

GLOBAL VISION 放眼世界



annual
report 06

星洲 媒體集團

SIN CHEW MEDIA CORPORATION BERHAD

98702-V

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Corporate Profile



Established in 1983 under the name of 'Pemandangan Sinar Sdn Bhd'. Sin Chew Media Corporation Berhad ('SCMC' or 'the Company') was converted to a public limited company on 8 March 2004 and assumed its present name on 7 May 2004. The Company then made its debut on the Main Board of Bursa Malaysia Securities Berhad on 18 October 2004.

The Group is the publisher of two leading Chinese newspapers in Malaysia namely Sin Chew Daily and Guang Ming Daily and other various magazines such as EyeAsia, Bintang Sin Chew, Cahaya Sin Chew and Sinaran Sin Chew.

星洲媒體有限公司是於1983年成立，原名為“朝日報業私人有限公司”。在2004年3月8日轉為公共公司，並自2004年5月7日采用現有名稱至今。本公司隨後於2004年10月18日在大馬股票交易所主要交易板上市。

本集團出版兩份首屈一指的華文報，分別是《星洲日報》和《光明日報》，也出版其他不同品種的雜誌，包括《亞洲眼》、《小星星》、《學海》與《星星》。

《星洲日報》創刊於1929年1月15日。由於一貫的獨立辦報的精神，它累積了高度的公信力並因此而成為一家在大馬深具影響力的媒體。每一天，有超過118萬的馬來西亞人閱讀《星洲日報》，使《星洲日報》不只成為東南亞發行量最高的華文報章，也讓它成為中港台以外最大的華文日報。

在競爭激烈的馬來西亞華文報市場，許多曾經佔有一席之地的報章，都先後倒閉或日漸式微，惟有《星洲日報》，歷經大馬政治、文化和社會變遷，卻能強渡風雨，愈戰愈勇，如今不但穩居報壇領先地位，而且逐步擴大版圖，朝向國際化報業集團的方向邁進。



Group Structure

SIN CHEW MEDIA CORPORATION BERHAD

100%

GUANG-MING RIBAO SDN BHD

100%

MULU PRESS SDN BHD

100%

SIN CHEW-i SDN BHD

100%

MEDIA COMMUNICATIONS SDN BHD





Wong Lee Yun

Ng Chek Yong

Dr. Tiong Ik King

Dato' Liew Chen Chuan

Tan Sri Datuk Tiong Hiew King

Corporate Information

Board of Directors

EXECUTIVE CHAIRMAN

Tan Sri Datuk Diong Hiew King @ Tiong Hiew King

INDEPENDENT NON-EXECUTIVE DEPUTY CHAIRMAN

Dato' Leong Sonny @ Leong Khee Seong

MANAGING DIRECTOR

Dato' Liew Kam Chean @ Liew Chen Chuan

EXECUTIVE DIRECTORS

Siew Nyoke Chow

Sim Sai Hoon

Ng Chek Yong

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. Tiong Ik King

INDEPENDENT NON-EXECUTIVE DIRECTORS

Datuk Patinggi Tan Sri Dr. Wong Soon Kai

Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh

Wong Lee Yun



Dato' Leong Khee Seong

Datuk Patinggi Tan Sri
Dr. Wong Soon Kai

Sim Sai Hoon

Siew Nyoke Chow

Temenggong Datuk Kenneth Kanyan
Anak Temenggong Koh

AUDIT COMMITTEE

Dato' Leong Sonny @ Leong Khee Seong* (*Chairman*)
Wong Lee Yun*
Sim Sai Hoon

REMUNERATION COMMITTEE

Datuk Patinggi Tan Sri Dr. Wong Soon Kai* (*Chairman*)
Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh*
Dato' Liew Kam Chean @ Liew Chen Chuan

NOMINATION COMMITTEE

Dr. Tiong Ik King (*Chairman*)
Datuk Patinggi Tan Sri Dr. Wong Soon Kai*
Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh*

EXECUTIVE COMMITTEE

Dato' Liew Kam Chean @ Liew Chen Chuan (*Chairman*)
Siew Nyoke Chow
Sim Sai Hoon

COMPANY SECRETARIES

Nuruluyun Binti Abdul Jabar
Tong Siew Kheng

AUDITORS

Ernst & Young
Room 300-303, Wisma Bukit Mata Kuching,
93100 Kuching, Sarawak

REGISTERED ADDRESS

No. 19, Jalan Semangat,
46200 Petaling Jaya, Selangor
Tel: 03-7965 8888
Fax: 03-7965 8689

