Reviewed the risk registers and risk management activities of the Group.

## Related party transactions

- (a) Reviewed and deliberated the related party transaction policy and procedures for adoption by the Group on 25 May 2017.
- (b) Reviewed the related party transactions and recurrent related party transactions (or continuing connected transactions) entered into by the Group.
- (c) Reviewed the circular to shareholders in respect of the proposed shareholders' mandate for recurrent related party transactions.

# Audit Committee Report

## Others

- (a) Reviewed the Audit Committee Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control for inclusion in the Annual Report 2017/18.
- (b) Received and reviewed updates on arrangement (including investigation and follow-up action) for employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters through the whistle-blowing policy adopted by the Group.
- (c) Reviewed the training programs for staff in the Group's accounting, internal audit and financial reporting functions.

## INTERNAL AUDIT FUNCTION

The Audit Committee is supported by the Internal Audit Function in discharging its duties and responsibilities. The Internal Audit Function, being the third line of defence, is responsible to provide independent assessments to the Group on the adequacy and effectiveness of governance, risk management and internal control processes. The Audit Committee approved the Internal Audit Charter, which sets out its role, scope, authority and responsibility to ensure the Internal Audit Function is independent and able to function effectively.

The Internal Audit Function reports functionally to the Audit Committee. To ensure the responsibilities of the Internal Audit Function are fully discharged in accordance with the IPPF, the Audit Committee reviewed the adequacy of scope, functions, competency and resources of the Internal Audit Function during the year. Further information on resources, objectivity and independence of the Internal Audit Function are provided in the Corporate Governance Overview Statement in accordance with Practice 10.2 of the Malaysian Code.

The Internal Audit Function adopts a risk-based methodology in planning and conducting audits so that relevant controls addressing key risks areas are identified and assessed on a timely basis. Audit engagements are performed with impartiality, proficiency and due professional care. During the financial year, the Internal Audit Function reviewed the Group's printing plants operation, sales and marketing activities, controls on payment, inventories and risk management activities of Hong Kong operations.

Internal audit reports were presented to the Audit Committee incorporating the findings, recommendations and management's responses to the findings. The relevant management members were made responsible for ensuring that corrective actions on reported weaknesses were implemented within the required timeframe. The Internal Audit Function carries out follow-up reviews to obtain updates on the progress of the remedial actions and reports the status to the Audit Committee.

The related party transactions and recurrent related party transactions (or continuing connected transactions) entered into by the Group were reviewed by the Internal Audit Function on a quarterly basis.

The total costs incurred for the Internal Audit Function of the Group for the financial year ended 31 March 2018 were approximately US\$150,000.

This Audit Committee Report was approved by the Board on 30 May 2018.

# Report of the Directors

The directors submit their report together with the audited financial statements of the Group for the year ended 31 March 2018.

## PRINCIPAL ACTIVITIES

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

The activities of the Company's principal subsidiaries are set out in Note 39 to the financial statements.

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

## BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2018 is set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis", "Sustainability Report", "Corporate Governance Overview Statement", "Statement on Risk Management and Internal Control" and "Five-Year Financial Summary" on pages 13 to 16, pages 17 to 22, pages 33 to 44, pages 45 to 66, pages 68 to 73 and page 171 respectively.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 91.

A first interim dividend in respect of the current year of US0.25 cents (2016/2017: US0.36 cents) per ordinary share totalling US\$4,218,000 (2016/2017: US\$6,074,000) was paid on 29 December 2017.

On 30 May 2018, the Board declared a second interim dividend of US0.18 cents (2016/2017: US0.36 cents) per ordinary share in lieu of a final dividend for the year ended 31 March 2018, totalling US\$3,037,000 (2016/2017: US\$6,074,000), payable on 13 July 2018.

Further details of the dividends of the Company are set out in Note 14 to the financial statements.

## DONATIONS

Charitable and other donations made by the Group during the year amounted to approximately US\$6,000.

## SHARES ISSUED DURING THE YEAR

The Company has not issued any shares during the year ended 31 March 2018. Details of the share capital information of the Company are set out in Note 30 to the financial statements.

## DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 March 2018, calculated under the Companies Act 1981 of Bermuda, amounted to US\$158,791,000 (2017: US\$251,096,000).

# Report of the Directors

## FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last 5 financial years is set out on page 171.

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

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

## DIRECTORS

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

### Non-executive Directors

Dato' Sri Dr TIONG Ik King (*appointed as Non-executive Chairman on 1 April 2018*)

Tan Sri Datuk Sir TIONG Hiew King (*re-designated from Group Executive Chairman and an executive director to a NED on 1 April 2018*)

### Executive Directors

Ms TIONG Choon (*re-designated from a NED to an executive director on 17 July 2017*)

Mr TIONG Kiew Chiong (*Group Chief Executive Officer*)

Mr NG Chek Yong (*resigned on 2 October 2017*)

Mr LEONG Chew Meng

### Independent Non-executive Directors

Mr YU Hon To, David

Datuk CHONG Kee Yuon

Mr KHOO Kar Khoon

In accordance with Bye-Law 99(A) of the Company's Bye-Laws, Ms TIONG Choon, Mr TIONG Kiew Chiong and Datuk CHONG Kee Yuon will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. In addition, Tan Sri Datuk Sir TIONG Hiew King shall be subject to and offer himself for re-election at the forthcoming annual general meeting.

In addition, pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017, the retention of Mr YU Hon To, David, who has served the Company for more than 9 years as an INED, shall be subject to shareholders' approval at the forthcoming annual general meeting.

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

# Report of the Directors

## COMPETING BUSINESS

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

Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr TIONG Ik King are the substantial shareholders and directors of the Company, and both of them hold directorships and/or ownerships in Pacific Star Limited and R.H. Tours & Travel Agency Sdn Bhd. In addition, Ms TIONG Choon is a director of the Company and R.H. Tours & Travel Agency Sdn Bhd. She has deemed interest in Pacific Star Limited by virtue of her shareholdings in Sin Chew Press Agencies Sdn Bhd since March 2018 and is the publishing and printing licence holder of Sin Chew Daily (Cambodia) Limited. Pacific Star Limited and Sin Chew Daily (Cambodia) Limited are engaged in the businesses of newspapers publishing in Papua New Guinea and Cambodia respectively. R.H. Tours & Travel Agency Sdn Bhd is engaged in the travel and travel related services business in Malaysia. As the Board of Directors of the Company is independent of the boards of the aforesaid companies, the Group operates its business independently of, and at arm's length from, the businesses of the aforesaid companies.

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

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

## DIRECTORS' SERVICE CONTRACTS

Each of the directors has entered into an appointment letter with the Company for a term of 2 years commencing from 1 April 2018 until 31 March 2020, except for Mr LEONG Chew Meng whose appointment with the Company commenced from 1 April 2017 to 31 March 2019; and Ms TIONG Choon whose appointment with the Company commenced from 17 July 2017 to 31 March 2019.

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

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the Corporate Governance Overview Statement under "Recurrent Related Party Transactions of a Revenue Nature or Trading Nature" on pages 62 to 66, and in Note 38 to the financial statements "Related Party Transactions", no transactions, arrangements or contracts of significance in relation to the Group's businesses to which the Company, any of its subsidiaries, its holding company or its fellow subsidiaries was a party and in which a director of the Company or his/her connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.



# Report of the Directors

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

As at 31 March 2018, the interests and short positions of the directors, chief executives and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Hong Kong Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the HK Stock Exchange pursuant to the Model Code are as follows:

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

Name of director	Nature of interests	Number of ordinary shares			Held at 31 March 2018	% of issued shares at 31 March 2018
		Held at 1 April 2017	Bought	Sold		
Dato' Sri Dr TIONG Ik King	Personal interests	11,144,189	3,000,000		14,144,189	
	Corporate interests <sup>1</sup>	252,487,700	12,736,000	(12,736,000)	252,487,700	
		263,631,889	15,736,000	(12,736,000)	266,631,889	15.80%
Tan Sri Datuk Sir TIONG Hiew King	Personal interests	87,109,058	–	–	87,109,058	
	Family interests <sup>2</sup>	234,566	–	–	234,566	
	Corporate interests <sup>3</sup>	796,734,373	12,736,000	(42,736,000)	766,734,373	
		884,077,997	12,736,000	(42,736,000)	854,077,997	50.62%
Ms TIONG Choon	Personal interests	2,654,593	–	–	2,654,593	
	Family interests <sup>4</sup>	1,023,632	–	–	1,023,632	
	Corporate interests <sup>5</sup>	653,320	–	–	653,320	
		4,331,545	–	–	4,331,545	0.26%
Mr TIONG Kiew Chiong	Personal interests	2,141,039	900,000	–	3,041,039	0.18%
Mr LEONG Chew Meng	Personal interests	80,000	–	–	80,000	–*

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

\* negligible

# Report of the Directors

## Notes:

- (1) Conch Company Limited ("Conch") holds 252,487,700 shares of the Company. 40% of the interest in Conch is held by Seaview Global Company Limited, a company jointly owned by Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr TIONG Ik King. In addition, Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr TIONG Ik King directly hold 25% and 22% of the interest in Conch respectively.
- (2) Tan Sri Datuk Sir TIONG Hiew King is deemed to be interested in the shares by virtue of his spouse's interest in 234,566 shares.
- (3) The corporate interests of Tan Sri Datuk Sir TIONG Hiew King comprise:
  - (i) 296,463,556 shares held by Progresif Growth Sdn Bhd ("Progresif");
  - (ii) 252,487,700 shares held by Conch Company Limited;
  - (iii) 75,617,495 shares held by Ezywood Options Sdn Bhd ("Ezywood");
  - (iv) 65,319,186 shares held by Teck Sing Lik Enterprise Sdn Bhd ("TSL");
  - (v) 52,875,120 shares held by Madigreen Sdn Bhd ("Madigreen");
  - (vi) 15,536,696 shares held by Rimbunan Hijau (Sarawak) Sdn Bhd ("RHS");
  - (vii) 6,532,188 shares held by Rimbunan Hijau Southeast Asia Sdn Bhd ("RHSA");
  - (viii) 1,902,432 shares held by Pertumbuhan Abadi Asia Sdn Bhd ("PAA").

Tan Sri Datuk Sir TIONG Hiew King directly holds 84% interest in TSL and 99.99% interest in PAA. In addition, Tan Sri Datuk Sir TIONG Hiew King, TSL and PAA directly and indirectly hold 52.38% interest in both RHS and RHSA, 75% interest in Madigreen, 45% interest in Progresif and 70% interest in Ezywood. The details of shares held by Conch are set out in note 3 below.
- (4) Ms TIONG Choon is deemed to be interested in the shares by virtue of her spouse's interest in 1,023,632 shares.
- (5) The corporate interests of 653,320 shares are held by TC Blessed Holdings Sdn Bhd, in which Ms TIONG Choon holds 99% equity interest.

# Report of the Directors

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

Name of director	Nature of interests	Number of shares		Held at 31 March 2018	% of issued ordinary shares of One Media at 31 March 2018
		Held at 1 April 2017	Bought/ (Sold)		
Tan Sri Datuk Sir TIONG Hiew King	Corporate interests <sup>1</sup>	292,700,000	–	292,700,000	73.01%
Dato' Sri Dr TIONG Ik King	Corporate interests <sup>1</sup>	292,700,000	–	292,700,000	73.01%
Ms TIONG Choon	Personal interests	26,000	–	26,000	0.01%

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

Note:

- (1) Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr TIONG Ik King are deemed interested in the 292,700,000 shares in One Media held by Comwell Investment Limited which is an indirect wholly-owned subsidiary of the Company. Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr TIONG Ik King are deemed interested in 50.62% and 15.80% of the Company's shares respectively. Details of their shareholdings in the Company are set out in paragraph (i) "Interests and short positions in the shares, underlying shares and debentures of the Company" on page 81.

Save as disclosed above, as at 31 March 2018, none of the directors, chief executives and their associates had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO), which are required to be recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the HK Stock Exchange pursuant to the Model Code.

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

# Report of the Directors

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

As at 31 March 2018, the following persons (other than the directors and chief executives of the Company) had interests of 5% or more in the shares of the Company as recorded in the register required to be kept under Section 336 of Part XV of the SFO:

Name of shareholder	Number of ordinary shares held	Percentage of issued ordinary shares
Progresif Growth Sdn Bhd ("Progresif") (note 1)	296,463,556	17.57%
Conch Company Limited ("Conch") (note 2)	252,487,700	14.96%

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

Notes:

- (1) Tan Sri Datuk Sir TIONG Hiew King holds, directly and indirectly, 45% interest in Progresif.
- (2) The details of shares held by Conch are set out in note 3 of paragraph (i) "Interests and short positions in the shares, underlying shares and debentures of the Company" on page 82.

Save as disclosed above and those disclosed under "Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any of its Associated Corporations Held by Directors, Chief Executives and Their Associates", the Company had not been notified of any other persons or corporations who had interests or short positions representing 5% or more of the issued share capital of the Company as at 31 March 2018.

## CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of the Group's related party transactions for the year ended 31 March 2018 are set out in Note 38 to the financial statements, all of which were carried out in the ordinary course of business and on normal commercial terms and did not constitute discloseable connected transactions or continuing connected transactions (as the case may be) under Chapter 14A of the HK Listing Rules.

## MANAGEMENT CONTRACT

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

## PENSION SCHEME ARRANGEMENT

### Hong Kong

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

During the year, the Scheme was mainly funded by contributions from both the Group and its employees at 5% each of the monthly basic salaries of the employees. Actual contributions paid by the Group was about 4% of the monthly basic salaries of the employees, with the difference being funded by the forfeiture reserve. Forfeited employers' contributions arising from early termination of services by employees are credited to a forfeiture reserve for the purposes of funding the differences in the Group's contributions as aforesaid and for covering any shortfall on the defined benefit plans. The total amount available for such purposes amounted to US\$254,000 at 31 March 2018 (2017: US\$344,000).

# Report of the Directors

The most recent independent funding actuarial valuation of the Scheme was carried out by Towers Watson Hong Kong Limited, a professionally qualified independent actuary, as at 31 March 2018 (the "Valuation"). According to the Valuation, the Scheme was solvent at the date of the Valuation.

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

## Malaysia

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

### (a) Defined contribution plans

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

### (b) Defined benefit plans

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

## Other countries

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

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

## MAJOR CUSTOMERS AND SUPPLIERS

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

— the largest supplier	11%
— 5 largest suppliers combined	25%

Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr TIONG Ik King are both directors and shareholders of the Company. They are also shareholders of R.H. Development Corporation Sdn Bhd and Rimbunan Hijau Estate Sdn Bhd, each of which directly held 5.67% interests in the largest supplier, Malaysian Newsprint Industries Sdn Bhd ("MNI"). MNI has commenced a creditors' voluntary winding-up on 1 August 2017. Both R.H. Development Corporation Sdn Bhd and Rimbunan Hijau Estate Sdn Bhd disposed of their respective interests in MNI in May 2018.

# Report of the Directors

## PRE-EMPTIVE RIGHTS

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

## SUFFICIENCY OF PUBLIC FLOAT

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

## PERMITTED INDEMNITY

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

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

## EQUITY-LINKED AGREEMENTS

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

## BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 March 2018 are set out in Note 27 to the financial statements.

## AUDITOR

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

On behalf of the Board

**TIONG Kiew Chiong**

*Director*

30 May 2018

# Independent Auditor's Report



羅兵咸永道

**To the Shareholders of Media Chinese International Limited**

*(incorporated in Bermuda with limited liability)*

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### OPINION

#### What we have audited

The consolidated financial statements of Media Chinese International Limited (the "Company") and its subsidiaries (the "Group") set out on pages 91 to 169, which comprise:

- the consolidated statement of financial position as at 31 March 2018;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

#### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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T: +852 2289 8888, F: +852 2810 9888, [www.pwchk.com](http://www.pwchk.com)*



# Independent Auditor's Report

## KEY AUDIT MATTERS

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

### Key Audit Matter

### How our audit addressed the Key Audit Matter

#### Goodwill impairment assessment

*Refer to Note 4 (Critical accounting estimates and judgements) and Note 19 (Intangible assets) to the consolidated financial statements*

As at 31 March 2018, the Group had goodwill before impairment of US\$36,300,000 arising from the acquisition of certain equity interests of Sin Chew Media Corporation Berhad ("Sin Chew") in 2008. As required by IAS 36 "Impairment of assets", an impairment review is performed on goodwill at least annually and when there is an indicator of impairment.

In carrying out the impairment assessment of goodwill, management determined the recoverable amount based on the higher of fair value less cost of disposal ("FVLCD") and value-in-use ("VIU") calculations of the cash-generating unit ("CGU"). In the absence of a market comparable, management adopted the income approach and used discounted cash flow forecast ("DCF") to determine the recoverable amount of the CGU under both VIU and FVLCD methods and considered the recoverable amount under the VIU method to be higher.

Preparation of DCF required the use of many assumptions and management exercised significant judgements in determining these assumptions. Key assumptions adoption and judgements exercised in the preparation of the DCF included:

- print advertising revenue growth rate; and
- discount rates

The recoverable amount of the CGU determined based on the DCF was lower than the carrying amount, and therefore, a provision for impairment of US\$20,709,000 in respect of goodwill was recorded for the year ended 31 March 2018.

We focused on this area because of the significance of the balance and the significant judgements and assumptions involved in determining the recoverable amount of the CGU to which the goodwill is associated.

We tested management's impairment review of goodwill by assessing the DCF used in the calculation as set out below:

- Comparing the key input data in management's DCF to the Board's approved budget and the business plan.
- Assessing the methodology adopted and the mathematical accuracy of the underlying DCF calculations.
- Assessing the reasonableness of management's key assumptions adopted and judgements exercised in its DCF in relation to:
  - print advertising revenue growth rate by comparing them to historical performance and business plan, as well as benchmarking against industry and market forecast; and
  - discount rates by comparing with the cost of capital of comparable companies with assistance of our own valuation specialists.

Based on the procedures performed, we found the key assumptions adopted and estimates made by management to be supportable based on the evidence we gathered.

# Independent Auditor's Report

## OTHER INFORMATION

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

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

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

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

## RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

# Independent Auditor's Report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 13 July 2018

# Consolidated Statement of Profit or Loss

		Year ended 31 March	
		2018	2017
	Note	US\$'000	US\$'000
Turnover	5	<b>284,963</b>	302,586
Cost of goods sold	8	<b>(185,638)</b>	(189,764)
<b>Gross profit</b>		<b>99,325</b>	112,822
Other income	6	<b>7,850</b>	8,704
Other gains/(losses), net	7	<b>2,912</b>	(336)
Selling and distribution expenses	8	<b>(52,264)</b>	(56,034)
Administrative expenses	8	<b>(30,363)</b>	(30,939)
Other operating expenses	8	<b>(10,911)</b>	(5,462)
Operating profit before provision for impairment of goodwill		<b>16,549</b>	28,755
Provision for impairment of goodwill	19	<b>(20,709)</b>	(3,603)
<b>Operating (loss)/profit</b>		<b>(4,160)</b>	25,152
Finance costs	9	<b>(2,793)</b>	(4,812)
Share of post-tax results of joint ventures and associates	12	<b>79</b>	435
<b>(Loss)/profit before income tax</b>		<b>(6,874)</b>	20,775
Income tax expense	10	<b>(5,331)</b>	(7,584)
<b>(Loss)/profit for the year</b>		<b>(12,205)</b>	13,191
<b>(Loss)/profit attributable to:</b>			
Owners of the Company		<b>(11,485)</b>	15,156
Non-controlling interests		<b>(720)</b>	(1,965)
		<b>(12,205)</b>	13,191
<b>(Loss)/earnings per share attributable to owners of the Company</b>			
Basic (US cents)	11	<b>(0.68)</b>	0.90
Diluted (US cents)	11	<b>(0.68)</b>	0.90

The notes on pages 98 to 169 are an integral part of these consolidated financial statements.