SHARE REGISTRARS

Symphony Share Registrars Sdn. Bhd.
Level 26, Menara Multi-Purpose,
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03-2721 2222
Fax: 03-2721 2530

PRINCIPAL BANKERS

RHB Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
Standard Chartered Bank Malaysia Berhad
Public Bank Berhad
OCBC Bank (Malaysia) Berhad

SOLICITORS

C.H. Yeoh & Yiew

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad

INTERNET HOMEPAGE

www.sinchew-i.com

* Independent Non-Executive Director

Profile of Board of Directors

**Tan Sri Datuk Diong Hiew King @
Tiong Hiew King**
EXECUTIVE CHAIRMAN
丹斯里拿督張曉卿
執行主席



Malaysian, aged 71, is the Executive Chairman of Sin Chew Media Corporation Berhad ("SCMC"). He has been on the Board of SCMC since 1 March 1988.

He is a businessman and entrepreneur with extensive experience in newspaper publishing both in Malaysia and overseas. Through his interests in various public and private companies, his scope of experience expands to other industries including information technology, timber and plantation.

He is currently the Executive Chairman of Rimbunan Sawit Berhad and Rimbunan Hijau Group of Companies. He is also a Chairman of the Board of Trustees of Yayasan Sin Chew and holds directorship in several private limited companies.

His brother, Dr. Tiong Ik King is also a member of the Board of SCMC.

馬公民，現年71歲，星洲媒體集團的執行主席。1988年3月1日起任星洲媒體集團董事。

他是商人兼企業家，擁有豐富的新聞出版業經驗，而且不侷限於本地，也包括了海外的新聞出版業；通過他在其他公共和私人公司的投資，他的專業領域也擴展至資訊工藝、木材和園坵業，涵蓋領域頗廣。

他是常青油棕有限公司和常青集團公司的執行主席、星洲日報基金董事會的信託人，以及多家私人公司的董事。

其幼弟張翼卿醫生，也是星洲媒體集團的董事會成員。

**Dato' Leong Sonny @
Leong Khee Seong**
INDEPENDENT NON-EXECUTIVE
DEPUTY CHAIRMAN
拿督梁棋祥
獨立非執行副主席



Malaysian, aged 67, was appointed as Director and Independent Non-Executive Deputy Chairman of SCMC with effect from 1 September 2004. He serves as the Chairman of the Audit Committee.

He graduated with a degree in Chemical Engineering from the University of New South Wales, Australia. He had a distinguished career with the Government of Malaysia where he served as the Minister of Primary Industries from 1978 to 1986, and was a member of Parliament from 1974 to 1990.

He is currently a Director and Chairman of the Audit Committee of AirAsia Berhad and a Director of TSH Resources Berhad.

馬公民，現年67歲。自2004年9月1日起任星洲媒體集團獨立非執行董事、董事會副主席兼審計委員會主席。

他畢業於澳洲新南威爾斯大學，擁有化學工程學位。他曾在馬來西亞政府部門擔任要職。1974年至1990年間，被選為國會議員；1978年至1986年，任原產業部長。

他目前也是亞洲航空公司的董事兼審計委員會主席，以及陳順風資源有限公司的董事。

**Dato' Liew Kam Chean @
Liew Chen Chuan**
MANAGING DIRECTOR
拿督劉鑑銓
董事經理



Malaysian, aged 68, was appointed as the Executive Director of SCMC on 1 April 1991, and was re-designated as Managing Director effective from 1 September 2004. He serves as the Chairman of the Executive Committee, and is also a member of the Remuneration Committee.

He joined Sin Poh (Star News) Amalgamated Malaysia Sdn Bhd (former publisher of Sin Chew Daily) in 1961 as a reporter, and was made Editor-In-Chief in 1981.

He is currently the member of Advisory Council of the Malaysian National News Agency (BERNAMA), and is also director of several private limited companies.

馬公民，現年68歲，自1991年4月1日起任星洲媒體集團執行董事。2004年4月1日昇任董事經理。他也任執行委員會主席兼薪酬委員會成員。

他於1961年加入報社，任職記者，於1981年昇任為總編輯。

他是馬新社諮詢理事會理事，同時也是數家私人公司的董事。

Datuk Patinggi Tan Sri Dr. Wong Soon Kai
INDEPENDENT NON-EXECUTIVE DIRECTOR
拿督巴丁宜丹斯里黃順開醫生
獨立非執行董事



Malaysian, aged 79, was appointed to the Board of SCMC on 1 September 2004. He serves as the Chairman of the Remuneration Committee, and is a member of the Nomination Committee.

He graduated with M.B.B.S from the University Malaya, Singapore and worked as a Specialist Medical Practitioner for over 20 years and is a member of the FRCS of England and Edinburgh.

He has held several significant State Ministerial positions in Sarawak, and was appointed Deputy Chief Minister of Sarawak from 1994 to 1996. He has been the Science Advisor for the Sarawak Government since 1997.

He is the Chairman of Subur Tiasa Holdings Berhad, and holds directorship in several private limited companies.

馬公民，現年79歲，於2004年9月1日加入星洲媒體集團董事會，任薪酬委員會主席兼任命委員會成員。

他畢業於當年在新加坡的馬來亞大學醫學院。他擁有超過20年的行醫經驗，是英國和愛丁堡FRCS的會員。

他目前是常豐控股有限公司的主席，並任數家私人公司的董事。

Dr. Tiong Ik King
NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR
張翼卿醫生
非獨立非執行董事



Malaysian, aged 56, joined the Board of SCMC on 1 March 1988. He serves as the Chairman of the Nomination Committee.

He graduated with M.B.B.S from the National University of Singapore in 1975 and attained M.R.C.P. from Royal College of Physicians, United Kingdom in 1977.

He joined the Rimbunan Hijau group of companies in 1982, overseeing its operations which include newspaper publishing in Malaysia and overseas, information technology, timber harvesting, timber processing, tree plantation and oil palm plantation.

He is a Director in Jaya Tiasa Holdings Berhad and EON Capital Berhad.

His brother, Tan Sri Datuk Diong Hiew King @ Tiong Hiew King is also a member of the Board of SCMC.

馬公民，現年56歲，自1988年3月1日起任星洲媒體集團董事。現為任命委員會主席。

他於1975年畢業於新加坡大學醫學院，並在1977年考獲英國皇家醫學院的M. R. C. P. 學位。

他於1982年加入常青集團公司，掌管國內外的新聞出版業、資訊工藝、林業、木材加工、造林業及油棕園坵的業務。

他同時也是常成控股有限公司以及國貿資本有限公司的董事。

其長兄丹斯里拿督張曉卿，也是星洲媒體集團的董事會成員。

Profile of Board of Directors *(cont'd)*

Siew Nyoke Chow
EXECUTIVE DIRECTOR

蕭依釗
執行董事



Malaysian, aged 50, is an Executive Director of SCMC. She was appointed to the Board of SCMC on 30 September 1999. She currently holds the position of Group Editor-In-Chief of SCMC. She is also a member of the Executive Committee.

She obtained her High School certificate from Tunku Abdul Rahman College in 1977, and subsequently a certificate of intensive course of journalism in Manila in 1983.

She started her career as a reporter with Sin Poh (Star News) Amalgamated Malaysia Sdn Bhd in 1978. She was appointed Head of Culture & Education Dept in 1992, and subsequently Deputy Chief Editor in 1995. She is currently the Adviser to the World Chinese Culture Research Centre of Fu Dan University, Shanghai and the Special Researcher to the World Chinese Media Research Centre of Beijing University.

She sits on the Board of Yayasan Sin Chew as Trustee, and holds directorship in several private limited companies.

馬公民，現年50歲，自1999年9月30日起任星洲媒體集團董事；現任星洲媒體集團總編輯兼執行委員會成員。

她於1977年在拉曼學院考獲高級劍橋文憑；1983年在馬尼拉完成新聞專業課程。

1978年加入報社。1992年，昇為文教部主任；1995年昇任副總編輯。目前，她除了擔任上海復旦大學世界華人研究中心的顧問外，同時也是北京大學世界華人媒體研究中心的特約研究員。

她是星洲日報基金會的信託人，以及數家私人公司的董事。

Sim Sai Hoon
EXECUTIVE DIRECTOR

沈賽芬
執行董事



Malaysian, aged 47, was appointed as a Director of SCMC on 1 September 2004, and was re-designated as Executive Director on 1 November 2004. She is a member of the Executive Committee and the Audit Committee.