# Consolidated Statement of Comprehensive Income

	Year ended 31 March	
	2018 US\$'000	2017 US\$'000
<b>(Loss)/profit for the year</b>	<b>(12,205)</b>	13,191
<b>Other comprehensive income/(loss)</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Currency translation differences	21,645	(18,338)
Fair value change on available-for-sale financial assets	5,883	–
<b>Item that will not be reclassified subsequently to profit or loss:</b>		
Remeasurements of post-employment benefit obligations	(304)	(23)
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b>27,224</b>	(18,361)
<b>Total comprehensive income/(loss) for the year</b>	<b>15,019</b>	(5,170)
<b>Total comprehensive income/(loss) for the year attributable to:</b>		
Owners of the Company	14,108	(3,133)
Non-controlling interests	911	(2,037)
	<b>15,019</b>	(5,170)

The notes on pages 98 to 169 are an integral part of these consolidated financial statements.

# Consolidated Statement of Financial Position

		As at 31 March 2018 US\$'000	As at 31 March 2017 US\$'000
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17	94,253	96,266
Investment properties	18	16,437	14,587
Intangible assets	19	26,863	43,231
Deferred income tax assets	20	243	226
Investments accounted for using the equity method	12	143	731
Available-for-sale financial assets	13	8,979	–
Other non-current financial assets		129	–
		<b>147,047</b>	155,041
<b>Current assets</b>			
Inventories	23	17,648	19,918
Available-for-sale financial assets	13	96	97
Financial assets at fair value through profit or loss	21	361	346
Trade and other receivables	24	44,820	41,239
Income tax recoverable		1,550	2,133
Short-term bank deposits	25	18,312	10,086
Cash and cash equivalents	25	101,923	79,946
		<b>184,710</b>	153,765
<b>Current liabilities</b>			
Trade and other payables	26	51,753	46,634
Income tax liabilities		773	1,644
Bank and other borrowings	27	68,447	2,506
Current portion of other non-current liabilities	28	78	26
		<b>121,051</b>	50,810
<b>Net current assets</b>		<b>63,659</b>	102,955
<b>Total assets less current liabilities</b>		<b>210,706</b>	257,996

# Consolidated Statement of Financial Position

		As at 31 March 2018 US\$'000	As at 31 March 2017 US\$'000
	Note		
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	30	21,715	21,715
Share premium	30	54,664	54,664
Other reserves	32	(100,380)	(126,266)
Retained earnings	33	221,670	243,581
		<b>197,669</b>	193,694
<b>Non-controlling interests</b>		<b>4,099</b>	3,621
<b>Total equity</b>		<b>201,768</b>	197,315
<b>Non-current liabilities</b>			
Bank and other borrowings	27	–	50,870
Deferred income tax liabilities	20	7,405	8,622
Other non-current liabilities	28	1,533	1,189
		<b>8,938</b>	60,681
		<b>210,706</b>	257,996

The notes on pages 98 to 169 are an integral part of these consolidated financial statements.

The financial statements and supplementary information on pages 91 to 169 were approved by the Board of Directors on 30 May 2018 and were signed on its behalf by:

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

**TIONG Kiew Chiong**  
Director



# Consolidated Statement of Changes in Equity

	Note	Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital	Share premium	Other reserves	Retained earnings	Sub-total		
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>At 1 April 2016</b>		21,715	54,664	(107,715)	244,360	213,024	5,703	218,727
<b>Profit/(loss) for the year</b>		–	–	–	15,156	15,156	(1,965)	13,191
<b>Other comprehensive (loss)/income</b>								
<b>Item that may be reclassified subsequently to profit or loss:</b>								
Currency translation differences		–	–	(18,551)	287	(18,264)	(74)	(18,338)
<b>Item that will not be reclassified subsequently to profit or loss:</b>								
Remeasurements of post-employment benefit obligations		–	–	–	(25)	(25)	2	(23)
<b>Other comprehensive (loss)/income, net of tax</b>		–	–	(18,551)	262	(18,289)	(72)	(18,361)
<b>Total comprehensive (loss)/income for the year ended 31 March 2017</b>		–	–	(18,551)	15,418	(3,133)	(2,037)	(5,170)
<b>Total transactions with owners, recognised directly in equity</b>								
2015/2016 second interim dividend paid	14	–	–	–	(10,123)	(10,123)	–	(10,123)
2016/2017 first interim dividend paid	14	–	–	–	(6,074)	(6,074)	–	(6,074)
2015/2016 interim dividend paid by an unlisted subsidiary		–	–	–	–	–	(5)	(5)
2016/2017 interim dividend paid by an unlisted subsidiary		–	–	–	–	–	(40)	(40)
		–	–	–	(16,197)	(16,197)	(45)	(16,242)
<b>At 31 March 2017</b>		21,715	54,664	(126,266)	243,581	193,694	3,621	197,315

# Consolidated Statement of Changes in Equity

	Note	Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital US\$'000	Share premium US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Sub-total US\$'000		
<b>At 1 April 2017</b>		21,715	54,664	(126,266)	243,581	193,694	3,621	197,315
<b>Loss for the year</b>		–	–	–	(11,485)	(11,485)	(720)	(12,205)
<b>Other comprehensive income/(loss)</b>								
<b>Items that may be reclassified subsequently to profit or loss:</b>								
Currency translation differences		–	–	21,591	–	21,591	54	21,645
Fair value change on available-for-sale financial assets		–	–	4,295	–	4,295	1,588	5,883
<b>Item that will not be reclassified subsequently to profit or loss:</b>								
Remeasurements of post-employment benefit obligations		–	–	–	(293)	(293)	(11)	(304)
<b>Other comprehensive income/(loss), net of tax</b>		–	–	25,886	(293)	25,593	1,631	27,224
<b>Total comprehensive income/(loss) for the year ended 31 March 2018</b>		–	–	25,886	(11,778)	14,108	911	15,019
<b>Total transactions with owners, recognised directly in equity</b>								
2016/2017 second interim dividend paid	14	–	–	–	(6,074)	(6,074)	–	(6,074)
2017/2018 first interim dividend paid	14	–	–	–	(4,218)	(4,218)	–	(4,218)
2016/2017 interim dividend paid by an unlisted subsidiary		–	–	–	–	–	(4)	(4)
2017/2018 interim dividend paid by an unlisted subsidiary		–	–	–	–	–	–*	–*
Change in ownership interest in a subsidiary without change of control	31	–	–	–	159	159	(429)	(270)
		–	–	–	(10,133)	(10,133)	(433)	(10,566)
<b>At 31 March 2018</b>		21,715	54,664	(100,380)	221,670	197,669	4,099	201,768

\* negligible

The notes on pages 98 to 169 are an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

		Year ended 31 March	
		2018	2017
	Note	US\$'000	US\$'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	34(a)	<b>32,448</b>	40,160
Interest paid		<b>(2,840)</b>	(5,042)
Income tax paid		<b>(7,617)</b>	(10,758)
Net cash generated from operating activities		<b>21,991</b>	24,360
<b>Cash flows from investing activities</b>			
Dividends received		<b>298</b>	466
Increase in short-term bank deposits with original maturity over three months		<b>(8,226)</b>	(10,086)
Interest received		<b>2,443</b>	3,189
Proceeds from disposal of property, plant and equipment	34(b)	<b>35</b>	36
Purchases of intangible assets	19	<b>(150)</b>	(536)
Purchases of other non-current financial assets		<b>(115)</b>	–
Purchases of property, plant and equipment	17	<b>(743)</b>	(1,334)
Net cash used in investing activities		<b>(6,458)</b>	(8,265)
<b>Cash flows from financing activities</b>			
Dividends paid	14	<b>(10,292)</b>	(16,197)
Dividends paid to non-controlling interests by an unlisted subsidiary		<b>(4)</b>	(45)
Proceeds from bank and other borrowings		<b>19,489</b>	5,688
Repayments of bank and other borrowings		<b>(12,294)</b>	(54,575)
Transaction with non-controlling interests	31	<b>(270)</b>	–
Net cash used in financing activities		<b>(3,371)</b>	(65,129)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>12,162</b>	(49,034)
Cash and cash equivalents at beginning of year		<b>79,946</b>	140,950
Exchange adjustments on cash and cash equivalents		<b>9,815</b>	(11,970)
<b>Cash and cash equivalents at end of year</b>	25	<b>101,923</b>	79,946

The notes on pages 98 to 169 are an integral part of these consolidated financial statements.

# Notes to the Financial Statements

For the year ended 31 March 2018

## 1 GENERAL INFORMATION

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

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

These consolidated financial statements are presented in US dollars (“US\$”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 30 May 2018.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 Basis of preparation

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

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

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

The following amendments to standards, which became effective for the first time for the financial year beginning on or after 1 April 2017, have been adopted by the Group:

- (i) Amendments to IAS 7, “Disclosure initiative”;
- (ii) Amendments to IAS 12, “Recognition of deferred tax assets for unrealised losses”;
- (iii) Amendments to IAS 12, “Income taxes”; and
- (iv) Annual improvement, “Annual improvements to IFRSs 2014 – 2016 cycle”.

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

# Notes to the Financial Statements

For the year ended 31 March 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (Continued)

#### (b) New accounting standards and amendments to standards that are not yet effective and have not been early adopted by the Group

The following new and amendments to standards and interpretations have been issued but not yet effective and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Annual improvement	Annual improvements to IFRSs 2014–2016 cycle (amendments)	1 January 2018
Amendments to IAS 28	Investment in associates and joint ventures	1 January 2018
Amendments to IAS 40	Transfers of investment property	1 January 2018
Amendments to IFRS 1	Deletion of short-term exemptions for first-time adopters	1 January 2018
Amendments to IFRS 2	Classification and measurement of share-based payment transactions	1 January 2018
Amendments to IFRS 4	Applying IFRS 9 financial instruments with IFRS 4 Insurance contracts	1 January 2018
Amendments to IFRS 9	Prepayment features with negative compensation	1 January 2019
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Effective date to be determined
Amendments to IFRS 15	Clarifications to IFRS 15	1 January 2018
IFRS 9	Financial instruments	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance contracts	1 January 2021
IFRIC 22	Foreign currency transactions and advance consideration	1 January 2018
IFRIC 23	Uncertainty over income tax treatments	1 January 2019

#### (i) IFRS 9 Financial Instruments

IFRS 9 "Financial Instruments" replaces the whole of IAS 39. IFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). Classification is driven by the Group's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

# Notes to the Financial Statements

For the year ended 31 March 2018

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

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

#### (b) New accounting standards and amendments to standards that are not yet effective and have not been early adopted by the Group *(Continued)*

##### (i) IFRS 9 Financial Instruments *(Continued)*

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets for the following reasons:

- The financial instruments that are currently classified as available-for-sale financial assets would appear to satisfy the conditions for classification as at “FVOCI” and hence there will be no change to the accounting for these assets.
- The equity investments currently measured at “FVTPL” would likely continue to be measured on the same basis under IFRS 9.

For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability’s own credit risk are recognised in other comprehensive income, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in other comprehensive income to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

There will be no impact on the Group’s accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

The derecognition rules have been transferred from IAS 39 “Financial Instruments: Recognition and Measurement” and have not been changed.

IFRS 9 also introduces a new model for the recognition of impairment losses — the expected credit losses (“ECL”) model, which constitutes a change from the incurred loss model in IAS 39. IFRS 9 contains a “three stage” approach, which is based on the changes in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

The new impairment model requires the recognition of impairment provisions based on ECL rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 “Revenue from Contracts with Customers”, lease receivables, loan commitments and certain financial guarantee contracts.

Based on the assessments undertaken to date, the Group considers that there will be no material adverse change in the credit risks in respect of the Group’s future financial assets and the adoption of the new ECL model under IFRS 9 will not have significant impact on its financial performance and position.

# Notes to the Financial Statements

For the year ended 31 March 2018

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

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

#### **(b) New accounting standards and amendments to standards that are not yet effective and have not been early adopted by the Group *(Continued)***

##### *(ii) IFRS 15 Revenue from contracts with customers*

IFRS 15 replaces the previous revenue standards: IAS 18 "Revenue" and IAS 11 "Construction Contracts", and the related Interpretations on revenue recognition. IFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

It moves away from a revenue recognition model based on an "earnings process" to an "asset-liability" approach based on transfer of control. IFRS 15 provides specific guidance on capitalisation of contract costs and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenues and cash flows arising from the entity's contracts with customers.

The Group has performed preliminary assessment on the adoption of IFRS 15 and the initial result indicated that the impact on the Group's financial statements are not expected to be significant other than changes in disclosures.

##### *(iii) IFRS 16 Leases*

IFRS 16 "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for in the lessee's statement of financial position. The standard replaces IAS 17 "Leases" and related interpretations.

The Group is a lessee of office, residential premises and coaches which are currently classified as operating leases. The Group's current accounting policy is to account for such operating lease payments in the consolidated statement of profit or loss when incurred and the Group's future operating lease commitments are not reflected in the consolidated statement of financial position. As at 31 March 2018, the Group's total non- cancellable operating leases amounted to US\$3,209,000.

However, the Group has not yet assessed what other adjustments, if any, are necessary, for example, because of the change in the definition of the lease term and the different treatment of variable lease payments of extension and termination options. It is therefore not yet possible to estimate the amount of an asset (for the right to use) and a financial liability (for the payment obligation) that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.



# Notes to the Financial Statements

For the year ended 31 March 2018

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

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

#### (b) New accounting standards and amendments to standards that are not yet effective and have not been early adopted by the Group *(Continued)*

##### (iii) IFRS 16 Leases *(Continued)*

The adoption of this standard is mandatory for annual periods beginning on or after 1 January 2019. The Group has decided not to adopt the IFRS16 until it becomes effective for the Group's financial year beginning 1 April 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other new, amended or revised standards and interpretations that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

### 2.2 Subsidiaries

#### (a) Consolidation

A subsidiary is an entity (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

##### (i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

# Notes to the Financial Statements

For the year ended 31 March 2018

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

### 2.2 Subsidiaries *(Continued)*

#### (a) Consolidation *(Continued)*

##### (i) Business combinations *(Continued)*

If the business combination is achieved in stages, the carrying amount of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and acquisition-date fair value of any previously held interest is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated unless the transaction provides evidence of an impairment of the transferred asset. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

##### (ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

##### (iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

# Notes to the Financial Statements

For the year ended 31 March 2018

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

### 2.2 Subsidiaries *(Continued)*

#### (b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

### 2.3 Joint arrangements and associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights or board representation.

Investments in joint arrangements are reclassified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Interests in joint ventures and associates are accounted for using the equity method of accounting. Under the equity method, the interests are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's interests in associates include goodwill identified on acquisition.

The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of loss in a joint venture or associate equals or exceeds its interest in the joint venture or associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate.

The Group determines at each reporting date whether there is any objective evidence that the interest in a joint venture or an associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture or the associate and its carrying amount and recognises the impairment adjacent to 'share of post-tax results of joint ventures and associates' in the consolidated statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its joint ventures and associates are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the joint ventures and associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures and associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

# Notes to the Financial Statements

For the year ended 31 March 2018

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

### 2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who has been identified as the Group Executive Committee, is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions.

### 2.5 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, i.e. the functional currency. The functional currency of the Company is Malaysian Ringgit ("RM"). However, each entity within the Group can present its financial statements in any currency, which can be the same or different from the entity's functional currency. As the Group operates internationally, management considers that it is more appropriate to use US\$, a globally recognised currency, as the presentation currency for the Group's consolidated financial statements. For the entity whose functional currency is not US\$, its results and financial position have been translated into US\$.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss within 'finance costs'. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss within 'Other gains/(losses), net'.

#### (c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of each reporting period;
- (ii) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

# Notes to the Financial Statements

For the year ended 31 March 2018

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

### 2.5 Foreign currency translation *(Continued)*

#### (d) Disposal of foreign operation

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated currency translation differences is reclassified to profit or loss.

### 2.6 Property, plant and equipment

Freehold land is not amortised. Buildings situated on freehold land are stated at cost and are depreciated on a straight-line basis over their expected useful lives to the Group. The principal annual rates used for this purpose range from 2% to 5%.

Buildings situated on leasehold land and held for own use are stated at cost and are depreciated on a straight-line basis over the unexpired periods of the leases or their expected useful lives to the Group, whichever is shorter. The principal annual rates used for this purpose range from 2% to 5%.

Leasehold land held for own use under a finance lease is stated at cost and amortised over the period of the lease on a straight-line basis.

Plant and equipment, comprising leasehold improvements, furniture, fixtures, office equipment, machinery, printing equipment and motor vehicles, are stated at cost less accumulated depreciation and accumulated impairment losses. Construction in progress is stated at cost less accumulated impairment losses.

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

# Notes to the Financial Statements

For the year ended 31 March 2018

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

### 2.6 Property, plant and equipment *(Continued)*

Depreciation is calculated using the straight-line method to allocate the assets' costs to their residual values over their estimated useful lives as follows:

Leasehold land classified as finance lease	Shorter of remaining lease term of 29 to 84 years and useful life
Leasehold improvements	Shorter of remaining lease term of 3 to 10 years and useful life
Furniture, fixtures and office equipment	2 to 13 years
Machinery and printing equipment	
Printing equipment	10 to 20 years
Machinery	5 to 10 years
Motor vehicles	3 to 10 years

The assets' depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other operating expenses" in the consolidated statement of profit or loss.

### 2.7 Investment property

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and is not occupied by the Group. Land held under operating leases is accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated statement of profit or loss as part of a valuation gain or loss in "Other gains/(losses), net".

### 2.8 Intangible assets

#### (a) Goodwill

Goodwill arises on the acquisition of subsidiaries, joint ventures and associates and represents the excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquire over the fair value of the identifiable net assets acquired is record as goodwill.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

# Notes to the Financial Statements

For the year ended 31 March 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.8 Intangible assets (Continued)

#### (a) Goodwill (Continued)

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amount of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

#### (b) Other intangible assets

Other intangible assets primarily comprise costs of computer softwares, archives, mastheads, publishing rights and broadcast licence that are acquired by the Group and are stated at cost less accumulated amortisation.

Amortisation of other intangible assets is charged to the consolidated statement of profit or loss on a straight-line basis over the assets' estimated useful lives. Other intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Archives, mastheads, publishing rights	10–40 years
Computer softwares	5–10 years
Broadcast licence	3 years

### 2.9 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### 2.10 Financial assets

#### (a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of the financial assets at initial recognition.

##### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current assets.



# Notes to the Financial Statements

For the year ended 31 March 2018

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

### 2.10 Financial assets *(Continued)*

#### (a) Classification *(Continued)*

##### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amount that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "Trade and other receivables" (Note 2.14), "Short-term bank deposits and cash and cash equivalents" (Note 2.15) in the consolidated statement of financial position.

##### (iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of each reporting period.

#### (b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the assets. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or, the financial assets have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "Financial assets at fair value through profit or loss" category are presented in the consolidated statement of profit or loss within "Other gains/(losses), net".

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

### 2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

### 2.12 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

# Notes to the Financial Statements

For the year ended 31 March 2018

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

### 2.12 Impairment of financial assets *(Continued)*

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### (a) Assets carried at amortised cost

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

#### (b) Assets classified as available-for-sale

For debt securities, if any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of profit or loss.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated statement of profit or loss on equity instruments are not reversed through the consolidated statement of profit or loss.

### 2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 2.14 Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

# Notes to the Financial Statements

For the year ended 31 March 2018

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

### 2.15 Short-term bank deposits and cash and cash equivalents

In the consolidated statement of cash flows, and consolidated statement of financial position, cash and cash equivalents include cash on hand, bank deposits and other short-term highly liquid investments with original maturities of three months or less.

In the consolidated statement of financial position, short-term bank deposits include bank deposits with original maturities of more than three months.

### 2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.17 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

### 2.19 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

# Notes to the Financial Statements

For the year ended 31 March 2018

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

### 2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### (a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Company, its subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### (b) Deferred income tax

##### *Inside basis differences*

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

##### *Outside basis differences*

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference is a deferred income tax liability not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary differences will reverse in the future and there is sufficient taxable profit available against which the temporary differences can be utilised.

#### (c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax jurisdiction on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

# Notes to the Financial Statements

For the year ended 31 March 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.21 Employee benefits

#### (a) Pension obligations

Group companies operate various pension schemes. These schemes are generally funded through payments to insurance companies or trustee-administered funds and, where applicable, determined by periodic actuarial calculations. The Group has both defined contribution and defined benefit plans.

##### *Defined contribution plans*

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The Group's defined contribution plans cover eligible employees in Hong Kong, North America, Mainland China, Malaysia and other Southeast Asian countries.