She graduated with a Bachelor of Science (Honours) in Chemistry and Management from University of London and a Post-Graduate Diploma in Chinese from Ealing College, London.

She has significant experience in the setting up of joint venture companies with foreign partners in the manufacturing and utility businesses. She is also a member of the National Association of Women Entrepreneurs, Malaysia and was a member of the National Advisory Council on the Integration of Women in Development.

She sits on the Board of Yayasan Sin Chew and Yayasan Wanita Cemerlang as a Trustee and holds directorship in several private limited companies.

馬公民，現年47歲，於2004年9月1日被委任星洲媒體集團董事，並於同年11月1日任執行董事，她同時也是執行委員會成員兼審計委員會成員。

她是倫敦大學的理學士，主修化學和管理。其後在倫敦艾林(Ealing)學院修讀中文文憑班。

她在製造業和公用事業方面，擁有豐富的經驗。她是馬來西亞婦女企業家協會成員、婦女發展全國諮詢理事。

她是星洲日報基金會和傑出婦女基金會的信託人，並在數家私人公司擔任董事。

Ng Chek Yong
EXECUTIVE DIRECTOR

黃澤榮
執行董事



Malaysian, aged 50, was appointed as a Director of SCMC on 20 July 2006. He is the Chief Executive Officer of Mulu Press Sdn Bhd, a wholly owned subsidiary company of SCMC and the Regional Editor of East Malaysia for Sin Chew Daily.

He begun his career as a reporter/feature writer with a local newspaper in 1979. In 1988, he joined TO-DAY News Sabah as the Chief Reporter. He then took up the position of a reporter in Sin Chew Media Corporation Berhad.

From 1980 to 1988, he was the Secretary-General / Chairman of Sarawak Constellation Poetical Society. And from 1990 to 1991, he was the President of Federation of Sarawak Journalists Association as well as the President of Kuching Division Journalists Association.

He is also a director of several private limited companies.

馬公民，現年50歲，於2006年7月20日被委為星洲媒體集團董事。他是星洲媒體集團獨資子公司一姆祿報業私人有限公司的首席執行員兼星洲日報東馬區主編。

他在高中畢業後，加入當地一家華文報當記者兼專題作者（1979年至1988年）；爾後，於1988年加入沙巴《今日新聞》擔任採訪主任，並於同年轉當《星洲日報》記者。

1980年至1988年間，他擔任砂拉越詩藝協會的秘書；1990年至1991年，他出任砂拉越新聞從業員聯合會會長兼古晉分會會長。

他同時也是數家私人公司的董事。

**Temenggong Datuk Kenneth
Kanyan Anak Temenggong Koh**
INDEPENDENT NON-EXECUTIVE DIRECTOR
天猛公拿督肯勒甘雅安納天猛公柯
獨立非執行董事



Malaysian, aged 64, was appointed to the Board on 1 September 2004. He is a member of the Remuneration Committee and Nomination Committee.

He graduated from the Chartered Institute of Business Administration, Ireland.

He was the Political Secretary to the Chief Minister of Sarawak from 1967 to 1970, a member of Council Negeri Sarawak from 1970 to 1974, the Political Secretary to the Deputy Prime Minister and Prime Minister from 1974 to 1981, and Senator from 1981 to 1987. He was conferred the title of Temenggong for Kapit Division by the State Government of Sarawak in 2003 in recognition of his contribution to the community.

He sits on the Board of Subur Tiasa Holdings Berhad and several private limited companies.

馬公民，現年64歲，於2004年9月1日任獨立非執行董事。他也是薪酬委員會成員兼任命委員會成員。

他畢業於愛爾蘭商業管理學院。

他於1967年至1970年間任職砂拉越首席部長的政治秘書；1970年至1974年，被選為砂拉越州義員；1974年至1981年，任副首相和首相的政治秘書；1981年至1987年，被委為上議員。

為了表揚他對伊班族的貢獻，砂拉越政府於2003年4月24日委任他為加帛省的天猛公，即伊班族的最高領袖。

他同時擔任常豐控股有限公司和數家私人公司的董事。

Wong Lee Yun
INDEPENDENT NON-EXECUTIVE DIRECTOR
黃麗雲
獨立非執行董事



Malaysian, aged 53, was appointed to the Board on 1 September 2004. She is a member of the Audit Committee.

She is a Certified Public Accountant by profession.

She has 10 years experience in investment banking and was a Corporate Finance Manager at Permata Chartered Merchant Bank and Vice President at Chase Manhattan Bank. She was the Chief Executive of Jaya Tiasa Holdings Berhad from 1997 to 2000. She is also a director of several private limited companies.

馬公民，現年53歲，於2004年9月1日加入董事部，是審計委員會的成員之一。

她是專業公共會計師。

她在投資銀行界擁有超過10年的經驗，曾在伯瑪達證券銀行任企業融資經理，也曾任大通銀行的副總裁。她於1997年至2000年間，擔任常成控股有限公司的首席執行員。她同時也是數家私人公司的董事。

Notes:

Conflict of interest

Save for Tan Sri Datuk Diong Hiew King @ Tiong Hiew King, Dato' Leong Sonny @ Leong Khee Seong and Dr. Tiong Ik King, who are related parties in some related party transactions with the Group, the details of which are set out in the circular dated 28 August 2006 and page 26 to 28 of the Annual Report, none of the other Directors has any conflict of interest with the Company.

Conviction of Offences

None of the Directors has been convicted of any offence within the past 10 years other than traffic offences.

Family Relationship

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

注釋：

利益衝突

除了丹斯里拿督張曉卿，拿督梁棋祥和張翼卿醫生有一些相關交易和本集團有關之外，其他董事和公司都沒有利益衝突。上述交易的詳情可參閱常年報告書（第26至28頁）及相關通知書（2006年8月28日）。

犯法定罪

在過去十年內，除了交通違規外，沒有任何的董事有犯法被定罪的情況。

家族關係

除了已經宣佈者以外，沒有其他的董事有任何家族關係，或與公司主要股東有關係。

Chairman's Message

For the Malaysian economy Year 2005 was a moderate year in terms of growth, where the Gross Domestic Product was recorded at only 5.3% compared to 7.1% in 2004.

For Sin Chew Media Corporation Berhad however, the financial year ending 31 March 2006 has proven once again our commitment to meet the expectations of our shareholders, readers, advertisers and employees.

Financial Performance

The total revenue of the Group amounted to RM471.54 million, an increase of 15% from the previous year's achievement, notwithstanding:

- Inflationary pressure as a result of increase in fuel prices and interest rates prevailing,
- Increase in production cost as a result of the hike in newsprint and fuel prices and tariff charges, and
- Generally depressed market conditions.

The Group recorded a profit before tax of RM71.59 million representing an increase of 2 % over the previous financial year. This was caused by, among others, the following two major factors:

- Increase in staff cost as a result of adjustments due to the renewal of the Collective Agreement; and
- Increase in depreciation and amortization costs.

Despite the increase in the profit before tax, the profit after tax recorded RM53.97 million representing a decrease of 10 % from the previous year. This was a result of :

- An increase in tax rates due to lesser reinvestment allowances.

Overall, financial year 2006 was another year of success for the Group, both financially and operationally.

Dividend

Subject to our shareholders' approval, we are pleased to announce that, for the financial year ended 31 March 2006, the Board has recommended a first and final tax exempt dividend of 8.5 sen per share on 302,000,000 ordinary shares, which is 48% of the Profit After Tax.

Challenges

We are fully aware that fast changes in technology have a profound effect on the print media industry. Technology has introduced many new and different delivery media for content. The print media industry, whose primary role as a content provider, will have to respond assertively to such changes and to innovate. Further more, technology has opened the doors to globalization and there are no longer boundaries to the flow of information.

This has impacted us in that we are now competing with not only local players, but also global content providers as well.

Thus to ensure our existence as a print media owner, we have to reassess, reequip and reinvent ourselves to face these challenges. We cannot be complacent. We have to continuously reexamine our business strategies, attract and maintain talent, invest in the latest systems or equipment and update ourselves on the latest techniques in media publishing.

Outlook

The gross domestic product (GDP) of Malaysia in Year 2006 is expected to be in the region of 5.5%. Experts in the advertising sector have projected advertisement expenditure in Malaysia to grow about 5.7% this year compared to 3% in Year 2005. However there are concerns that global economic factors such as continued pressure on oil prices, increase in interest rates and rising newsprint prices could dampen market sentiment.

As such the Group will focus on optimizing our production capacity and resources, and intensifying efforts to increase revenue by adopting a prudent approach in combining business growth with cost control, and enhancing efficiencies to face such challenges.