##### *Defined benefit plans*

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of the defined benefit pension plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets. The present value of the defined benefit obligations are calculated by independent actuaries using the projected unit credit method, by discounting the estimated future benefits that employees have earned in return for their services in the current and prior periods, using market yields of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligations. For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency shall be used.

The current service cost of the defined benefit plans (recognised as employee benefit expense in the consolidated statement of profit or loss), except where included in the cost of an asset, reflects the increase in the defined benefit obligations resulting from employee service in the current year, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligations and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Remeasurements arising from defined benefit plans are recognised in other comprehensive income and reflected immediately in retained earnings. Remeasurements comprise actuarial gains and losses, and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability/asset).

# Notes to the Financial Statements

For the year ended 31 March 2018

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

### 2.21 Employee benefits *(Continued)*

#### (a) Pension obligation *(Continued)*

##### *Defined benefit plans (Continued)*

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the consolidated statement of profit or loss.

The Group's defined benefit plans cover eligible employees in Hong Kong and Malaysia.

- (i) The defined benefit plan for the Group's employees in Hong Kong is funded by means of an independent pension fund. The liability recognised in the consolidated statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligations at the end of each reporting period less the fair value of the plan assets. Defined benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future benefits that employees have earned in return for their services in the current and prior periods by reference to market yields of Hong Kong Government's Exchange Fund Notes and Government Bonds, which are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligations.
- (ii) The defined benefit plan for the Group's employees in Malaysia is not funded. The Group's obligation under the plan, calculated using the projected unit credit method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that the employees have earned in return for their services in the current and prior years is estimated. The benefit is discounted based on the interest rates of high-quality corporate bonds in order to determine its present value.

#### (b) Profit sharing and bonus plans

The expected cost of profit sharing and bonus plans is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by the employees and a reliable estimate of the obligation can be made. Liabilities for profit sharing and bonus plans are expected to be settled within 12 months of the end of each reporting period and are measured at the amounts expected to be paid when they are settled.

#### (c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to the employees. A provision is made for the estimated liability for annual leave as a result of services rendered by the employees up to the end of each reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

# Notes to the Financial Statements

For the year ended 31 March 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.21 Employee benefits (Continued)

#### (d) Long service payments and severance payments

The Group's net obligation in respect of long service payments and severance payments to its employees in Hong Kong upon cessation of their employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefits that the employees have earned in return for their services in the current and prior periods.

The obligation is calculated using the projected unit credit method, discounted to its present value and reduced by entitlements accrued under the Group's retirement schemes that are attributed to contributions made by the Group. The discount rate is the yield at the end of each reporting period of Hong Kong Government's Exchange Fund Notes and Government Bonds, which are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related obligations. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in other comprehensive income in the year in which they occur.

### 2.22 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### 2.23 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries or associates to secure loans, overdrafts and other banking facilities.

The Group does not recognise liabilities for financial guarantees at inception, but performs a liability adequacy test at each reporting date by comparing the carrying amount of the net liability regarding the financial guarantee with its present legal or constructive obligation amount. If the carrying amount of the net liability is less than its present legal or constructive obligation amount, the entire difference is recognised in the consolidated statement of profit or loss immediately as an expense.

# Notes to the Financial Statements

For the year ended 31 March 2018

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

### 2.24 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, business tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Advertising income, net of trade discounts, is recognised when the newspapers and magazines are published.

Revenue from the circulation and subscription sales of newspapers, magazines and books, net of trade discounts and returns, is recognised on the transfer of risks and rewards of ownership, which generally coincides with the date of delivery. Unearned subscription fees received from subscribers are recorded as receipts in advance under trade and other payables in the consolidated statement of financial position.

Revenue from tour operations is based on the percentage of the tour that has been completed, where revenue from the provision of other travel related services is recognised when the services have been rendered.

Revenue from scrap sales of old newspapers and magazines is recognised on the date of delivery.

Licence fees and royalty income are recognised on an accrual basis in accordance with the terms of the relevant agreements.

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Management fee income is recognised on an accrual basis or a straight-line basis over the management service period.

Operating lease rental income is recognised in equal instalments over the periods covered by the lease term.

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



# Notes to the Financial Statements

For the year ended 31 March 2018

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

### 2.25 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the commencement of leases at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in current and non-current liabilities. The interest element of the finance cost is charged to the consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under a finance lease is depreciated over the shorter of the useful life of the asset and the lease term.

### 2.26 Dividend distribution

Dividend distributions to owners of the Company are recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are declared by the directors in the case of interim and special dividends or approved by the Company's shareholders in the case of final dividends.

## 3 FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including price risk, interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by management according to the policies of the Group. The Group's management identifies and evaluates financial risks in close co-operation with the Group's operating units.

#### (a) Market risk

##### (i) Price risk

The Group is exposed to price risk for its listed equity securities and unlisted club debentures which are classified on the consolidated statement of financial position as financial assets at fair value through profit or loss and available-for-sale financial assets. Management adopts the quoted market prices as its best estimate of the fair values of such securities and unlisted club debentures. Details are set out in Notes 13 and 21. Management monitors the market conditions and securities price fluctuations so as to minimise adverse effects on the Group.

# Notes to the Financial Statements

For the year ended 31 March 2018

## 3 FINANCIAL RISK MANAGEMENT *(Continued)*

### 3.1 Financial risk factors *(Continued)*

#### (a) Market risk *(Continued)*

##### (ii) Interest rate risk

The Group's cash balances are placed with authorised financial institutions, which generate interest income for the Group. They are exposed to the cash flow interest rate risk. The Group manages this risk by placing deposits at various maturities and interest rate terms.

The Group's bank borrowings are exposed to risk arising from changing interest rates. Bank borrowings at variable rates expose the Group to cash flow interest rate risk. The Group manages this risk by maintaining an appropriate mix of fixed and floating rate borrowings.

To evaluate the sensitivity of the Group's profit before income tax to possible changes in interest rates, the impact of an interest rate change was modeled on the floating rate of bank borrowings while all other variables were held constant. Based on these assumptions, a hypothetical increase of 1% per annum in interest rates would have increased the Group's loss before income tax for the year ended 31 March 2018 by approximately US\$102,000 (2017: a hypothetical increase of 1% per annum in interest rates would have reduced the Group's profit before income tax by approximately US\$25,000).

##### (iii) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RM, Renminbi ("RMB"), Canadian dollars ("CAD"), Hong Kong dollars ("HK\$"), New Taiwan dollars ("TWD") and US\$. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

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

For operations in Malaysia, most of the transactions are denominated in RM. The Group had purchased forward contract during the year ended 31 March 2018 for hedging purposes. The Group is closely monitoring the currency exchange risk of RM and is looking for any opportunities to mitigate the currency exchange risk of RM.

For operations in Mainland China and Taiwan, most of the transactions are denominated in RMB and TWD. The conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange controls promulgated by the Chinese government. No financial instruments were used for hedging purposes during the year. The Group is closely monitoring the currency exchange risk of RMB and TWD and will consider the use of financial instrument for hedging purposes, if necessary.

For operations in Canada, most of the transactions are denominated in CAD. No financial instruments were used for hedging purposes during the year. The Group is closely monitoring the currency exchange risk of CAD and will consider the use of financial instrument for hedging purposes, if necessary.

For operations in Hong Kong, most of the transactions are denominated in HK\$ and US\$. The exchange rate of US\$ against HK\$ is relatively stable and the related currency exchange risk is considered minimal.

# Notes to the Financial Statements

For the year ended 31 March 2018

## 3 FINANCIAL RISK MANAGEMENT *(Continued)*

### 3.1 Financial risk factors *(Continued)*

#### (b) Credit risk

Credit risk is the risk of a loss resulting from the failure of one of the Group's counterparties to discharge its contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

The extent of credit risk relating to the Group's trade receivables (according to the extent to which provision for impairment are warranted) is disclosed in Note 24. The Group maintains cash and cash equivalents and short-term bank deposits with reputable financial institutions from which management believes the risk of loss to be remote. The management assesses the credit quality of outstanding cash and cash equivalents and short-term bank deposits balances as high and considers there is no individually significant exposure. Maximum exposure to credit risk at the reporting date is the carrying amount of the cash at banks.

#### (c) Liquidity risk

The liquidity risk of the Group is controlled by maintaining sufficient banking facilities and cash and cash equivalents, which are generated from the operating cash flows.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2018 US\$'000	2017 US\$'000
Bank and other borrowings		
Medium-term notes		
within one year	60,765	2,442
in the second year	–	53,071
Short-term bank borrowings within one year	10,301	2,517
	71,066	58,030
Trade and other payables within one year	31,817	30,240
	102,883	88,270

# Notes to the Financial Statements

For the year ended 31 March 2018

## 3 FINANCIAL RISK MANAGEMENT *(Continued)*

### 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, repurchase shares, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the net gearing ratio. This ratio is calculated as net debt over owners' equity. Net debt is calculated as total borrowings less short-term bank deposits and cash and cash equivalents. Owners' equity represents equity attributable to owners of the Company as shown in the consolidated statement of financial position.

During the year ended 31 March 2018, the Group's strategy was to maintain a net gearing ratio below 40% (2017: below 40%).

As at 31 March 2018, the Group's net gearing ratio was nil (2017: nil).

### 3.3 Fair value estimation

For financial instruments that are measured at fair value, the Group classifies fair value measurements using a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's assets that are measured at fair value at 31 March 2018:

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Financial assets at fair value through profit or loss				
Listed equity securities	361	–	–	361
Available-for-sale financial assets				
Unlisted club debentures	–	–	96	96
Listed equity securities	8,979	–	–	8,979
	9,340	–	96	9,436

# Notes to the Financial Statements

For the year ended 31 March 2018

## 3 FINANCIAL RISK MANAGEMENT *(Continued)*

### 3.3 Fair value estimation *(Continued)*

The following table presents the Group's assets that are measured at fair value at 31 March 2017:

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Financial assets at fair value through profit or loss				
Listed equity securities	346	–	–	346
Available-for-sale financial assets				
Unlisted club debentures	–	–	97	97
	346	–	97	443

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of each reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques.

These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on the entity-specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

There was no transfer between level 1 and level 2 of the fair value hierarchy during the year. There was no change during the year attributable to level 3 of the fair value hierarchy.

# Notes to the Financial Statements

For the year ended 31 March 2018

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and judgements concerning the future based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

### (a) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.8(a). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Changing the assumptions selected by the Group to determine the level, if any, of impairment, including the discount rate or the growth rate assumptions, could significantly affect the Group's reported financial position and results of operations. The key assumptions used are set out in Note 19.

### (b) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

### (c) Deferred income tax assets

Management has considered future taxable income and on-going prudent and feasible tax planning strategies in assessing the recognition criteria for deferred income tax assets recorded in relation to cumulative tax loss carried forwards. The assumptions regarding future profitability of various subsidiaries and agreed tax losses with the tax authorities require significant judgement, and significant changes in these assumptions from period to period may have a material impact on the Group's reported financial condition and results of operations.

### (d) Fair value of investment properties

Investment properties are stated at fair values which have been determined by accredited independent valuers. Details of the judgements and assumptions are disclosed in Note 18.

### (e) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation for its property, plant and equipment. These estimates are based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. Management will revise the depreciation charge where useful lives are different from those previously estimated. It will also write off or write down non-strategic assets that have been abandoned or sold.

# Notes to the Financial Statements

*For the year ended 31 March 2018*

## 5 TURNOVER AND SEGMENT INFORMATION

The Group Executive Committee is the Group's chief operating decision-maker. Management has determined the operating segments based on the reports that are reviewed and used by the Group Executive Committee for strategic decisions making.

The Group is organised operationally on a worldwide basis in four major operating segments:

Publishing and printing: Malaysia and other Southeast Asian countries

Publishing and printing: Hong Kong, Taiwan and Mainland China

Publishing and printing: North America

Travel and travel related services

Publishing and printing segments are engaged in the publication, printing and distribution of newspapers, magazines, books and digital contents primarily in the Chinese language. The segments derive revenue mainly from the provision of advertising services and sales of newspapers and magazines. Travel and travel related services segment derives revenue from the sales of travel packages and provision of tour services.

The Group Executive Committee assesses the performance of the operating segments based on a measure of segment profit before income tax as presented in the internal financial report. Other information provided is measured in a manner consistent with that in the internal financial report.

# Notes to the Financial Statements

For the year ended 31 March 2018

## 5 TURNOVER AND SEGMENT INFORMATION *(Continued)*

The Group's turnover and results for the year ended 31 March 2018, analysed by operating segment, are as follows:

	Publishing and printing					
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong, Taiwan and Mainland China US\$'000	North America US\$'000	Sub-total US\$'000	Travel and travel related services US\$'000	Total US\$'000
<b>Turnover</b>	<b>142,848</b>	<b>51,583</b>	<b>15,662</b>	<b>210,093</b>	<b>74,870</b>	<b>284,963</b>
<b>Segment (loss)/profit before income tax</b>	<b>(2,959)</b>	<b>(585)</b>	<b>(2,533)</b>	<b>(6,077)</b>	<b>2,361</b>	<b>(3,716)</b>
Unallocated finance costs						(2,594)
Other net unallocated expenses						(564)
Loss before income tax						(6,874)
Income tax expense						(5,331)
<b>Loss for the year</b>						<b>(12,205)</b>
<b>Other segmental information:</b>						
Interest income	2,356	31	21	2,408	35	2,443
Finance costs	(131)	(68)	–	(199)	–	(199)
Depreciation of property, plant and equipment	(6,497)	(1,283)	(302)	(8,082)	(72)	(8,154)
Amortisation of intangible assets	(720)	(194)	(13)	(927)	(35)	(962)
Provision for impairment of property, plant and equipment	(5,146)	–	–	(5,146)	–	(5,146)
Provision for impairment of intangible assets	(949)	–	–	(949)	–	(949)
Provision for impairment of goodwill	(20,709)	–	–	(20,709)	–	(20,709)
Share of post-tax results of joint ventures and associates	–	79	–	79	–	79



# Notes to the Financial Statements

For the year ended 31 March 2018

## 5 TURNOVER AND SEGMENT INFORMATION (Continued)

The Group's turnover and results for the year ended 31 March 2017, analysed by operating segment, are as follows:

	Publishing and printing					
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong, Taiwan and Mainland China US\$'000	North America US\$'000	Sub-total US\$'000	Travel and travel related services US\$'000	Total US\$'000
<b>Turnover</b>	162,080	53,498	17,599	233,177	69,409	302,586
<b>Segment profit/(loss) before income tax</b>	28,301	(3,363)	(1,057)	23,881	2,464	26,345
Unallocated finance costs						(4,790)
Other net unallocated expenses						(780)
Profit before income tax						20,775
Income tax expense						(7,584)
<b>Profit for the year</b>						13,191
<b>Other segmental information:</b>						
Interest income	3,064	95	11	3,170	19	3,189
Finance costs	(13)	(9)	–	(22)	–	(22)
Depreciation of property, plant and equipment	(6,781)	(1,435)	(337)	(8,553)	(128)	(8,681)
Amortisation of intangible assets	(769)	(218)	(15)	(1,002)	(38)	(1,040)
Provision for impairment of property, plant and equipment	–	(35)	–	(35)	–	(35)
Provision for impairment of goodwill	(3,603)	–	–	(3,603)	–	(3,603)
Share of post-tax results of joint ventures and associates	–	435	–	435	–	435

# Notes to the Financial Statements

For the year ended 31 March 2018

## 5 TURNOVER AND SEGMENT INFORMATION (Continued)

Turnover is derived from publishing, printing and distribution of newspapers, magazines, books and digital contents primarily in the Chinese language, and provision of travel and travel related services. Turnover recognised during the year is as follows:

	2018 US\$'000	2017 US\$'000
Advertising income, net of trade discounts	146,002	165,179
Sales of newspapers, magazines, books and digital contents, net of trade discounts and returns	64,091	67,998
Travel and travel related services income	74,870	69,409
	<b>284,963</b>	<b>302,586</b>

The segment assets and liabilities as at 31 March 2018 are as follows:

	Publishing and printing						
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong, Taiwan and Mainland China US\$'000	North America US\$'000	Sub-total US\$'000	Travel and travel related services US\$'000	Elimination US\$'000	Total US\$'000
<b>Segment assets</b>	244,775	49,690	11,705	306,170	23,321	(96)	329,395
Unallocated assets							2,362
<b>Total assets</b>							<b>331,757</b>
<b>Total assets include:</b>							
Investments accounted for using the equity method	-	143	-	143	-	-	143
Additions to non-current assets (other than deferred income tax assets)	678	9,240	41	9,959	28	-	9,987
<b>Segment liabilities</b>	(23,626)	(16,536)	(7,100)	(47,262)	(14,711)	96	(61,877)
Unallocated liabilities							(68,112)
<b>Total liabilities</b>							<b>(129,989)</b>

# Notes to the Financial Statements

For the year ended 31 March 2018

## 5 TURNOVER AND SEGMENT INFORMATION (Continued)

The segment assets and liabilities as at 31 March 2017 are as follows:

	Publishing and printing						
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong, Taiwan and Mainland China US\$'000	North America US\$'000	Sub-total US\$'000	Travel and travel related services US\$'000	Elimination US\$'000	Total US\$'000
<b>Segment assets</b>	231,116	44,068	13,256	288,440	17,586	(150)	305,876
Unallocated assets							2,930
<b>Total assets</b>							308,806
<b>Total assets include:</b>							
Investments accounted for using the equity method	–	731	–	731	–	–	731
Additions to non-current assets (other than deferred income tax assets)	825	901	92	1,818	52	–	1,870
<b>Segment liabilities</b>	(16,363)	(14,480)	(6,678)	(37,521)	(11,054)	150	(48,425)
Unallocated liabilities							(63,066)
<b>Total liabilities</b>							(111,491)

The elimination between segments represents intercompany receivables and payables between segments.

Segment assets consist primarily of property, plant and equipment, investment properties, intangible assets, available-for-sale financial assets — listed equity shares, investments accounted for using the equity method, other non-current financial assets, inventories, trade and other receivables, short-term bank deposits, and cash and cash equivalents. They mainly exclude deferred income tax assets, available-for-sale financial asset — unlisted club debenture, financial assets at fair value through profit or loss and income tax recoverable of the Group.

Segment liabilities consist primarily of trade and other payables, retirement benefit obligations, defined benefit plan liabilities, bank and other borrowings and other non-current liabilities. They mainly exclude deferred income tax liabilities and income tax liabilities of the Group.

# Notes to the Financial Statements

For the year ended 31 March 2018

## 5 TURNOVER AND SEGMENT INFORMATION *(Continued)*

The Group operates its publishing and printing businesses mainly in Malaysia, other Southeast Asian countries, Hong Kong, Taiwan and Mainland China ("Main operating countries").

As at 31 March 2018 and 2017, the Group's total non-current assets, other than deferred income tax assets, analysed by operating countries, are as follows:

	2018 US\$'000	2017 US\$'000
Main operating countries		
Malaysia and other Southeast Asian countries	116,256	131,126
Hong Kong, Taiwan and Mainland China	23,676	16,737
Other countries	6,872	6,952
	146,804	154,815

## 6 OTHER INCOME

	2018 US\$'000	2017 US\$'000
Dividend income	16	15
Interest income	2,443	3,189
Licence fee and royalty income	159	201
Other media-related income	1,759	1,920
Rental and management fee income	814	773
Scrap sales of old newspapers and magazines	2,556	2,459
Others	103	147
	7,850	8,704

# Notes to the Financial Statements

For the year ended 31 March 2018

## 7 OTHER GAINS/(LOSSES), NET

	2018 US\$'000	2017 US\$'000
Fair value gains on financial assets at fair value through profit or loss, net	18	7
Fair value gains on investment properties, net	239	558
Deemed disposal gain on interest in an associate	2,716	–
Net exchange losses	(61)	(211)
Realised losses on derivatives	–	(690)
	<b>2,912</b>	<b>(336)</b>

## 8 EXPENSES BY NATURE

	2018 US\$'000	2017 US\$'000
Amortisation of intangible assets (Note 19)	962	1,040
Auditor's remuneration		
Audit services	659	672
Non-audit services	273	63
Depreciation of property, plant and equipment (Note 17)	8,154	8,681
Direct costs of travel and travel related services	63,728	58,319
Employee benefit expense (including directors' emoluments) (Note 15)	91,171	93,565
Gains on disposal of property, plant and equipment, net (Note 34(b))	(19)	(3)
Losses on disposal of intangible assets (Note 34(b))	–	16
Provision for impairment of property, plant and equipment (Note 17)	5,146	35
Provision for impairment and write-off of trade and other receivables	75	800
Provision for impairment and write-off of inventories	268	162
Provision for impairment of intangible assets (Note 19)	949	–
Operating lease expenses		
Land and buildings	2,328	2,334
Machinery	16	16
Raw materials and consumables used	44,493	51,376
Other expenses	60,973	65,123
Total cost of goods sold, selling and distribution expenses, administrative expenses and other operating expenses	<b>279,176</b>	<b>282,199</b>

# Notes to the Financial Statements

For the year ended 31 March 2018

## 9 FINANCE COSTS

	2018 US\$'000	2017 US\$'000
Interest expense on medium-term notes	2,594	4,790
Interest expense on short-term bank borrowings	199	22
	<b>2,793</b>	4,812

## 10 INCOME TAX EXPENSE

Income tax for the Group's Hong Kong operations has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit derived from Hong Kong for the year. Income tax for the Group's Malaysian operations is calculated at the rate of 24% (2017: 24%) on the estimated assessable profit derived from Malaysia for the year. Taxation on other countries' profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

Income tax expense in the consolidated statement of profit or loss represents:

	2018 US\$'000	2017 US\$'000
Hong Kong taxation		
Current year	536	747
(Over)/under provision in prior years	(19)	79
Malaysian taxation		
Current year	6,695	8,574
Under/(over) provision in prior years	115	(74)
Other countries' taxation		
Current year	284	179
Over provision in prior years	(244)	(1,462)
Deferred income tax credit	(2,036)	(459)
	<b>5,331</b>	7,584

# Notes to the Financial Statements

For the year ended 31 March 2018

## 11 (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	2018	2017
(Loss)/profit attributable to owners of the Company (US\$'000)	(11,485)	15,156
Weighted average number of ordinary shares in issue	1,687,236,241	1,687,236,241
Basic (loss)/earnings per share (US cents)	(0.68)	0.90
Diluted (loss)/earnings per share (US cents)	(0.68)	0.90

The diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as there were no dilutive potential shares in issue during the years ended 31 March 2018 and 2017.

## 12 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Movements in the interests in joint ventures and associates are as follows:

	2018 US\$'000	2017 US\$'000
<b>As at 1 April</b>	<b>731</b>	<b>749</b>
Share of post-tax results	79	435
Dividends received from an associate	(282)	(451)
Derecognition of investment in an associate (note)	(380)	–
Currency translation differences	(5)	(2)
<b>As at 31 March</b>	<b>143</b>	<b>731</b>

Note: Blackpaper Limited ("Blackpaper") is engaged in providing creative multimedia services and advertising campaigns. The Group's investment in Blackpaper was classified as an associate due to the Group's right of board representation.

Most Kwai Chung Limited ("Most Kwai Chung") is an investment holding company and the principal activities of its subsidiaries include the provision of creative multimedia services, advertising service and sales of periodicals and books.

On 13 July 2017, Blackpaper completed a reorganisation and became an indirect wholly-owned subsidiary of Most Kwai Chung in return for the Group to hold 10% interest in Most Kwai Chung, which was classified as an associate for the period from 13 July 2017 to 27 March 2018. On 28 March 2018, Most Kwai Chung became a listed company on the Main Board of the HK Stock Exchange ("the Listing").

Upon the Listing, the Group's equity interest in Most Kwai Chung was diluted to 7.5% and the Group has no right to appoint a board representative in Most Kwai Chung. Hence, Most Kwai Chung ceased to be an associate of the Group on 28 March 2018. The Group accounted for the investment in Most Kwai Chung as an available-for-sale financial asset. Upon initial recognition, the available-for-sale financial asset was measured at its fair value amounting to US\$3,096,000, which was determined based on the share offer price of Most Kwai Chung upon the Listing, and the Group recognised a deemed disposal gain of US\$2,716,000 in the consolidated statement of profit or loss in accordance with IAS28 "Investments in associates and joint ventures". Subsequent measurement of the Group's interest in Most Kwai Chung as an available-for-sale financial asset is set out in the Group's accounting policies.

# Notes to the Financial Statements

For the year ended 31 March 2018

## 13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Unlisted club debenture US\$'000	Listed equity shares US\$'000	Total US\$'000
As at 1 April 2016 and 31 March 2017	97	–	97
<b>As at 1 April 2017</b>	<b>97</b>	<b>–</b>	<b>97</b>
Additions	–	3,096	3,096
Fair value gain credited to other comprehensive income	–	5,883	5,883
Currency translation differences	(1)	–	(1)
<b>As at 31 March 2018</b>	<b>96</b>	<b>8,979</b>	<b>9,075</b>

Set out below are securities which, in the opinion of the directors, are material to the Group as at 31 March 2018.

Name of the security	Nature of the security	2018 US\$'000	2017 US\$'000
Most Kwai Chung Limited	Listed ordinary shares	8,979	–

*Note:* The balance represents the fair value of the ordinary shares of Most Kwai Chung Limited which are listed on the Main Board of the HK Stock Exchange.

Gain or loss arising from changes in the fair value is recognised in “other comprehensive income” in the consolidated statement of comprehensive income. Details of the accounting treatment of available-for-sale financial assets are set out in the Group’s accounting policies.

There were no impairment provisions on available-for-sale financial assets during the years ended 31 March 2018 and 2017.

As at 31 March 2018 and 2017, the available-for-sale financial assets were denominated in HK\$ and the fair values approximated the carrying amounts.

The maximum exposure to credit risk at the reporting date is the carrying amounts of the available-for-sale financial assets.



# Notes to the Financial Statements

For the year ended 31 March 2018

## 14 DIVIDENDS

	2018 US\$'000	2017 US\$'000
<b>Dividends attributable to the year:</b>		
First interim, paid, US0.25 cents (2016/2017: US0.36 cents) per ordinary share	4,218	6,074
Second interim, declared after the end of the reporting period of US0.18 cents (2016/2017: US0.36 cents) per ordinary share	3,037	6,074
	<b>7,255</b>	12,148
<b>Dividends paid during the year:</b>		
Second interim, 2016/2017, US0.36 cents (2015/2016: US0.60 cents) per ordinary share (note a)	6,074	10,123
First interim, 2017/2018, US0.25 cents (2016/2017: US0.36 cents) per ordinary share (note b)	4,218	6,074
	<b>10,292</b>	16,197

The Board of Directors has declared a second interim dividend of US0.18 cents (2016/2017: US0.36 cents) per ordinary share in respect of the year ended 31 March 2018. The dividend will be payable on Friday, 13 July 2018 to shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 20 June 2018 in cash in RM or in HK\$ at the average exchange rates used during the year ended 31 March 2018 for the translation of the results of the subsidiaries whose functional currencies are not US\$. No tax is payable on the dividend declared by the Company to be received by shareholders in Malaysia as it is income from foreign source in accordance with paragraph 28 of Schedule 6 of Malaysian Income Tax Act 1967. This interim dividend has not been recognised as a dividend payable in this consolidated financial statements.

The average exchange rates used during the year ended 31 March 2018 of US\$ to RM and US\$ to HK\$, and the amount of the second interim dividend payable are as follows:

	Exchange rates	Dividend per ordinary share
US\$ to RM	4.1333	0.744 sen
US\$ to HK\$	7.8425	HK1.412 cents

Notes:

- (a) The second interim dividend of US0.36 cents per ordinary share, totaling US\$6,074,000 in respect of the year ended 31 March 2017, was paid on 10 July 2017.
- (b) The first interim dividend of US0.25 cents per ordinary share, totaling US\$4,218,000 in respect of the year ended 31 March 2018, was paid on 29 December 2017.

# Notes to the Financial Statements

For the year ended 31 March 2018

## 15 EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	2018 US\$'000	2017 US\$'000
Pension costs — defined benefit plans (Note 29(b))	162	197
Pension costs — defined contribution plans	7,787	7,030
Retirement benefit obligations (Note 28)	49	53
Wages and salaries	72,770	73,002
Unutilised annual leave	(47)	36
Other staff costs	10,450	13,247
	<b>91,171</b>	<b>93,565</b>

# Notes to the Financial Statements

For the year ended 31 March 2018

## 16 BENEFITS AND INTERESTS OF DIRECTORS

- (a) The remuneration of every director and chief executive for the years ended 31 March 2018 and 2017 is set out below:

Name of Director	Fees US\$'000	Salaries US\$'000	Bonuses US\$'000	Cash allowance US\$'000	Other benefits in kind US\$'000 (note (i))	Employer's contributions to pension schemes US\$'000	Total US\$'000
<b>Group Executive Chairman and executive director</b>							
Tan Sri Datuk Sir TIONG Hiew King (note (ii))	151	132	43	–	–	–	326
<b>Group Chief Executive Officer and executive director</b>							
Mr TIONG Kiew Chiong (note (iii))	17	313	10	–	41	16	397
<b>Executive directors</b>							
Ms TIONG Choon (note (iv))	26	–	–	–	–	–	26
Mr NG Chek Yong (note (v))	–	166	–	–	2	20	188
Mr LEONG Chew Meng	–	153	20	–	6	27	206
<b>Non-executive directors</b>							
Dato' Sri Dr TIONG Ik King	21	–	–	1	–	–	22
Ms TIONG Choon	5	–	–	–	–	–	5
<b>Independent non-executive directors</b>							
Mr YU Hon To, David (note (vi))	54	–	–	–	–	–	54
Datuk CHONG Kee Yuen	21	–	–	2	–	–	23
Mr KHOO Kar Khoon	21	–	–	2	–	–	23
<b>Total for the year ended 31 March 2018</b>	<b>316</b>	<b>764</b>	<b>73</b>	<b>5</b>	<b>49</b>	<b>63</b>	<b>1,270</b>

Name of Director	Fees US\$'000	Salaries US\$'000	Bonuses US\$'000	Cash allowance US\$'000	Other benefits in kind US\$'000 (note (i))	Employer's contributions to pension schemes US\$'000	Total US\$'000
<b>Group Executive Chairman and executive director</b>							
Tan Sri Datuk Sir TIONG Hiew King (note (ii))	140	131	71	–	–	–	342
<b>Group Chief Executive Officer and executive director</b>							
Mr TIONG Kiew Chiong (note (iii))	17	315	10	–	44	16	402
<b>Executive directors</b>							
Dato' Sri Dr TIONG Ik King	21	–	–	–	–	–	21
Mr NG Chek Yong	–	216	47	–	7	40	310
Mr LEONG Chew Meng	–	149	29	–	6	27	211
<b>Non-executive director</b>							
Ms TIONG Choon	18	–	–	1	–	–	19
<b>Independent non-executive directors</b>							
Mr YU Hon To, David (note (vi))	54	–	–	–	–	–	54
Datuk CHONG Kee Yuen	20	–	–	2	–	–	22
Mr KHOO Kar Khoon	16	–	–	1	–	–	17
<b>Total for the year ended 31 March 2017</b>	<b>286</b>	<b>811</b>	<b>157</b>	<b>4</b>	<b>57</b>	<b>83</b>	<b>1,398</b>

# Notes to the Financial Statements

For the year ended 31 March 2018

## 16 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) *(Continued)*

Notes:

- (i) Other benefits in kind included housing, use of company cars, air tickets for home trips, insurance coverage and club membership.
- (ii) The director's fee for Tan Sri Datuk Sir TIONG Hiew King included his fee as a non-executive director of One Media Group Limited ("One Media") in the amount of US\$11,000 (2017: US\$17,000).
- (iii) The remuneration of Mr TIONG Kiew Chiong included his fee as an executive director of One Media in the amount of US\$17,000 (2017: US\$17,000).
- (iv) The director's fee for Ms TIONG Choon included her fee as a non-executive director of One Media in the amount of US\$6,000.
- (v) The remuneration of Mr NG Chek Yong included a gratuity payment of US\$43,000 received upon the termination of his employment during the year.
- (vi) The director's fee for Mr YU Hon To, David included his fee as an independent non-executive director of One Media in the amount of US\$23,000 (2017: US\$23,000).
- (vii) No director waived any emoluments and no emoluments were paid to the directors as an inducement fee to join or as compensation for loss of office during the years ended 31 March 2018 and 2017.

(b) Directors' retirement and termination benefits

Save as disclosed in note (a)(v) above, no retirement and termination benefits were paid to or receivable by any director during the years ended 31 March 2018 and 2017 in respect of services as a director of the Company and its subsidiary undertakings or in respect of other services in connection with the management of the affairs of the Company or its subsidiary undertakings.

(c) Consideration provided to third parties for making available directors' services

No consideration was provided to or receivable by third parties for making available directors' services during the years ended 31 March 2018 and 2017.

(d) Information about loans, quasi-loans and other dealings entered into by the Company and its subsidiary undertakings, where applicable, in favour of the directors

There were no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected parties during the years ended 31 March 2018 and 2017.

(e) Directors' material interests in transactions, arrangements or contracts

There were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 March 2018 and 2017.

# Notes to the Financial Statements

For the year ended 31 March 2018

## 16 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

- (f) The 5 highest paid individuals during the year included 2 (2017: 2) executive directors whose emoluments are reflected in the analysis presented in (a). The emoluments paid to the remaining 3 (2017: 3) individuals during the year are as follows:

	2018 US\$'000	2017 US\$'000
Fees	17	17
Salaries	738	792
Bonuses	61	220
Other benefits in kind	2	2
Employer's contributions to pension schemes	6	6
	<b>824</b>	<b>1,037</b>

The emoluments of the 3 (2017: 3) individuals fall within the following bands:

	Number of individuals	
	2018	2017
From US\$192,079 to US\$256,105 (equivalent to HK\$1,500,001 to HK\$2,000,000)	1	–
From US\$256,106 to US\$320,131 (equivalent to HK\$2,000,001 to HK\$2,500,000)	2	2
From US\$384,158 to US\$448,184 (equivalent to HK\$3,000,001 to HK\$3,500,000)	–	1
	<b>3</b>	<b>3</b>

# Notes to the Financial Statements

For the year ended 31 March 2018

## 17 PROPERTY, PLANT AND EQUIPMENT

	Property							Leasehold improvements, furniture, fixtures and office equipment			Motor vehicles	Construction-in-progress	Total
	Freehold land and buildings outside Hong Kong US\$'000	Long-term leasehold land outside Hong Kong US\$'000	Long-term buildings outside Hong Kong US\$'000	Medium-term leasehold land in Hong Kong US\$'000	Medium-term buildings in Hong Kong US\$'000	Medium-term leasehold land outside Hong Kong US\$'000	Medium-term buildings outside Hong Kong US\$'000	Machinery and printing equipment US\$'000			US\$'000	US\$'000	US\$'000
<b>At 31 March 2016</b>													
Cost	22,281	1,908	4,579	15,382	8,787	13,510	22,364	34,626	113,135	2,632	47		239,251
Accumulated depreciation	(2,829)	(234)	(744)	(6,602)	(4,830)	(2,776)	(11,133)	(27,585)	(65,993)	(1,929)	-		(124,655)
Net book amount	19,452	1,674	3,835	8,780	3,957	10,734	11,231	7,041	47,142	703	47		114,596
<b>Year ended 31 March 2017</b>													
Opening net book amount	19,452	1,674	3,835	8,780	3,957	10,734	11,231	7,041	47,142	703	47		114,596
Additions	-	-	-	-	-	-	10	1,072	78	64	110		1,334
Currency translation differences	(2,053)	(195)	(444)	(19)	(6)	(1,255)	(1,270)	(604)	(4,962)	(61)	(9)		(10,878)
Reclassifications to intangible assets	-	-	-	-	-	-	-	-	-	-	(37)		(37)
Provision for impairment of property, plant and equipment	-	-	-	-	-	-	-	(35)	-	-	-		(35)
Disposals	-	-	-	-	-	-	-	(32)	(1)	-	-		(33)
Depreciation (note (a))	(278)	(28)	(140)	(280)	(244)	(241)	(1,033)	(1,880)	(4,307)	(250)	-		(8,681)
Closing net book amount	17,121	1,451	3,251	8,481	3,707	9,238	8,938	5,562	37,950	456	111		96,266
<b>At 31 March 2017</b>													
Cost	19,949	1,684	4,039	15,349	8,769	11,918	19,740	32,873	102,968	2,291	111		219,691
Accumulated depreciation and impairment provision	(2,828)	(233)	(788)	(6,868)	(5,062)	(2,680)	(10,802)	(27,311)	(65,018)	(1,835)	-		(123,425)
Net book amount	17,121	1,451	3,251	8,481	3,707	9,238	8,938	5,562	37,950	456	111		96,266
<b>Year ended 31 March 2018</b>													
Opening net book amount	17,121	1,451	3,251	8,481	3,707	9,238	8,938	5,562	37,950	456	111		96,266
Additions	-	-	-	-	-	-	-	630	36	77	-		743
Currency translation differences	2,200	208	460	(82)	(37)	1,317	1,221	522	4,707	48	14		10,578
Reclassifications to intangible assets	-	-	-	-	-	-	-	-	-	-	(18)		(18)
Provision for impairment of property, plant and equipment	-	-	-	-	-	-	-	(14)	(5,125)	(7)	-		(5,146)
Disposals	-	-	-	-	-	-	-	(16)	-	-	-		(16)
Depreciation (note (a))	(266)	(29)	(139)	(280)	(241)	(242)	(958)	(1,547)	(4,283)	(169)	-		(8,154)
Closing net book amount	19,055	1,630	3,572	8,119	3,429	10,313	9,201	5,137	33,285	405	107		94,253
<b>At 31 March 2018</b>													
Cost	22,498	1,927	4,624	15,196	8,681	13,645	22,603	33,782	98,146	2,257	107		223,466
Accumulated depreciation and impairment provision	(3,443)	(297)	(1,052)	(7,077)	(5,252)	(3,332)	(13,402)	(28,645)	(64,861)	(1,852)	-		(129,213)
Net book amount	19,055	1,630	3,572	8,119	3,429	10,313	9,201	5,137	33,285	405	107		94,253

Note:

- (a) Depreciation expense of US\$4,281,000 (2017: US\$4,307,000) was included in "Cost of goods sold" and US\$3,873,000 (2017: US\$4,374,000) was included in "Other operating expenses" in the consolidated statement of profit or loss.

# Notes to the Financial Statements

For the year ended 31 March 2018

## 18 INVESTMENT PROPERTIES

	2018 US\$'000	2017 US\$'000
<b>At 1 April</b>	<b>14,587</b>	15,451
Fair value gains on investment properties, net (Note 34(a))	239	558
Currency translation differences	1,611	(1,422)
<b>At 31 March</b>	<b>16,437</b>	14,587

The fair value of the Group's investment properties is analysed as follows:

	2018 US\$'000	2017 US\$'000
In Malaysia, held on:		
Freehold	4,742	4,074
Leases of over 50 years	5,235	4,535
Leases of between 10 to 50 years	2,860	2,498
	<b>12,837</b>	11,107
In United States ("USA"), held on:		
Freehold	3,600	3,480
	<b>16,437</b>	14,587

### Fair value hierarchy

Description	Fair value measurements at 31 March 2018 using		
	Quoted prices in active markets for identical assets	Significant other observable inputs	Significant unobservable inputs
	(Level 1)	(Level 2)	(Level 3)
	US\$'000	US\$'000	US\$'000
Recurring fair value measurements			
Malaysia	–	12,837	–
USA	–	–	3,600

There were no transfers between levels 1, 2 and 3 during the year.

# Notes to the Financial Statements

For the year ended 31 March 2018

## 18 INVESTMENT PROPERTIES (Continued)

### Valuation processes and techniques

Independent valuations were performed by Raine & Horne International Zaki + Partners Sdn Bhd and Betsy Mak Appraisal Group LLC to determine the fair values of the Group's investment properties as at 31 March 2018 and 2017. The revaluation gains or losses were included in 'Other gains/(losses), net' in the consolidated statement of profit or loss (Note 7).