We will strive to achieve a respectable growth in our revenue in order to maximize shareholders' returns.

Tan Sri Datuk Diong Hiew King @ Tiong Hiew King
Executive Chairman

主席報告

2005年馬來西亞的經濟成長中規中矩，國內生產總值只達5.3%，比不上2004年的7.1%。

不過，星洲媒體集團在截至2006年3月31日的財政年，還能再次兌現了我們對股東、讀者、廣告客戶以及員工的承諾。

財務狀況

儘管情況只是差強人意，和去年比較，本集團4億7千154萬令吉的總營業額，增長了15%。相關情況包括：

- 原油起價和調息所造成的通膨壓力；
- 原油、新聞紙以及運輸費調高所相應提高的生產成本；
- 市場一般性的緊縮現象。

本集團的稅前盈利達到7千159萬令吉，比前一年增長了2%。主要是以下因素造成：

- 續簽雇員集體合約，調整薪金所造成的人力成本增加；
- 折舊和攤銷開支增加

雖然稅前盈利增加了，但由於再投資補貼減少，導致稅後盈利卻比之前一年下降了10%，只取得5千397萬令吉。

整體來說，本集團在2006年財務及營運方面再次取得成就。

股息

我們謹此宣佈，在截至2006年3月31日為止的財政年，董事局建議對3億零2百萬普通股，每股派發8.5仙的免稅股息，佔稅後盈利的48%。

挑戰

我們充份了解到，科技的快速轉化對印刷媒體工業起著重大的影響。技術的使用，亦製造了新的和不同的媒體傳遞方式。印刷媒體工業扮演提供內容和資訊的最重要角色，也必須對所有快速轉化作出應對，并且要不斷的革新。

此外，科技帶來的全球化，將使到資訊的流通再也沒有疆界，這對我們肯定有重大的衝擊。今天，我們的競爭者不再只是本地的同行，而是全球資訊供應者。

為了確保永續經營印刷媒體，我們必須重新進行自我評估、自我充實和再創造，以面對上述挑戰。我們不能自滿，而必須要不斷的檢討我們的商業策略、吸引和留住更多人才、以及投資最新的系統或器材，同時也要掌握媒體出版工業的最新技術。

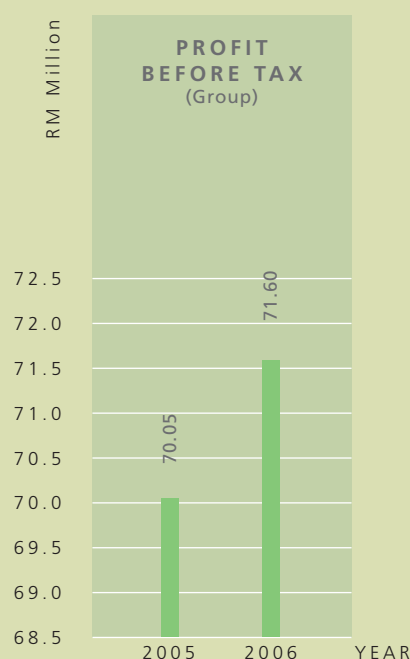
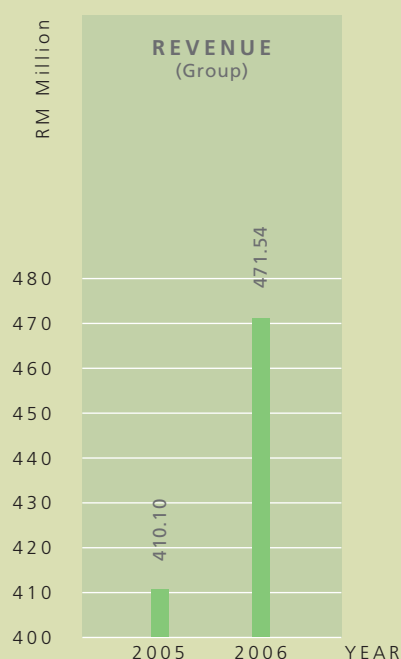
展望

我國在2006年預料國內生產總值可取得5.5%。廣告領域專才預計，與去年的3%比較，今年的廣告開銷預料可成長到5.7%。然而，原油價格的飆升、利率的調升以及新聞紙價格的提高等，都將影響世界的經濟及本地的市場發展。