For the properties in Malaysia, fair values of investment properties have been generally determined using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

For the property in the USA, the valuation was determined using income capitalisation approach and sales comparison approach based on significant unobservable inputs. These inputs included:

Future rental cash inflows	—	Based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts and external evidence such as current market rents for similar properties;
Estimated vacancy rates	—	Based on current and expected future market conditions after expiry of any current lease;
Maintenance costs	—	Including necessary investments to maintain functionality of the property for its expected useful life;
Capitalisation rates	—	Based on actual location, size and quality of the properties and taking into account market data at the valuation date.

Information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value at 31 March 2018 US\$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Commercial building — USA	3,600	Income capitalisation approach and sales comparison approach	Rental value	US\$258,580 per annum	The higher the rental value, the higher the fair value
			Capitalisation rate	4.75%	The higher the capitalisation rate, the lower the fair value
			Vacancy rate	2%–4%	The higher the vacancy rate, the lower the fair value
			Estimated expenses	US\$23.61 per square foot	The higher the estimated expenses, the lower the fair value

There are inter-relationships between unobservable inputs. Estimated vacancy rates may impact the yield, with higher vacancy rates resulting in lower yields. An increase in future rental income may be linked with higher expenses. If the remaining lease term increases, the yield may decrease.



# Notes to the Financial Statements

For the year ended 31 March 2018

## 18 INVESTMENT PROPERTIES *(Continued)*

The following amounts have been recognised in the consolidated statement of profit or loss:

	2018 US\$'000	2017 US\$'000
Rental income	718	711
Direct operating expenses arising from investment properties that generate rental income	(167)	(236)
	<b>551</b>	475

At 31 March 2018, the Group has future aggregate minimum rental receivables under non-cancellable operating leases as follows:

	2018 US\$'000	2017 US\$'000
No later than one year	643	400
Later than one year and no later than five years	622	283
	<b>1,265</b>	683

# Notes to the Financial Statements

For the year ended 31 March 2018

## 18 INVESTMENT PROPERTIES (Continued)

Particulars of the Group's investment properties at fair values as at 31 March 2018 and 2017 are as follows:

	Location	Tenure/Expiry of lease	Uses	2018 US\$'000	2017 US\$'000
1	No. 25, Rawang Integrated Industrial Park, Jalan Batu Arang, 48000 Rawang, Selangor Darul Ehsan, Malaysia	Freehold	Office building and single storey factory building	4,659	4,001
2	No. 37-06, Prince Street, Flushing NY 11354, the USA	Freehold	Commercial building	3,600	3,480
3	PT12917 HS(D) 103390 (Ground Floor) Putra Indah A, Putra Nilai, 71800 Nilai, Negeri Sembilan Darul Khusus, Malaysia	Freehold	Commercial building	67	59
4	V5-09-05, Block 5, Sri Palma Villa, Jalan KL-Seremban, Bandar University Teknologi Lagenda, 71700 Mantin, Negeri Sembilan Darul Khusus, Malaysia	Freehold	Residential building (1 unit of service apartment)	16	14
5	No. 3, Lorong Kilang F, Kelombong, 88450 Kota Kinabalu, Sabah, Malaysia	Leasehold / 2920	Office building	1,942	1,696
6	Lot 22, Jalan Sultan Mohamed 4, Taman Perindustrian Bandar Sultan Sulaiman, 42000 Pelabuhan Klang Utara, Selangor Darul Ehsan, Malaysia	Leasehold / 2105	Warehouse	2,977	2,577
7	AR09-F3A0, Ara Ria 09, Jalan UTL 9, Bandar University Teknologi Lagenda, 71700 Mantin, Negeri Sembilan Darul Khusus, Malaysia	Leasehold / 2099	Residential building	16	14
8	59-1-2, Jalan TMR 2, Taman Melaka Raya, 75000 Melaka, Malaysia	Leasehold / 2094	Commercial building	300	248
9	No. 76 Jalan Universiti, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia	Leasehold / 2063	Office building	2,860	2,498
				<b>16,437</b>	<b>14,587</b>

# Notes to the Financial Statements

For the year ended 31 March 2018

## 19 INTANGIBLE ASSETS

	Archives, mastheads and publishing rights US\$'000	Computer softwares US\$'000	Broadcast licence US\$'000	Sub-total US\$'000	Goodwill US\$'000 (note (b))	Total US\$'000
<b>At 1 April 2016</b>						
Cost	23,261	6,380	–	29,641	54,524	84,165
Accumulated amortisation and impairment provision	(12,425)	(4,241)	–	(16,666)	(13,983)	(30,649)
Net book amount	10,836	2,139	–	12,975	40,541	53,516
<b>Year ended 31 March 2017</b>						
Opening net book amount	10,836	2,139	–	12,975	40,541	53,516
Additions	–	398	138	536	–	536
Reclassifications from property, plant and equipment	–	37	–	37	–	37
Amortisation expense (note (a))	(363)	(630)	(47)	(1,040)	–	(1,040)
Provision for impairment of goodwill	–	–	–	–	(3,603)	(3,603)
Disposals	–	(16)	–	(16)	–	(16)
Currency translation differences	(1,236)	(177)	1	(1,412)	(4,787)	(6,199)
Closing net book amount	9,237	1,751	92	11,080	32,151	43,231
<b>At 31 March 2017</b>						
Cost	21,182	6,191	137	27,510	48,526	76,036
Accumulated amortisation and impairment provision	(11,945)	(4,440)	(45)	(16,430)	(16,375)	(32,805)
Net book amount	9,237	1,751	92	11,080	32,151	43,231
<b>Year ended 31 March 2018</b>						
Opening net book amount	9,237	1,751	92	11,080	32,151	43,231
Additions	–	150	–	150	–	150
Reclassifications from property, plant and equipment	–	18	–	18	–	18
Amortisation expense (note (a))	(365)	(550)	(47)	(962)	–	(962)
Provision for impairment of mastheads (note (c))	(949)	–	–	(949)	–	(949)
Provision for impairment of goodwill	–	–	–	–	(20,709)	(20,709)
Disposal	–	–	–	–	–	–
Currency translation differences	1,271	152	–	1,423	4,661	6,084
Closing net book amount	9,194	1,521	45	10,760	16,103	26,863
<b>At 31 March 2018</b>						
Cost	23,334	6,987	136	30,457	54,995	85,452
Accumulated amortisation and impairment provision	(14,140)	(5,466)	(91)	(19,697)	(38,892)	(58,589)
Net book amount	9,194	1,521	45	10,760	16,103	26,863

# Notes to the Financial Statements

For the year ended 31 March 2018

## 19 INTANGIBLE ASSETS (Continued)

Notes:

- (a) Amortisation expense of US\$962,000 (2017: US\$1,040,000) is included in "Other operating expenses" in the consolidated statement of profit or loss.
- (b) Goodwill acquired through business combination is allocated to cash-generating units ("CGUs") for impairment testing. The allocation is made to those CGUs that are expected to benefit from the business combination.

The carrying amounts of goodwill are allocated to the following CGUs:

	2018 US\$'000	2017 US\$'000
Sin Chew Media Corporation Berhad (note (i))	15,596	31,708
Mulu Press Sdn Bhd	470	411
Sinchew-i Sdn Bhd	37	32
	<b>16,103</b>	<b>32,151</b>

Note:

- (i) 506,667,259 ordinary shares of HK\$0.1 each were deemed to have been issued on 31 March 2008 for the acquisition of certain equity interest in Sin Chew Media Corporation Berhad ("SCMC") from its non-controlling shareholders. The purchase resulted in the Company recording a goodwill of US\$49,018,000 as at 31 March 2008.

The recoverable amount of the SCMC CGU has been determined based on the income approach and discounted cash flow projections approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated without any growth rate. Management determined budgeted gross margin based on past performance and the Group's business plan. The discount rates used are pre-tax and reflect specific risks relating to the CGU. Based on management's assessment, the recoverable amount determined based on the fair value less cost of disposal calculation was lower than that based on the value-in-use calculation.

Key assumptions used for the calculations of the recoverable amount:

	Average print advertising revenue growth rate		Pre-tax discount rate	
	2018	2017	2018	2017
Goodwill of SCMC	-4.5% to -7.5%	0.7% to 1.0%	13.5%	11.2%

The recoverable amount of the SCMC CGU calculated based on the value-in-use calculation was approximately US\$78,562,000, which was lower than the carrying amount of the CGU by approximately US\$20,709,000. This was primarily attributable to weak advertising sentiments and more cautious spending by the advertisers. Hence, as at 31 March 2018, the goodwill in relation to the SCMC CGU was approximately US\$15,596,000 (2017: US\$31,708,000) after a provision for impairment of US\$20,709,000 (2017: US\$3,603,000) and a currency translation gain of US\$4,597,000 (2017: loss of US\$4,728,000) during the year.

Management has assessed that, amongst all assumptions used in the value-in-use calculation, the most sensitive key assumptions are the print advertising revenue growth rate and the pre-tax discount rate which was arrived at based on weighted average cost of capital. If the print advertising revenue growth rate had been 1% lower than management's estimation, or the pre-tax discount rate applied to the cash flow projections had been 1% higher than the management's estimation, further provision for impairment of the goodwill of US\$10,868,000 or US\$4,204,000 respectively would need to be made by the Group.

- (c) Mastheads represented the printing rights of certain publications owned by the Group. During the year, management considered that as some publications have been loss-making and the relevant operations were either terminated during the year or planned to be terminated in the foreseeable future, so the recoverable amount of the related mastheads with carrying value of US\$949,000 were determined to be nil. As a result, a provision for impairment amounted to US\$949,000 was recognised.

# Notes to the Financial Statements

For the year ended 31 March 2018

## 20 DEFERRED INCOME TAX

The analysis of deferred income tax assets and liabilities is as follows:

	2018 US\$'000	2017 US\$'000
Deferred income tax assets:		
to be recovered within 12 months	(23)	(29)
to be recovered after 12 months	(220)	(197)
	<b>(243)</b>	<b>(226)</b>
Deferred income tax liabilities:		
to be settled within 12 months	714	810
to be settled after 12 months	6,691	7,812
	<b>7,405</b>	<b>8,622</b>
Deferred income tax liabilities, net	<b>7,162</b>	<b>8,396</b>

Movements in net deferred income tax liabilities are as follows:

	2018 US\$'000	2017 US\$'000
<b>At 1 April</b>	<b>8,396</b>	<b>9,681</b>
Credited to the consolidated statement of profit or loss (Note 10)	(2,036)	(459)
Currency translation differences	802	(826)
<b>At 31 March</b>	<b>7,162</b>	<b>8,396</b>

# Notes to the Financial Statements

For the year ended 31 March 2018

## 20 DEFERRED INCOME TAX (Continued)

The components of deferred income tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements (prior to offsetting of the balances within the same tax jurisdiction) during the year are as follows:

	Accelerated tax depreciation US\$'000	Provision for impairment and write-off of trade and other receivables US\$'000	Provision for employee benefits and other liabilities US\$'000	Decelerated tax depreciation US\$'000	Tax losses US\$'000	Revaluation on other properties US\$'000	Deferred revenue US\$'000	Total US\$'000
<b>At 1 April 2016</b>	11,263	(57)	(1,507)	(24)	(51)	653	(596)	9,681
(Credited)/charged to the consolidated statement of profit or loss	(632)	12	136	10	9	4	2	(459)
Currency translation differences	(1,037)	1	171	–	–	(32)	71	(826)
<b>At 31 March 2017</b>	9,594	(44)	(1,200)	(14)	(42)	625	(523)	8,396
<b>At 1 April 2017</b>	9,594	(44)	(1,200)	(14)	(42)	625	(523)	8,396
(Credited)/charged to the consolidated statement of profit or loss	(2,004)	–	67	(7)	16	(68)	(40)	(2,036)
Currency translation differences	982	(2)	(158)	–	–	55	(75)	802
<b>At 31 March 2018</b>	8,572	(46)	(1,291)	(21)	(26)	612	(638)	7,162

Deferred income tax assets are recognised for tax loss carried-forwards to the extent that the realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of US\$82,527,000 (2017: US\$76,594,000) to be carried forward to offset against future taxable income. Losses amounting to US\$14,482,000 (2017: US\$15,562,000) will expire within 5 years. Losses amounting to US\$25,912,000 (2017: US\$23,535,000) will expire between 6 and 20 years. The remaining tax losses amounting to US\$42,133,000 (2017: US\$37,497,000) can be carried forward indefinitely.

## 21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 US\$'000	2017 US\$'000
Listed equity securities in Hong Kong, at market value	361	346

Note:

The listed equity securities were designated as financial assets at fair value through profit or loss at inception. The fair values of the listed equity securities were based on their current bid prices in an active market. Fair value gains on the listed equity securities, net at 31 March 2018 of US\$18,000 (2017: US\$7,000) were included under "Other gains/(losses), net" in the consolidated statement of profit or loss.

# Notes to the Financial Statements

For the year ended 31 March 2018

## 22 FINANCIAL INSTRUMENTS BY CATEGORY

Assets	Loans and receivables US\$'000	Assets at fair value through profit or loss US\$'000	Available- for-sale US\$'000	Total US\$'000
Available-for-sale financial assets (Note 13)	–	–	9,075	9,075
Trade and other receivables excluding prepayments	38,134	–	–	38,134
Financial assets at fair value through profit or loss (Note 21)	–	361	–	361
Short-term bank deposits (Note 25)	18,312	–	–	18,312
Cash and cash equivalents (Note 25)	101,923	–	–	101,923
Other non-current financial assets	129	–	–	129
<b>At 31 March 2018</b>	<b>158,498</b>	<b>361</b>	<b>9,075</b>	<b>167,934</b>
Available-for-sale financial assets (Note 13)	–	–	97	97
Trade and other receivables excluding prepayments	35,889	–	–	35,889
Financial assets at fair value through profit or loss (Note 21)	–	346	–	346
Short-term bank deposits (Note 25)	10,086	–	–	10,086
Cash and cash equivalents (Note 25)	79,946	–	–	79,946
<b>At 31 March 2017</b>	<b>125,921</b>	<b>346</b>	<b>97</b>	<b>126,364</b>

Liabilities	Financial liabilities at amortised cost 2018 US\$'000	2017 US\$'000
Bank and other borrowings (Note 27)	68,447	53,376
Trade and other payables excluding non-financial liabilities	27,476	26,586
	<b>95,923</b>	<b>79,962</b>

## 23 INVENTORIES

	2018 US\$'000	2017 US\$'000
Raw materials and consumables	16,201	18,935
Finished goods	1,447	983
	<b>17,648</b>	<b>19,918</b>

Raw materials and consumables recognised as expenses and included in "Cost of goods sold" amounted to US\$44,493,000 (2017: US\$51,376,000).

# Notes to the Financial Statements

For the year ended 31 March 2018

## 24 TRADE AND OTHER RECEIVABLES

	2018 US\$'000	2017 US\$'000
Trade receivables ( <i>note</i> )	36,796	35,199
Less: provision for impairment of trade receivables	(2,290)	(2,294)
Trade receivables, net	34,506	32,905
Deposits and prepayments	7,599	6,139
Other receivables	2,715	2,195
	44,820	41,239

As at 31 March 2018 and 2017, the fair values of trade and other receivables approximated the carrying amounts.

*Note:* The Group allows in general a credit period ranging from 7 to 120 days to its trade customers.

As at 31 March 2018 and 2017, the ageing analysis of the trade receivables (including amounts due from related parties of trading in nature) based on invoice date is as follows:

	2018 US\$'000	2017 US\$'000
1 to 60 days	24,134	22,320
61 to 120 days	7,358	7,934
121 to 180 days	2,019	1,260
Over 180 days	3,285	3,685
	36,796	35,199

The carrying amounts of the trade receivables were denominated in the following currencies:

	2018 US\$'000	2017 US\$'000
RM	22,512	20,474
HK\$	8,996	9,025
CAD	2,817	3,077
RMB	452	905
US\$	1,621	1,327
Other currencies	398	391
	36,796	35,199

The Group has trade receivables from customers engaged in various industries and which are not concentrated in any specific geographical area. Credit risk concentration with respect to trade receivables is mitigated by the Group's large customer base.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers are monitored on an ongoing basis to reduce the Group's exposure to bad debts. The credit period for trade receivables, depending on the business area, ranges from 7 days to 120 days.



# Notes to the Financial Statements

For the year ended 31 March 2018

## 24 TRADE AND OTHER RECEIVABLES (Continued)

Note: (Continued)

As at 31 March 2018, trade receivables that were neither past due nor impaired amounted to US\$21,828,000 (2017: US\$20,356,000), which represented about 63% (2017: 62%) of the net trade receivables balance. These balances related to a wide range of customers for whom there were good trade records without default history. Based on past experience and the credit quality of the customers, there is no evidence of impairment in respect of these balances and the balances are considered fully recoverable.

As at 31 March 2018 and 2017, the ageing analysis of the net trade receivables (including amounts due from related parties of trading in nature) that were past due but not impaired is as follows:

	2018 US\$'000	2017 US\$'000
Overdue by:		
1 to 60 days	9,306	9,387
61 to 120 days	2,142	1,691
121 to 180 days	294	414
Over 180 days	936	1,057
	<b>12,678</b>	<b>12,549</b>

During the year ended 31 March 2018, the Group has recognised a net loss of US\$106,000 (2017: US\$361,000) for the impairment of its trade receivables and directly written back an amount of US\$31,000 (2017: written off US\$439,000). The individually impaired receivables mainly related to customers that were in unexpected difficult economic situations. These are included in "Selling and distribution expenses" in the consolidated statement of profit or loss.

As at 31 March 2018, trade receivables amounted to US\$2,290,000 (2017: US\$2,294,000) were past due and fully impaired.

Movements in the provision for impairment of trade receivables are as follows:

	2018 US\$'000	2017 US\$'000
<b>At 1 April</b>	<b>2,294</b>	<b>2,132</b>
Provision for impairment of receivables	600	821
Receivables written off against allowance	(281)	(54)
Allowance reversed	(494)	(460)
Currency translation differences	171	(145)
<b>At 31 March</b>	<b>2,290</b>	<b>2,294</b>

The creation and release of provision for impairment of receivables have been included in "Selling and distribution expenses" in the consolidated statement of profit or loss. Amounts in the allowance account are generally utilised to write off receivables when there is no expectation of further recovery.

The Group holds deposits and bank guarantees of US\$2,096,000 (2017: US\$1,622,000) and US\$4,697,000 (2017: US\$4,916,000) respectively provided by the customers as security for certain trade receivables with a carrying amount of US\$5,740,000 (2017: US\$4,581,000). Other than that, the Group does not hold any collateral as security.

The deposits and other receivables were neither past due nor impaired.

The maximum exposure to credit risk at the reporting date is the carrying amounts of each class of receivables mentioned above.

# Notes to the Financial Statements

For the year ended 31 March 2018

## 25 CASH AND CASH EQUIVALENTS AND SHORT-TERM BANK DEPOSITS

	2018 US\$'000	2017 US\$'000
Cash at bank and on hand	38,675	35,269
Short-term bank deposits (maturity date within 3 months)	63,248	44,677
Cash and cash equivalents	101,923	79,946
Short-term bank deposits (maturity date over 3 months)	18,312	10,086
	120,235	90,032

The carrying amounts of the cash and cash equivalents and short-term bank deposits were denominated in the following currencies:

	2018 US\$'000	2017 US\$'000
RM	86,080	58,824
HK\$	20,942	17,787
US\$	6,660	5,767
CAD	3,664	4,399
RMB	1,170	1,361
Other currencies	1,719	1,894
	120,235	90,032

The effective interest rates on short-term bank deposits ranged from 0.91% to 4.10% per annum during the year ended 31 March 2018 (2017: 0.78% to 3.73%); the maturity dates of these deposits ranged from 3 to 184 days (2017: 3 to 184 days).

# Notes to the Financial Statements

For the year ended 31 March 2018

## 26 TRADE AND OTHER PAYABLES

	2018 US\$'000	2017 US\$'000
Trade payables ( <i>note</i> )	12,750	11,474
Accrued charges and other payables	20,560	19,954
Receipts in advance	18,443	15,206
	<b>51,753</b>	<b>46,634</b>

As at 31 March 2018 and 2017, the fair values of trade and other payables approximated the carrying amounts.

*Note:* As at 31 March 2018 and 2017, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date is as follows:

	2018 US\$'000	2017 US\$'000
1 to 60 days	9,051	8,820
61 to 120 days	3,184	2,434
121 to 180 days	49	91
Over 180 days	466	129
	<b>12,750</b>	<b>11,474</b>

## 27 BANK AND OTHER BORROWINGS

	2018 US\$'000	2017 US\$'000
<b>Current</b>		
Short-term bank borrowings ( <i>note (a)</i> )	10,202	2,506
Medium-term notes (unsecured) ( <i>note (b)</i> )	58,245	–
	<b>68,447</b>	<b>2,506</b>
<b>Non-current</b>		
Medium-term notes (unsecured) ( <i>note (b)</i> )	–	50,870
<b>Total bank and other borrowings</b>	<b>68,447</b>	<b>53,376</b>

# Notes to the Financial Statements

For the year ended 31 March 2018

## 27 BANK AND OTHER BORROWINGS (Continued)

Notes:

(a) Short-term bank borrowings

	2018 US\$'000	2017 US\$'000
Secured	4,346	1,636
Unsecured	5,856	870
	<b>10,202</b>	<b>2,506</b>

The carrying amounts of the short-term bank borrowings were denominated in the following currencies:

	2018 US\$'000	2017 US\$'000
RM	5,856	870
US\$	524	349
HK\$	3,822	1,287
	<b>10,202</b>	<b>2,506</b>

As at 31 March 2018 and 2017, the fair values of the short-term bank borrowings approximated the carrying amounts.

(b) Medium-term notes

	2018 US\$'000	2017 US\$'000
4.80% notes due on 24 February 2019	<b>58,245</b>	<b>50,870</b>

On 25 February 2014, the Company issued two tranches of RM225,000,000 each of medium-term notes. The first tranche medium-term notes had an annual coupon rate of 4.58% and matured on 24 February 2017. The second tranche medium-term notes have an annual coupon rate of 4.80% and will mature on 24 February 2019.

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

The carrying amounts of the remaining medium-term notes were denominated in RM.

As at 31 March 2018 and 2017, the fair values of the medium-term notes approximated the carrying amounts, as the impact of discounting is not significant. The fair values are based on cash flows discounted using the average coupon rate of 4.80% (2017: 4.80%) and the medium-term notes are classified within level 2 of the fair value hierarchy.

# Notes to the Financial Statements

For the year ended 31 March 2018

## 28 OTHER NON-CURRENT LIABILITIES

	2018 US\$'000	2017 US\$'000
Retirement benefit obligations (note)	816	773
Defined benefit plan liabilities (Note 29)	795	442
	1,611	1,215
Current portion of other non-current liabilities	(78)	(26)
	1,533	1,189

Note: Retirement benefit obligations represent the present value of the Group's obligations under the following:

- (i) long service payment and severance payment obligations for its employees in Hong Kong (the "HK LSP/SP"); and
- (ii) an unfunded defined benefit retirement scheme for its eligible employees in Malaysia (the "Malaysia Scheme").

The amounts recognised in the consolidated statement of financial position are as follows:

	2018 US\$'000	2017 US\$'000
Present value of the retirement benefit obligations	816	773

Movements in the retirement benefit obligations during the year are as follows:

	2018 US\$'000	2017 US\$'000
<b>At 1 April</b>	773	841
Current service cost	46	50
Interest cost	3	3
Retirement benefit obligations paid	(141)	(63)
Remeasurements of post-employment benefit obligations	66	2
Currency translation differences	69	(60)
<b>At 31 March</b>	816	773

The amounts recognised in the consolidated statement of profit or loss are as follows:

	2018 US\$'000	2017 US\$'000
Current service cost	46	50
Interest cost	3	3
Total included in employee benefit expense (Note 15)	49	53

# Notes to the Financial Statements

For the year ended 31 March 2018

## 28 OTHER NON-CURRENT LIABILITIES (Continued)

Note: (Continued)

The principal actuarial assumptions used are as follows:

For obligations under the HK LSP/SP:

	2018	2017
Discount rate	2.0%	2.0%
Expected inflation rate	2.5%	2.5%
Expected rate of future salary increases	3.5%	3.5%
Interest on employer balances in the Scheme (Note 29(b))	5.0%	5.0%
Interest on employer balances in the Mandatory Provident Fund Scheme	4.0%	4.0%

For obligations under the Malaysia Scheme:

	2018	2017
Discount rate	4.7%	4.7%
Expected inflation rate	3.0%	3.0%
Expected rate of future salary increases	7.0%	7.0%

## 29 DEFINED BENEFIT PLAN LIABILITIES

The Group operates a number of staff retirement schemes which include a hybrid retirement benefit scheme (the "Scheme") for its employees in Hong Kong.

### (a) The Scheme has three categories of members: Regular Member, Special Member and Defined Benefit ("DB") Member

- |                |   |  |
|----------------|---|--|
| Regular Member | — | defined contribution type of benefits based on accumulated employer's contributions and investment gains and losses thereon.                 |
| Special Member | — | benefits based on salary and service or accumulated employer's contributions with credited investment gains and losses, whichever is higher. |
| DB Member      | — | benefits based on final salary and service only.   |

Regular Members and Special Members are required to contribute monthly at 5% of their basic monthly salaries to the Scheme. The accumulated members' contributions with investment gains and losses thereon will be paid to the members upon their cessation of employment in addition to the benefits described above.

Expected Group's contributions to the Scheme for the year ending 31 March 2019 are US\$40,000.

# Notes to the Financial Statements

For the year ended 31 March 2018

## 29 DEFINED BENEFIT PLAN LIABILITIES *(Continued)*

### (b) Defined benefit scheme for Special Member and DB Member

Pension costs are assessed using the projected unit credit method. The pension costs are charged to the consolidated statement of profit or loss so as to spread the regular costs over the service lives of employees. A full valuation of the defined benefit scheme based on the projected unit credit method has been carried out by Towers Watson Hong Kong Limited, an independent qualified actuary, and the pension costs are charged to the consolidated statement of profit or loss in accordance with its advice.

The amounts recognised in the consolidated statement of financial position are determined as follows:

	2018 US\$'000	2017 US\$'000
Fair value of the plan assets	2,114	2,402
Present value of the defined benefit obligations	(2,909)	(2,844)
Net liabilities in the consolidated statement of financial position (Note 28)	(795)	(442)

Movements in the fair value of the plan assets are as follows:

	2018 US\$'000	2017 US\$'000
<b>At 1 April</b>	<b>2,402</b>	<b>2,989</b>
Group contributions paid	40	49
Interest income	37	33
Scheme administration costs	(90)	(102)
Actual benefits paid	(500)	(670)
Remeasurements on plan assets	246	111
Currency translation differences	(21)	(8)
<b>At 31 March</b>	<b>2,114</b>	<b>2,402</b>

# Notes to the Financial Statements

For the year ended 31 March 2018

## 29 DEFINED BENEFIT PLAN LIABILITIES (Continued)

### (b) Defined benefit scheme for Special Member and DB Member (Continued)

Movements in the present value of the defined benefit obligations are as follows:

	2018 US\$'000	2017 US\$'000
<b>At 1 April</b>	<b>2,844</b>	3,262
Current service costs	66	93
Interest cost	43	35
Actual benefits paid	(500)	(670)
Remeasurements on obligations	484	132
Currency translation differences	(28)	(8)
<b>At 31 March</b>	<b>2,909</b>	2,844

The amounts recognised in the consolidated statement of profit or loss are as follows:

	2018 US\$'000	2017 US\$'000
Current service costs	(66)	(93)
Interest cost	(43)	(35)
Interest income	37	33
Scheme administration costs	(90)	(102)
<b>Total pension costs included in employee benefit expense (Note 15)</b>	<b>(162)</b>	(197)

Movements in the net liabilities recognised in the consolidated statement of financial position are as follows:

	2018 US\$'000	2017 US\$'000
<b>At 1 April</b>	<b>(442)</b>	(273)
Total pension costs recognised in the consolidated statement of profit or loss (Note 15)	(162)	(197)
Remeasurements recognised in other comprehensive income	(238)	(21)
Group contributions paid	40	49
Currency translation differences	7	–
<b>At 31 March</b>	<b>(795)</b>	(442)



# Notes to the Financial Statements

For the year ended 31 March 2018

## 29 DEFINED BENEFIT PLAN LIABILITIES (Continued)

### (b) Defined benefit scheme for Special Member and DB Member (Continued)

The principal actuarial assumptions used are as follows:

	2018	2017
Discount rate	1.8%	1.6%
Expected rate of future salary increases	3.5%	3.5%
Interest on employer balances	5.0%	5.0%

Other disclosure figures for the current and previous years are as follows:

	2018 US\$'000	2017 US\$'000	2016 US\$'000	2015 US\$'000	2014 US\$'000
Present value of the defined benefit obligations	(2,909)	(2,844)	(3,262)	(4,124)	(4,530)
Fair value of the plan assets	2,114	2,402	2,989	3,986	4,479
Net liabilities	(795)	(442)	(273)	(138)	(51)

The plan assets are managed by independent investment managers and are invested in unit trusts based on the long-term benchmark allocation of roughly 70% in equities and 30% in bonds and cash.

## 30 SHARE CAPITAL AND PREMIUM

	Number of ordinary shares	Issued share capital US\$'000	Share premium US\$'000	Total US\$'000
At 31 March 2016 and 2017	1,687,236,241	21,715	54,664	76,379
At 31 March 2018	1,687,236,241	21,715	54,664	76,379

The number of authorised ordinary shares is 2,500 million shares (2017: 2,500 million shares) with a par value of HK\$0.10 per share. All issued shares are fully paid.

# Notes to the Financial Statements

For the year ended 31 March 2018

## 31 CHANGE IN OWNERSHIP INTEREST IN A SUBSIDIARY WITHOUT CHANGE OF CONTROL

On 2 June 2017, Ming Pao Enterprise Corporation Limited, a wholly-owned subsidiary of the Company, acquired the remaining 2.22% of the issued share capital of Mingpao.com Holdings Limited ("MPCH") for a consideration of US\$270,000. The carrying amount of the non-controlling interests in MPCH on the date of acquisition was US\$429,000. MPCH became a wholly-owned subsidiary of the Company upon completion of this transaction.

The Group recognised a decrease in non-controlling interests of US\$429,000 and an increase in equity attributable to owners of the Company of US\$159,000. The effect of the change in the ownership interest of MPCH on the equity attributable to owners of the Company during the year is summarised as follows:

	2018 US\$'000	2017 US\$'000
Carrying amount of non-controlling interests acquired	429	–
Consideration paid to non-controlling interests	(270)	–
Gain from the equity transaction recognised within equity	159	–

## 32 OTHER RESERVES

	Capital redemption reserve US\$'000	Exchange fluctuation reserve US\$'000	Employee share-based payment reserve US\$'000	Merger reserve US\$'000	Available- for-sale financial asset reserve US\$'000	Other reserves US\$'000	Total US\$'000
<b>At 1 April 2016</b>	183	(15,877)	456	(92,647)	–	170	(107,715)
Currency translation differences	–	(18,551)	–	–	–	–	(18,551)
<b>At 31 March 2017</b>	183	(34,428)	456	(92,647)	–	170	(126,266)
<b>At 1 April 2017</b>	183	(34,428)	456	(92,647)	–	170	(126,266)
Currency translation differences	–	21,591	–	–	–	–	21,591
Fair value change on available-for-sale financial assets	–	–	–	–	4,295	–	4,295
<b>At 31 March 2018</b>	183	(12,837)	456	(92,647)	4,295	170	(100,380)

## 33 RETAINED EARNINGS

- Movements in the Group's retained earnings for the years ended 31 March 2018 and 2017 are presented in the consolidated statement of changes in equity on pages 95 and 96.
- Movements in the Company's retained earnings for the years ended 31 March 2018 and 2017 are presented in Note 40(b).

# Notes to the Financial Statements

For the year ended 31 March 2018

## 34 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Cash generated from operations

	2018 US\$'000	2017 US\$'000
Operating (loss)/profit	(4,160)	25,152
Fair value gains on financial assets at fair value through profit or loss, net	(18)	(7)
Fair value gains on investment properties, net (Note 18)	(239)	(558)
Depreciation of property, plant and equipment (Note 17)	8,154	8,681
Amortisation of intangible assets (Note 19)	962	1,040
Provision for impairment and write-off of trade and other receivables	75	800
Provision for impairment and write-off of inventories	268	162
Dividend income	(16)	(15)
Interest income	(2,443)	(3,189)
Provision for impairment of property, plant and equipment	5,146	35
Provision for impairment of intangible assets	949	–
Provision for impairment of goodwill	20,709	3,603
Deemed disposal gain on interest in an associate	(2,716)	–
Gains on disposal of property, plant and equipment, net	(19)	(3)
Losses on disposal of intangible assets	–	16
Pension costs — defined benefit plans	162	197
Retirement benefit obligations	49	53
Operating profit before working capital changes	26,863	35,967
Changes in working capital		
Inventories	4,348	958
Trade and other receivables	(727)	6,192
Trade and other payables	1,964	(2,957)
<b>Cash generated from operations</b>	<b>32,448</b>	<b>40,160</b>

# Notes to the Financial Statements

For the year ended 31 March 2018

## 34 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

- (b) In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment, and intangible assets comprised:

	2018 US\$'000	2017 US\$'000
Property, plant and equipment — net book amount (Note 17)	16	33
Gains on disposal of property, plant and equipment, net	19	3
Proceeds from disposal of property, plant and equipment	35	36
	2018 US\$'000	2017 US\$'000
Intangible assets — net book amount (Note 19)	—	16
Losses on disposal of intangible assets	—	(16)
Proceeds from disposal of intangible assets	—	—

- (c) Reconciliation of liabilities arising from financing activities

	As at 31 March 2017 US\$'000	Net cash inflows US\$'000	Non-cash changes Foreign exchange movement US\$'000	As at 31 March 2018 US\$'000
Short-term bank borrowings	2,506	7,195	501	10,202
Medium-term notes	50,870	—	7,375	58,245
Total liabilities from financing activities	53,376	7,195	7,876	68,447

# Notes to the Financial Statements

For the year ended 31 March 2018

## 35 PLEDGE OF ASSETS

As at 31 March 2018 and 2017, none of the Group's assets were pledged to secure any banking facilities.

## 36 CONTINGENCIES

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

## 37 COMMITMENTS

### (a) Capital commitments

Capital commitments outstanding at 31 March 2018 and 2017 are as follows:

	2018 US\$'000	2017 US\$'000
Property, plant and equipment		
Authorised and contracted for	123	192
Authorised but not contracted for	98	390
	<b>221</b>	<b>582</b>

### (b) Operating lease commitments

The Group leases various offices under non-cancellable operating lease agreements. The majority of these lease agreements have terms between one and five years and are renewable at the end of the lease period at market rates.

At 31 March 2018 and 2017, the Group has future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2018 US\$'000	2017 US\$'000
No later than one year	1,752	1,905
Later than one year and no later than five years	1,157	1,102
Later than five years	300	388
	<b>3,209</b>	<b>3,395</b>

# Notes to the Financial Statements

For the year ended 31 March 2018

## 38 RELATED PARTY TRANSACTIONS

### (a) Related party transactions

	2018 US\$'000	2017 US\$'000
Event sponsorship commission paid to a related company (note (a))	9	–
Motor vehicle insurance premiums paid to a related company (note (a))	2	–
Newsprint purchases from a related company (note (a))	13,009	11,984
Provision of broadband internet services by a related company (note (a))	2	–
Provision of engineering professional services by a related company (note (a))	46	–
Purchase of a motor vehicle from a related company (note (a))	–	25
Purchases of air tickets from a related company (note (a))	8	50
Purchases of honey from a related company (note (a))	2	63
Rental expenses paid to related companies (note (a))	87	86
Advertising income received from related companies (note (a))	(11)	(4)
Commission received from sales of honey from a related company (note (a))	(5)	–
Content providing income received from a joint venture	–	(1)
Photo licensing income received from an associate	(2)	–
Provision of accounting and administrative services to related companies (note (a))	(16)	(16)
Provision of accounting service to an associate	(156)	(112)
Provision of air ticketing and accommodation arrangement services to related companies (note (a))	(42)	(42)
Rental income received from a related company (note (a))	(2)	(4)
Scrap sales of old newspapers and magazines to a related company (note (a))	(1,036)	(1,382)

Notes:

- (a) Certain shareholders and directors of the Company are shareholders and/or directors of these related companies.
- (b) All the transactions above have been entered into in the normal course of business and have been charged at predetermined rates agreed mutually by the parties involved.

# Notes to the Financial Statements

For the year ended 31 March 2018

## 38 RELATED PARTY TRANSACTIONS *(Continued)*

### (b) Key management compensation

Key management comprised members of the Group's executive committees, some of whom are directors of the Company. The compensation paid or payable to the key management for employee services is shown below:

	2018 US\$'000	2017 US\$'000
Directors' fees, basic salaries, bonuses, other allowances and benefits in kind	2,021	2,439
Employer's contributions to pension schemes	119	140
	<b>2,140</b>	<b>2,579</b>

### (c) Year-end balances with related parties

	2018 US\$'000	2017 US\$'000
Receivables from related companies	18	27
Payables to related companies ( <i>note</i> )	(689)	(871)

*Note:* The payables to related companies mainly arose from purchases of newsprint from a related company. The payables are unsecured, interest-free and repayable on demand.

### (d) Ultimate controlling party

The ultimate controlling party of the Group is Tan Sri Datuk Sir TIONG Hiew King, who is a non-executive director and a controlling shareholder holding an aggregate equity of 50.62% in the Company as at 31 March 2018. Details of the interests held by Tan Sri Datuk Sir TIONG Hiew King in the Company are set out in paragraph (i) "Interests and short positions in the shares, underlying shares and debentures of the Company" on page 81.

# Notes to the Financial Statements

For the year ended 31 March 2018

## 39 PARTICULARS OF PRINCIPAL SUBSIDIARIES

- (a) Particulars of the Company's principal subsidiaries at 31 March 2018 that are incorporated and operate in Hong Kong are as follows:

Name of subsidiary	Paid-up issued/ registered capital	Effective equity interest	Principal activities
Charming Holidays Limited	HK\$1,000,000	100%	Provision of travel and travel related services
Charming Holidays (North America) Limited	HK\$2	100%	Investment holding
Holgain Limited	HK\$20	100%	Property investment
Kin Ming Printing Company Limited	HK\$10,000	100%	Provision of printing services
MCIL Digital Limited	HK\$1	100%	Digital multimedia business
Media2U Company Limited	HK\$101	73.01%	Magazines advertising and operation
MediaNet Advertising Limited	HK\$100	73.01%	Media operation
Ming Pao Education Publications Limited	HK\$1	100%	Digital multimedia business and books publishing
Ming Pao Holdings Limited	HK\$1,000,000	100%	Investment holding and provision of management services
Ming Pao Magazines Limited	HK\$1,650,000	73.01%	Publication of magazines
Ming Pao Newspapers Limited	HK\$2	100%	Publication and distribution of newspapers and periodicals
Ming Pao Publications Limited	HK\$10	100%	Publication and distribution of books
ST Productions Limited	HK\$4,000,003	58.41%	Artiste and events management
Yazhou Zhoukan Limited	HK\$9,500	100%	Publication and distribution of magazines



# Notes to the Financial Statements

For the year ended 31 March 2018

## 39 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

- (b) Particulars of the Company's principal subsidiaries at 31 March 2018 that are incorporated and operate in Malaysia are as follows:

Name of subsidiary	Paid-up issued/ registered capital	Effective equity interest	Principal activities
The China Press Berhad	RM4,246,682	99.75%	Publication of newspapers and provision of printing services
Guang-Ming Ribao Sdn Bhd	RM4,000,000	100%	Publication and distribution of newspapers and provision of electronic commerce services
MCIL Multimedia Sdn Bhd	RM16,500,000	100%	Provision of electronic commerce and multimedia services and organisation of events
Mulu Press Sdn Bhd	RM500,000	100%	Distribution of newspapers and provision of editorial and advertising services
Nanyang Press Holdings Berhad	RM79,466,375	100%	Publication and distribution of newspapers and magazines, investment holding and letting of properties
Nanyang Press Marketing Sdn Bhd	RM1,000,000	100%	Provision of marketing and circulation services of newspapers
Nanyang Siang Pau Sdn Bhd	RM60,000,000	100%	Publication of newspapers and magazines
Sinchew-i Sdn Bhd	RM25,000,000	100%	Investment holding
Sin Chew Media Corporation Berhad	RM151,467,497	100%	Publication and distribution of newspapers and magazines, provision of printing and electronic commerce services

# Notes to the Financial Statements

For the year ended 31 March 2018

## 39 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

- (c) Particulars of the Company's principal subsidiaries at 31 March 2018 that are incorporated outside Hong Kong and Malaysia are as follows:

Name of subsidiary	Place of incorporation/ operation	Paid-up issued/ registered capital	Effective equity interest	Principal activities
Beijing OMG Advertising Company Limited (note (ii))	The People's Republic of China ("PRC") / PRC	RMB30,000,000	73.01%	Magazines operation
Beijing OMG M2U Advertising Company Limited (note (ii))	PRC / PRC	RMB50,000,000	73.01%	Magazines advertising
Beijing Times Resource Technology Consulting Limited (note (i) & (ii))	PRC / PRC	RMB3,000,000	73.01%	Magazines operation
Comwell Investment Limited	The British Virgin Islands ("BVI") / HK	HK\$1	100%	Investment holding
Delta Tour & Travel Services (Canada), Inc.	Canada / Canada	CAD530,000	100%	Provision of travel and travel related services
Delta Tour & Travel Services, Inc.	The United States of America ("USA") / USA	US\$300,500	100%	Provision of travel and travel related services
First Collection Limited	BVI / HK	US\$1	100%	Investment holding
Media Connect Investment Limited	BVI / HK	HK\$1	73.01%	Investment holding
Ming Pao Enterprise Corporation Limited	The Cayman Islands ("CI") / HK	US\$1	100%	Investment holding
Ming Pao Finance Limited	BVI / HK	US\$10	73.01%	Licensing of trademarks
Ming Pao Holdings (Canada) Limited	Canada / Canada	CAD1	100%	Investment holding
Ming Pao Holdings (USA) Inc.	USA / USA	US\$1	100%	Investment holding
Ming Pao Investment (USA) L.P.	USA / USA	US\$150,150	100%	Publication and distribution of newspapers and periodicals

# Notes to the Financial Statements

For the year ended 31 March 2018

## 39 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(c) (Continued)

Name of subsidiary	Place of incorporation/ operation	Paid-up issued/ registered capital	Effective equity interest	Principal activities
Ming Pao Newspapers (Canada) Limited	Canada / Canada	CAD11	100%	Publication and distribution of newspapers and periodicals
One Media Group Limited	CI / HK	HK\$400,900	73.01%	Investment holding
One Media Holdings Limited	BVI / HK	US\$200	73.01%	Investment holding
PT Sinchew Indonesia	Indonesia / Indonesia	US\$1,500,000	80%	Acting as newspaper distribution agent
Sinchew (USA) Inc.	USA / USA	US\$200	100%	Letting of property
Taiwan One Media Group Limited	Taiwan / Taiwan	TWD1,000,000	73.01%	Magazine publishing

Notes:

- (i) Beijing Times Resource Technology Consulting Limited ("TRT") is a domestic enterprise in Mainland China owned legally by a Chinese national, who engages in magazines operation in Mainland China. The Group had entered into contractual arrangements with the legal owner of TRT so that the decision-making rights, operating and financing activities of TRT are ultimately controlled by the Group. The Group is entitled to substantially all of the operating profits and residual benefits generated by TRT. In particular, the legal owner of TRT is required under the contractual arrangements to transfer the interests in TRT to the Group or the Group's designee upon the Group's request at a pre-agreed nominal consideration. In addition, the Group can receive the cash flows derived from the operations of TRT through the levying of service and consultancy fees. The ownership interests in TRT have also been pledged by the legal owner of TRT to the Group. Based on the above, the directors regard TRT as a subsidiary of the Company.

During the years ended 31 March 2018 and 2017, TRT did not generate any revenue. As at 31 March 2018, the total assets of TRT amounted to US\$60,000 (2017: US\$48,000), which represented 0.02% of the total assets of the Group (2017: 0.02%).

- (ii) These subsidiaries have 31 December as their financial accounting year end date, which is not coterminous with that of the Group for the reason of compliance with local regulations.

The table above includes the subsidiaries of the Company which, in the opinion of the directors, principally affected the Group's results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

# Notes to the Financial Statements

For the year ended 31 March 2018

## 40 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

		At 31 March 2018 US\$'000	2017 US\$'000
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Interests in subsidiaries		261,235	310,256
<b>Current assets</b>			
Other receivables		61	44
Cash and cash equivalents		84	84
		<b>145</b>	128
<b>Current liabilities</b>			
Other payables		1,367	2,744
Bank and other borrowings		58,245	–
		<b>59,612</b>	2,744
<b>Net current liabilities</b>		<b>(59,467)</b>	(2,616)
<b>Total assets less current liabilities</b>		<b>201,768</b>	307,640
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		21,715	21,715
Share premium		54,664	54,664
Other reserves	(a)	(7,174)	(44,477)
Retained earnings	(b)	132,563	224,868
<b>Total equity</b>		<b>201,768</b>	256,770
<b>Non-current liabilities</b>			
Bank and other borrowings		–	50,870
		<b>201,768</b>	307,640

The statement of financial position of the Company was approved by the Board of Directors on 30 May 2018 and was signed on its behalf by:

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

**TIONG Kiew Chiong**  
Director

# Notes to the Financial Statements

For the year ended 31 March 2018

## 40 STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Notes:

- (a) Movements in the Company's other reserves for the years ended 31 March 2018 and 2017 are as follows:

	Capital redemption reserve US\$'000	Exchange fluctuation reserve US\$'000	Contributed surplus US\$'000	Total US\$'000
<b>At 1 April 2016</b>	183	(44,305)	26,228	(17,894)
Currency translation differences	–	(26,583)	–	(26,583)
<b>At 31 March 2017</b>	183	(70,888)	26,228	(44,477)
<b>At 1 April 2017</b>	183	(70,888)	26,228	(44,477)
Currency translation differences	–	37,303	–	37,303
<b>At 31 March 2018</b>	183	(33,585)	26,228	(7,174)

The contributed surplus of the Company arose when the Company issued shares in exchange for the shares of subsidiaries being acquired, and represented the difference between the nominal value of the Company's shares issued and the value of net assets of the subsidiaries acquired. Under the Companies Act 1981 of Bermuda, the contributed surplus is distributable to owners of the Company. At the Group level, the contributed surplus is reclassified into its components of reserves of the underlying subsidiaries.

- (b) Movements in the Company's retained earnings for the years ended 31 March 2018 and 2017 are as follows:

	2018 US\$'000	2017 US\$'000
<b>At 1 April</b>	<b>224,868</b>	175,237
Profit for the year	11,984	65,828
Second interim dividend, 2016/2017, paid, US0.36 cents (2015/2016: US0.60 cents)	(6,074)	(10,123)
First interim dividend, 2017/2018, paid, US0.25 cents (2016/2017: US0.36 cents)	(4,218)	(6,074)
Impairment for investments in subsidiaries	(93,997)	–
<b>At 31 March</b>	<b>132,563</b>	224,868

# Additional Compliance Information

## STATUTORY DECLARATION

*Pursuant to Paragraph 4A.16 of the Listing Requirements of Bursa Malaysia Securities Berhad*

I, FU Shuk Kuen, being the person primarily responsible for the financial management of Media Chinese International Limited, do solemnly and sincerely declare that the financial statements and supplementary information set out on pages 91 to 169 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Ordinance (Chapter 11) of the Laws of Hong Kong.

Subscribed and solemnly declared by FU Shuk Kuen  
at Hong Kong  
on 30 May 2018

Before me,

Notary Public

## Five-Year Financial Summary

The results of the Group for the last five financial years are as follows:

	<b>2018</b> <b>US\$'000</b>	<b>For the year ended 31 March</b>			
		2017 US\$'000	2016 US\$'000	2015 US\$'000	2014 US\$'000
Turnover	<b>284,963</b>	302,586	349,126	429,140	468,728
(Loss)/profit attributable to owners of the Company	<b>(11,485)</b>	15,156	26,649	31,429	48,236
Basic (loss)/earnings per share (US cents)	<b>(0.68)</b>	0.90	1.58	1.86	2.86

The assets and liabilities of the Group for the last five financial years are as follows:

	<b>2018</b> <b>US\$'000</b>	<b>As at 31 March</b>			
		2017 US\$'000	2016 US\$'000	2015 US\$'000	2014 US\$'000
Property, plant and equipment	<b>94,253</b>	96,266	114,596	126,909	144,308
Investment properties	<b>16,437</b>	14,587	15,451	15,943	17,144
Intangible assets	<b>26,863</b>	43,231	53,516	59,004	72,920
Deferred income tax assets	<b>243</b>	226	300	723	1,455
Investments accounted for using the equity method	<b>143</b>	731	749	796	2,956
Available-for-sale financial assets	<b>8,979</b>	–	–	–	–
Other non-current financial assets	<b>129</b>	–	–	–	–
<b>Non-current assets</b>	<b>147,047</b>	155,041	184,612	203,375	238,783
Current assets	<b>184,710</b>	153,765	218,328	219,441	224,035
Current liabilities	<b>(121,051)</b>	(50,810)	(115,538)	(73,216)	(86,918)
<b>Net current assets</b>	<b>63,659</b>	102,955	102,790	146,225	137,117
<b>Total assets less current liabilities</b>	<b>210,706</b>	257,996	287,402	349,600	375,900
Non-controlling interests	<b>(4,099)</b>	(3,621)	(5,703)	(6,361)	(7,237)
Bank and other borrowings — non-current portion	<b>–</b>	(50,870)	(57,663)	(121,506)	(137,804)
Deferred income tax liabilities	<b>(7,405)</b>	(8,622)	(9,981)	(11,138)	(12,306)
Other non-current liabilities	<b>(1,533)</b>	(1,189)	(1,031)	(851)	(741)
<b>Equity attributable to owners of the Company</b>	<b>197,669</b>	193,694	213,024	209,744	217,812

# Additional Information

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	(Unaudited)	
	Year ended 31 March	
	2018	2017
	RM'000	RM'000
	(Note)	(Note)
Turnover	1,100,812	1,168,890
Cost of goods sold	(717,120)	(733,058)
<b>Gross profit</b>	<b>383,692</b>	435,832
Other income	30,325	33,624
Other gains/(losses), net	11,249	(1,298)
Selling and distribution expenses	(201,896)	(216,459)
Administrative expenses	(117,292)	(119,517)
Other operating expenses	(42,149)	(21,100)
Operating profit before provision for impairment of goodwill	63,929	111,082
Provision for impairment of goodwill	(80,000)	(13,918)
<b>Operating (loss)/profit</b>	<b>(16,071)</b>	97,164
Finance costs	(10,789)	(18,589)
Share of post-tax results of joint ventures and associates	306	1,680
<b>(Loss)/profit before income tax</b>	<b>(26,554)</b>	80,255
Income tax expense	(20,594)	(29,297)
<b>(Loss)/profit for the year</b>	<b>(47,148)</b>	50,958
<b>(Loss)/profit attributable to:</b>		
Owners of the Company	(44,368)	58,549
Non-controlling interests	(2,780)	(7,591)
	<b>(47,148)</b>	50,958
<b>(Loss)/earnings per share attributable to owners of the Company</b>		
Basic (sen)	(2.63)	3.48
Diluted (sen)	(2.63)	3.48

Note: The presentation currency of these consolidated financial statements is US\$. Additional information in RM for the year ended 31 March 2018 with comparatives are shown for reference only and have been made at the same exchange rate of US\$1 to RM3.8630 ruling at 31 March 2018. This translation should not be construed as a representation that the US\$ amounts actually represented have been, or could be, converted into RM at this or any other rate.



# Additional Information

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited)	
	Year ended 31 March	
	2018	2017
	RM'000	RM'000
	(Note)	(Note)
<b>(Loss)/profit for the year</b>	<b>(47,148)</b>	<b>50,958</b>
<b>Other comprehensive income/(loss)</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Currency translation differences	83,614	(70,840)
Fair value change on available-for-sale financial assets	22,726	–
<b>Item that will not be reclassified subsequently to profit or loss:</b>		
Remeasurements of post-employment benefit obligations	(1,174)	(89)
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b>105,166</b>	<b>(70,929)</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>58,018</b>	<b>(19,971)</b>
<b>Total comprehensive income/(loss) for the year attributable to:</b>		
Owners of the Company	54,498	(12,102)
Non-controlling interests	3,520	(7,869)
	<b>58,018</b>	<b>(19,971)</b>

*Note:* The presentation currency of these consolidated financial statements is US\$. Additional information in RM for the year ended 31 March 2018 with comparatives are shown for reference only and have been made at the same exchange rate of US\$1 to RM3.8630 ruling at 31 March 2018. This translation should not be construed as a representation that the US\$ amounts actually represented have been, or could be, converted into RM at this or any other rate.

# Additional Information

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited)	
	At 31 March	
	2018	2017
	RM'000	RM'000
	(Note)	(Note)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	364,099	371,876
Investment properties	63,496	56,350
Intangible assets	103,772	167,001
Deferred income tax assets	939	873
Investments accounted for using the equity method	552	2,824
Available-for-sale financial assets	34,686	–
Other non-current financial assets	498	–
	<b>568,042</b>	<b>598,924</b>
<b>Current assets</b>		
Inventories	68,174	76,943
Available-for-sale financial assets	371	375
Financial assets at fair value through profit or loss	1,395	1,337
Trade and other receivables	173,140	159,306
Income tax recoverable	5,988	8,240
Short-term bank deposits	70,739	38,962
Cash and cash equivalents	393,729	308,831
	<b>713,536</b>	<b>593,994</b>
<b>Current liabilities</b>		
Trade and other payables	199,922	180,147
Income tax liabilities	2,986	6,351
Bank and other borrowings	264,411	9,681
Current portion of other non-current liabilities	301	100
	<b>467,620</b>	<b>196,279</b>
<b>Net current assets</b>	<b>245,916</b>	<b>397,715</b>
<b>Total assets less current liabilities</b>	<b>813,958</b>	<b>996,639</b>

# Additional Information

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	<b>(Unaudited)</b>	
	<b>At 31 March</b>	
	<b>2018</b>	2017
	<b>RM'000</b>	RM'000
	<b>(Note)</b>	(Note)
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	<b>83,885</b>	83,885
Share premium	<b>211,167</b>	211,167
Other reserves	<b>(387,768)</b>	(487,766)
Retained earnings	<b>856,309</b>	940,953
	<b>763,593</b>	748,239
<b>Non-controlling interests</b>	<b>15,836</b>	13,988
<b>Total equity</b>	<b>779,429</b>	762,227
<b>Non-current liabilities</b>		
Bank and other borrowings	<b>–</b>	196,512
Deferred income tax liabilities	<b>28,607</b>	33,307
Other non-current liabilities	<b>5,922</b>	4,593
	<b>34,529</b>	234,412
	<b>813,958</b>	996,639

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# Additional Information

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited) Attributable to owners of the Company					Non- controlling interests	Total equity
	Share capital RM'000 (Note)	Share premium RM'000 (Note)	Other reserves RM'000 (Note)	Retained earnings RM'000 (Note)	Sub-total RM'000 (Note)		
<b>At 1 April 2016</b>	83,885	211,167	(416,103)	943,961	822,910	22,031	844,941
<b>Profit/(loss) for the year</b>	–	–	–	58,549	58,549	(7,591)	50,958
<b>Other comprehensive (loss)/income</b>							
<b>Item that may be reclassified</b>							
<b>subsequently to profit or loss:</b>							
Currency translation differences	–	–	(71,663)	1,109	(70,554)	(286)	(70,840)
<b>Item that will not be reclassified</b>							
<b>subsequently to profit or loss:</b>							
Remeasurements of post-employment benefit obligations	–	–	–	(97)	(97)	8	(89)
<b>Other comprehensive (loss)/income, net of tax</b>	–	–	(71,663)	1,012	(70,651)	(278)	(70,929)
<b>Total comprehensive (loss)/income for the year ended 31 March 2017</b>	–	–	(71,663)	59,561	(12,102)	(7,869)	(19,971)
<b>Total transactions with owners, recognised directly in equity</b>							
2015/2016 second interim dividend paid	–	–	–	(39,105)	(39,105)	–	(39,105)
2016/2017 first interim dividend paid	–	–	–	(23,464)	(23,464)	–	(23,464)
2015/2016 interim dividend paid by an unlisted subsidiary	–	–	–	–	–	(19)	(19)
2016/2017 interim dividend paid by an unlisted subsidiary	–	–	–	–	–	(155)	(155)
	–	–	–	(62,569)	(62,569)	(174)	(62,743)
<b>At 31 March 2017</b>	83,885	211,167	(487,766)	940,953	748,239	13,988	762,227

# Additional Information

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	(Unaudited) Attributable to owners of the Company					Non- controlling interests RM'000 (Note)	Total equity RM'000 (Note)
	Share capital RM'000 (Note)	Share premium RM'000 (Note)	Other reserves RM'000 (Note)	Retained earnings RM'000 (Note)	Sub-total RM'000 (Note)		
At 1 April 2017	83,885	211,167	(487,766)	940,953	748,239	13,988	762,227
Loss for the year	-	-	-	(44,368)	(44,368)	(2,780)	(47,148)
Other comprehensive income/(loss)							
Items that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	83,406	-	83,406	208	83,614
Fair value change on available-for-sale financial assets	-	-	16,592	-	16,592	6,134	22,726
Item that will not be reclassified subsequently to profit or loss:							
Remeasurements of post-employment benefit obligations	-	-	-	(1,132)	(1,132)	(42)	(1,174)
Other comprehensive income/(loss), net of tax	-	-	99,998	(1,132)	98,866	6,300	105,166
Total comprehensive income/(loss) for the year ended 31 March 2018	-	-	99,998	(45,500)	54,498	3,520	58,018
Total transactions with owners, recognised directly in equity							
2016/2017 second interim dividend paid	-	-	-	(23,464)	(23,464)	-	(23,464)
2017/2018 first interim dividend paid	-	-	-	(16,294)	(16,294)	-	(16,294)
2016/2017 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	(15)	(15)
2017/2018 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	-*	-*
Change in ownership interest in a subsidiary without change of control	-	-	-	614	614	(1,657)	(1,043)
	-	-	-	(39,144)	(39,144)	(1,672)	(40,816)
At 31 March 2018	83,885	211,167	(387,768)	856,309	763,593	15,836	779,429

\* negligible

Note: The presentation currency of these consolidated financial statements is US\$. Additional information in RM for the year ended 31 March 2018 with comparatives are shown for reference only and have been made at the same exchange rate of US\$1 to RM3.8630 ruling at 31 March 2018. This translation should not be construed as a representation that the US\$ amounts actually represented have been, or could be, converted into RM at this or any other rate.

# Additional Information

## CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited)	
	Year ended 31 March	
	2018	2017
	RM'000	RM'000
	(Note)	(Note)
<b>Cash flows from operating activities</b>		
Cash generated from operations	125,347	155,138
Interest paid	(10,971)	(19,477)
Income tax paid	(29,424)	(41,558)
Net cash generated from operating activities	84,952	94,103
<b>Cash flows from investing activities</b>		
Dividends received	1,151	1,800
Increase in short-term bank deposits with original maturity over three months	(31,777)	(38,962)
Interest received	9,437	12,319
Proceeds from disposal of property, plant and equipment	135	139
Purchases of intangible assets	(579)	(2,071)
Purchases of other non-current financial assets	(444)	–
Purchases of property, plant and equipment	(2,870)	(5,153)
Net cash used in investing activities	(24,947)	(31,928)
<b>Cash flows from financing activities</b>		
Dividends paid	(39,758)	(62,569)
Dividends paid to non-controlling interests by an unlisted subsidiary	(15)	(174)
Proceeds from bank and other borrowings	75,286	21,973
Repayments of bank and other borrowings	(47,492)	(210,823)
Transaction with non-controlling interests	(1,043)	–
Net cash used in financing activities	(13,022)	(251,593)
<b>Net increase/(decrease) in cash and cash equivalents</b>	46,983	(189,418)
Cash and cash equivalents at beginning of year	308,831	544,490
Exchange adjustments on cash and cash equivalents	37,915	(46,241)
<b>Cash and cash equivalents at end of year</b>	393,729	308,831

Note: The presentation currency of these consolidated financial statements is US\$. Additional information in RM for the year ended 31 March 2018 with comparatives are shown for reference only and have been made at the same exchange rate of US\$1 to RM3.8630 ruling at 31 March 2018. This translation should not be construed as a representation that the US\$ amounts actually represented have been, or could be, converted into RM at this or any other rate.

# Analysis of Shareholdings

As at 20 June 2018

Authorised share capital	: HK\$250,000,000 divided into 2,500,000,000 ordinary shares of HK\$0.10 each
Issued and paid-up capital	: HK\$168,723,624.10
Class of shares	: ordinary shares of HK\$0.10 each
Voting rights	: one vote per ordinary share

## ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of shareholdings	Number of shareholders	% of shareholders	Number of shares held	% of issued ordinary shares
1 to 99	612	5.82	26,960	—*
100 to 1,000	1,309	12.46	895,960	0.05
1,001 to 10,000	5,426	51.64	26,141,734	1.56
10,001 to 100,000	2,727	25.95	86,955,331	5.15
100,001 to less than 5% of issued shares	431	4.10	857,296,879	50.81
5% and above of issued shares	3	0.03	715,919,377	42.43
TOTAL	10,508	100.00	1,687,236,241	100.00

\* negligible

## DIRECTORS' INTERESTS

### (a) The Company

Name of directors	Direct interest		Indirect interest <sup>(8)</sup>	
	Number of shares	% of issued ordinary shares	Number of shares	% of issued ordinary shares
Tan Sri Datuk Sir TIONG Hiew King	87,109,058	5.16	768,478,690 <sup>(1)</sup> 10,783,034 <sup>(2)</sup>	45.55 0.64
Dato' Sri Dr TIONG Ik King	14,144,189	0.84	252,487,700 <sup>(3)</sup>	14.96
Ms TIONG Choon	2,654,593	0.16	653,320 <sup>(4)</sup> 1,023,632 <sup>(5)</sup>	0.04 0.06
Mr TIONG Kiew Chiong	3,041,039	0.18	—	—
Mr LEONG Chew Meng	80,000	—*	—	—

\* negligible

# Analysis of Shareholdings

As at 20 June 2018

## DIRECTORS' INTERESTS *(Continued)*

### (b) Subsidiary — One Media Group Limited

Name of directors	Direct interest		Indirect interest <sup>(8)</sup>	
	Number of shares	% of issued ordinary shares of One Media	Number of shares	% of issued ordinary shares of One Media
Tan Sri Datuk Sir TIONG Hiew King	—	—	292,700,000	73.01
Dato' Sri Dr TIONG Ik King	—	—	292,700,000	73.01
Ms TIONG Choon	26,000	0.01	—	—

## SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name of shareholders	Direct interest		Indirect interest <sup>(8)</sup>	
	Number of shares	% of issued ordinary shares	Number of shares	% of issued ordinary shares
Tan Sri Datuk Sir TIONG Hiew King	87,109,058	5.16	768,478,690 <sup>(1)</sup> 10,783,034 <sup>(2)</sup>	45.55 0.64
Dato' Sri Dr TIONG Ik King	14,144,189	0.84	252,487,700 <sup>(3)</sup>	14.96
Progresif Growth Sdn Bhd	296,463,556	17.57	—	—
Conch Company Limited	252,487,700	14.96	—	—
Pertumbuhan Abadi Asia Sdn Bhd	1,902,432	0.11	371,407,560 <sup>(6)</sup>	22.01
Seaview Global Company Limited	—	—	252,487,700 <sup>(7)</sup>	14.96

Notes:

- (1) Deemed interested by virtue of his interests in Progresif Growth Sdn Bhd, Conch Company Limited, Ezywood Options Sdn Bhd, Teck Sing Lik Enterprise Sdn Bhd, Madigreen Sdn Bhd, Rimbunan Hijau (Sarawak) Sdn Bhd, Rimbunan Hijau Southeast Asia Sdn Bhd, Pertumbuhan Abadi Asia Sdn Bhd and Tiong Toh Siong Enterprises Sdn Bhd.
- (2) Deemed interested by virtue of his family's interests.
- (3) Deemed interested by virtue of his interest in Conch Company Limited.
- (4) Deemed interested by virtue of her interests in TC Blessed Holdings Sdn Bhd.
- (5) Deemed interested by virtue of her spouse's interests.
- (6) Deemed interested by virtue of its interest in Progresif Growth Sdn Bhd, Madigreen Sdn Bhd, Rimbunan Hijau (Sarawak) Sdn Bhd and Rimbunan Hijau Southeast Asia Sdn Bhd.
- (7) Deemed interested by virtue of its interest in Conch Company Limited.
- (8) The indirect interests of directors and shareholders of the Company presented in the above are calculated pursuant to the Malaysian Companies Act, 2016.



# Analysis of Shareholdings

As at 20 June 2018

## THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORY OR REGISTER OF MEMBERS

No.	Name of shareholders	Number of shares held	% of issued ordinary shares
1	HKSCC Nominees Limited	333,096,763	19.74
2	Progresif Growth Sdn Bhd	296,463,556	17.57
3	Tan Sri Datuk Sir TIONG Hiew King	86,359,058	5.12
4	Ezywood Options Sdn Bhd	75,617,495	4.48
5	Teck Sing Lik Enterprise Sdn Bhd	65,319,186	3.87
6	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board)	63,795,522	3.78
7	Zaman Pemimpin Sdn Bhd	62,300,000	3.69
8	Madigreen Sdn Bhd	52,875,120	3.13
9	Citigroup Nominees (Tempatan) Sdn Bhd (Exempt An for AIA Bhd)	52,223,890	3.10
10	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB Bank for Nustinas Sdn Bhd (MQ0516))	37,290,064	2.21
11	Kinta Hijau Sdn Bhd	34,750,000	2.06
12	UOB Kay Hian Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Insan Anggun Sdn Bhd)	27,274,500	1.62
13	Raya Abadi Sdn Bhd	25,124,065	1.49
14	Suria Kilat Sdn Bhd	24,906,297	1.47
15	Persada Jaya Sdn Bhd	20,235,060	1.20
16	Amanahraya Trustees Berhad (Public Ittikal Sequel Fund)	17,838,000	1.06
17	Globegate Alliance Sdn Bhd	16,750,000	0.99
18	Rimbunan Hijau (Sarawak) Sdn Bhd	15,536,696	0.92
19	HSBC Nominees (Asing) Sdn Bhd (Exempt An for Bank Julius Baer & Co. Ltd. (Singapore Bch))	12,836,000	0.76
20	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad (Exempt An for Deutsche Bank AG Singapore (Maybank SG PWM))	11,144,189	0.66
21	Pertumbuhan Tiasa Sdn Bhd	10,230,945	0.61
22	Amanahraya Trustees Berhad (Public Islamic Select Treasures Fund)	10,219,000	0.61
23	Ms WONG Kieh Nguk	9,520,000	0.56
24	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Datuk TIONG Thai King)	9,080,600	0.54
25	Ms WONG Souk Ming	8,239,300	0.49
26	Roseate Garland Sdn Bhd	7,881,117	0.47
27	Rimbunan Hijau Southeast Asia Sdn Bhd	6,532,188	0.39
28	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB Bank for Mr TIONG Chiong Ong (MQ0517))	6,313,205	0.37
29	Malaysia Nominees (Tempatan) Sendirian Berhad (Great Eastern Life Assurance (Malaysia) Berhad (PAR 1))	6,029,691	0.36
30	Ms WONG Siik Ngik	4,455,000	0.26
		1,410,236,507	83.58

# List of Properties

As at 31 March 2018

The top 10 land and buildings in terms of highest net book amount owned by the Group are as follows:

	Location	Year of acquisition	Tenure/Expiry of lease	Description	Approximate area (Sq ft)	Approximate age of buildings	Carrying amount US\$'000
1	No. 1, Jalan SS7/2, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia	1994	Freehold	Office building and factory building	269,892	24 years	9,731
2	No. 19, Jalan Semangat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia	2008	Leasehold/2059	Office building	150,470	9 years	8,115
3	No. 76, Jalan Universiti, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia	2001	Leasehold/2063	Printing plant	151,769	13 years	5,859
4	No. 25, Rawang Integrated Industrial Park, Jalan Batu Arang, 48000 Rawang, Selangor Darul Ehsan, Malaysia	2002	Freehold	Office building and single storey factory building	132,000	23 years	4,659
5	No. 37-06, Prince Street, Flushing NY 11354, USA	2012	Freehold	Commercial building	3,938	14 years	3,600
6	Lot 22, Jalan Sultan Mohamed 4, Taman Perindustrian Bandar Sultan Sulaiman, 42000 Pelabuhan Klang Utara, Selangor Darul Ehsan, Malaysia	2012	Leasehold/2105	Warehouse	77,024	23 years	2,977
7	No. 76 Jalan Universiti, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia	2001	Leasehold/2063	Office building	40,500	27 years	2,860
8	Workshops 1-16 on 1/F MP Industrial Centre No. 18 Ka Yip Street, Chai Wan, Hong Kong	1992	Leasehold/2047	Storage	33,232	26 years	2,725
9	No. 80, Jalan Riong, 59100 Kuala Lumpur, Malaysia	1976	Freehold	Office building and factory building	42,716	43 years	2,679
10	No. 31, Jalan Lima, Off Jalan Chan Sow Lin, 55200 Kuala Lumpur, Malaysia	1990	Leasehold/2066	Office building and factory building	46,866	10 years	2,666

# Notice of the 28th Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-eighth Annual General Meeting ("AGM") of Media Chinese International Limited will be held at (i) Sin Chew Media Corporation Berhad, Cultural Hall, No. 19, Jalan Semangat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia; and (ii) 15th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong on Tuesday, 14 August 2018 at 10:00 a.m. for the following purposes:

## AGENDA

### AS ORDINARY BUSINESS

- |    |   |                       |
|----|---|-----------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 March 2018 together with the Directors' and Independent Auditor's Reports thereon.                                  | Ordinary Resolution 1 |
| 2. | (a) To approve the payment of Directors' fees for the financial year ended 31 March 2018 in the amount of US\$316,000.  | Ordinary Resolution 2 |
|    | (b) To approve the proposed increase and payment of annual Director's fee of HK\$300,000 to Dato' Sri Dr TIONG Ik King, the Non-executive Chairman for the financial year ending 31 March 2019. | Ordinary Resolution 3 |
| 3. | To re-elect the following Directors who retire pursuant to the Company's Bye-Laws:  |                       |
|    | (i) Tan Sri Datuk Sir TIONG Hiew King   | Ordinary Resolution 4 |
|    | (ii) Ms TIONG Choon   | Ordinary Resolution 5 |
|    | (iii) Mr TIONG Kiew Chiong  | Ordinary Resolution 6 |
|    | (iv) Datuk CHONG Kee Yuon   | Ordinary Resolution 7 |
| 4. | To re-appoint Messrs PricewaterhouseCoopers as auditor of the Company for the ensuing year and to authorise the Directors to fix its remuneration.  | Ordinary Resolution 8 |

### AS SPECIAL BUSINESS

To consider and, if thought fit, pass with or without amendments the following resolutions:

#### 5. ORDINARY RESOLUTION

##### RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"**THAT** approval be and is hereby given to Mr YU Hon To, David who has served as an Independent Non-executive Director ("INED") for a cumulative term of more than nine (9) years, to continue to act as INED of the Company until the conclusion of the next AGM in accordance with the Malaysian Code on Corporate Governance 2017."

Ordinary Resolution 9

# Notice of the 28th Annual General Meeting

## 6. ORDINARY RESOLUTION

### PROPOSED RENEWAL OF AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

**"THAT**, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with specific classes of Related Parties (as set out in Section 2 of Part A of the circular to shareholders dated 13 July 2018), which are necessary for the day-to-day operations of the Company and its subsidiaries, in the ordinary course of business on terms not more favourable than those generally available to the public and are not detrimental to the minority shareholders of the Company;

Ordinary Resolution 10

**THAT** such an approval shall only continue to be in force until whichever is the earliest of:

- (a) the conclusion of the next AGM of the Company at which time it will lapse, unless the mandate is renewed by an ordinary resolution passed at the next AGM;
- (b) the expiration of the period within which the next AGM of the Company is required by any applicable laws or the Bye-Laws of the Company to be held; or
- (c) the date on which the approval set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

AND **THAT** the Directors of the Company be and are hereby authorised to take all steps and to do all such acts and deeds as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

# Notice of the 28th Annual General Meeting

## 7. ORDINARY RESOLUTION

### PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

**“THAT** subject to the rules, regulations, orders made pursuant to the Malaysian Companies Act, 2016 (the “Act”), provisions of the Company’s Bye-Laws, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HK Listing Rules”), the Listing Requirements of Bursa Securities or of any other stock exchange and any other relevant authority or approval for the time being in force or as amended from time to time, and paragraph (a) below, the Directors of the Company be and are hereby authorised to repurchase ordinary shares in the Company’s issued share capital as may be determined by the Directors from time to time through The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), Bursa Securities or any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong, the Stock Exchange and Bursa Securities for this purpose, upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:

Ordinary Resolution 11

- (a) the total number of shares of the Company which may be repurchased pursuant to the approval in the paragraph above shall not exceed 10% of the total number of issued ordinary shares of the Company as at the date of passing this resolution (such total number to be subject to adjustment in the case of any consolidation or subdivision of any of the shares of the Company into a smaller or larger number of shares of the Company after the passing of this resolution), and the said approval shall be limited accordingly;
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings and share premium reserves of the Company at the time of the said purchase(s); and
- (c) the authority conferred by this resolution shall commence immediately upon the passing of this resolution and continue to be in force during the Relevant Period.

For the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next AGM of the Company following the passing of the share buy-back resolution, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM of the Company is required by any applicable laws or the Bye-Laws of the Company to be held; or
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

**THAT** upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to cancel all the shares so purchased pursuant to Rule 10.06(5) of the HK Listing Rules and/or to deal with the shares in any other manner as may be allowed or prescribed by the Act, rules, regulations and orders made pursuant to the Act, the HK Listing Rules and Listing Requirements of Bursa Securities.

**AND THAT** the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the aforesaid purchase(s) of shares with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the best interests of the Company.”

# Notice of the 28th Annual General Meeting

## 8. ORDINARY RESOLUTION

### PROPOSED GENERAL MANDATE TO ISSUE NEW SHARES

#### **"THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved; Ordinary Resolution 12
- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company; (iii) an issue of shares as scrip dividends pursuant to the Bye-Laws of the Company from time to time; or (iv) an issue of shares under any option scheme or similar arrangement for the grant or issue of shares or rights to acquire shares of the Company, shall not exceed 10% of the total number of the issued shares of the Company as at the date of passing this resolution (such total number to be subject to adjustment in the case of any consolidation or subdivision of any of the shares of the Company into a smaller or larger number of shares of the Company after the passing of this resolution), and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution, "Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next AGM of the Company;
  - (ii) the expiration of the period within which the next AGM of the Company is required by any applicable laws or the Bye-Laws of the Company to be held; or
  - (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

"Rights Issue" means an offer of shares open for a period fixed by the Directors of the Company to the holders of the shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company)."

# Notice of the 28th Annual General Meeting

## 9. ORDINARY RESOLUTION

### PROPOSED GENERAL MANDATE RELATING TO AN EXTENSION TO THE GENERAL MANDATE TO ISSUE NEW SHARES

“**THAT** subject to the passing of the resolutions Nos. 11 and 12 set out in the notice convening the meeting, the general mandate granted to the Directors of the Company to allot, issue and deal with additional shares pursuant to resolution No. 12 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the total number of issued shares of the Company repurchased by the Company under the authority granted pursuant to resolution No. 11 set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the total number of issued shares of the Company as the date of the said resolution (such total number to be subject to adjustment in the case of any consolidation or subdivision of any of the shares of the Company into a smaller or larger number of shares of the Company after the passing of this resolution).”

Ordinary Resolution 13

By Order of the Board

**MEDIA CHINESE INTERNATIONAL LIMITED**

**TIN Suk Han**

**TONG Siew Kheng**

*Joint Company Secretaries*

13 July 2018

#### Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one proxy or proxies to attend, participate, speak and vote instead of him. A proxy may but need not be a member of the Company. When a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
2. A member of the Company who is an authorised nominee as defined under the Malaysian Securities Industry (Central Depositories) Act 1991 may appoint at least one (1) proxy (but not more than two proxies) in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. For the purpose of the annual general meeting, the register of members in Hong Kong will be closed on Tuesday, 7 August 2018 to Tuesday, 14 August 2018, both days inclusive, during which no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong share registrar and transfer office, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 6 August 2018. In respect of the shareholders in Malaysia, a depositor in Malaysia shall qualify for the entitlement to attend the annual general meeting only in respect of shares transferred into the depositor’s securities account before 4:00 p.m. on Monday, 6 August 2018.

Shareholders who wish to request for transmission of their shares between the Malaysia Register and Hong Kong Register are advised to take note that request for transmission will be suspended from Tuesday, 7 August 2018 to Tuesday, 14 August 2018, both days inclusive.

# Notice of the 28th Annual General Meeting

4. To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with (i) Malaysia share registrar office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia; or (ii) the Hong Kong head office and principal place of business of the Company at 15th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

5. Explanatory notes on special business:

- (a) For the proposed Ordinary Resolution No. 3, if passed, will empower the Company to increase the amount of Director's fee for the financial year ending 31 March 2019 payable to Dato' Sri Dr TIONG Ik King by HK\$109,800 (equivalent to approximately US\$14,000), from HK\$190,200 to HK\$300,000 per annum.
- (b) For the proposed Ordinary Resolution No. 9, the tenure of Mr YU Hon To, David as an INED shall commence when the Company was dual-listed on Bursa Securities on 30 April 2008. In line with the Malaysian Code on Corporate Governance 2017, the Nomination Committee and the Board had assessed the independence of Mr YU Hon To, David, who has served as an INED for a cumulative term of more than nine years, and recommended him to continue to act as an INED of the Company, based on the following justifications:
- (i) he has fulfilled all the requirements regarding independence of an INED and has provided annual confirmation of independence to the Company pursuant to Rule 3.13 of the HK Listing Rules and Paragraph 1.01 of the Listing Requirements of Bursa Securities. There is no evidence that his tenure has had any impact on his independence;
- (ii) he has professional expertise in audit and finance sector, and detailed knowledge in corporate governance and regulatory matters. He has proven commitment and experience to provide an element of objectivity, independent judgement and balance to the Board for informed and balance decision-makings; and
- (iii) he has exercised due care during his tenure as INED and has discharged his duties with reasonable skill and competence, bringing independent judgement and depth into the Board's decision-making in the interest of the Company and its shareholders.
- (c) The proposed Ordinary Resolution No. 10, if passed, will empower the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties in the ordinary course of business based on normal commercial terms which are not more favourable to the related parties than those generally available to the public which are necessary for the day-to-day operations of the Company and its subsidiaries. Please refer to the circular to shareholders dated 13 July 2018 for more information.
- (d) The detailed information on Ordinary Resolution No. 11 on the proposed renewal of share buy-back mandate is set out in the circular to shareholders dated 13 July 2018 accompanying this Annual Report.
- (e) The Company has not issued any new shares under the general mandate for issuance and allotment of shares up to 10% of the total number of issued shares of the Company, which was approved at the 27th AGM held on 11 August 2017 and which will lapse at the conclusion of the 28th AGM to be held on 14 August 2018. A renewal of this mandate is sought at the 28th AGM under proposed Ordinary Resolution No. 12.

The proposed Ordinary Resolution No. 12, if passed, will authorise the Directors to issue and allot shares up to 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors would consider to be in the interest of the Company. This is to avoid any delay and cost involved in convening a general meeting to approve such an issue of shares. This authority, unless revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

The general mandate, if passed, will provide flexibility to the Directors of the Company to allot and issue shares for any possible fund raising activities, including but not limited to placement of shares, for the purpose of funding future investment, working capital and/or acquisition.



## Media Chinese International Limited

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