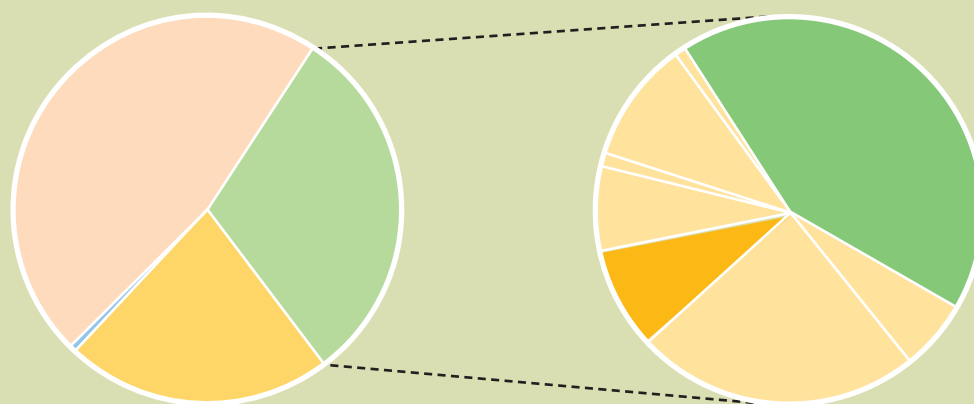
本集團將會集中於提高生產能力和充份善用資源，以及全力提高營業額。同時，我們將會採取擲節的措施、控制成本、提高效率，以達致令人滿意的成長目標，讓股東獲得最高回酬。

執行主席
丹斯里張曉卿

Performance Highlights 業績摘要



SHARE OF NPPs ADEX BY DIFFERENT LANGUAGE



TOTAL ADEX FOR WEST MALAYSIA (RM) : 2,474,667,185

ENGLISH NEWSPAPERS
46.9%

CHINESE NEWSPAPERS
30.4%

SIN CHEW DAILY
13.4%

GUANG MING DAILY
2.4%

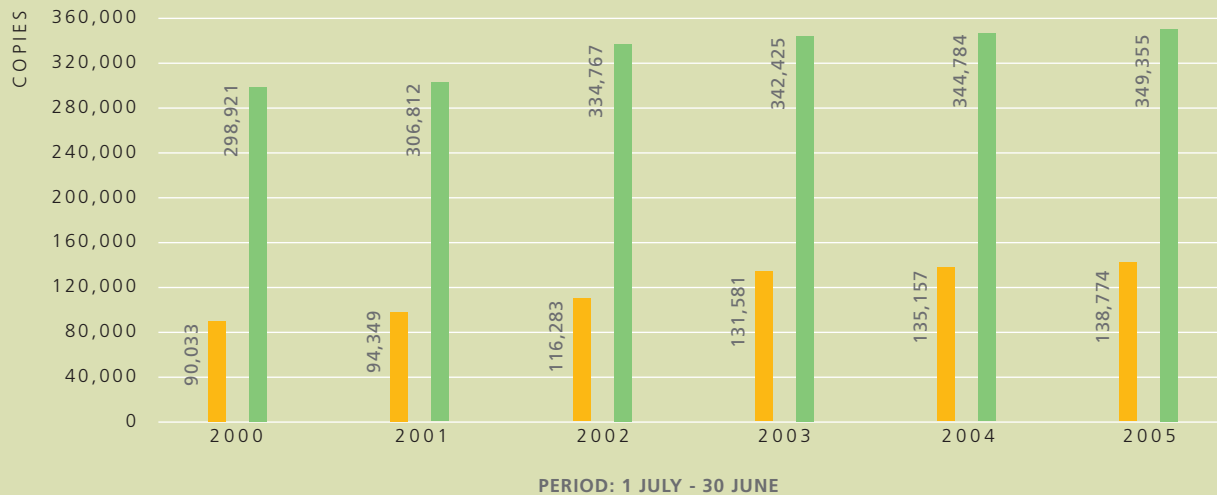
BM NEWSPAPERS
22.2%

TAMIL NEWSPAPERS
0.5%

OTHERS

SOURCE:
NIELSEN MEDIA RESEARCH
- ADEX REPORT
PERIOD: 1 APRIL 05 - 31 MARCH 06

RETURN OF AVERAGE NET SALES / DISTRIBUTION OF CHINESE NEWSPAPERS IN WEST MALAYSIA - DAY AND NIGHT SALES

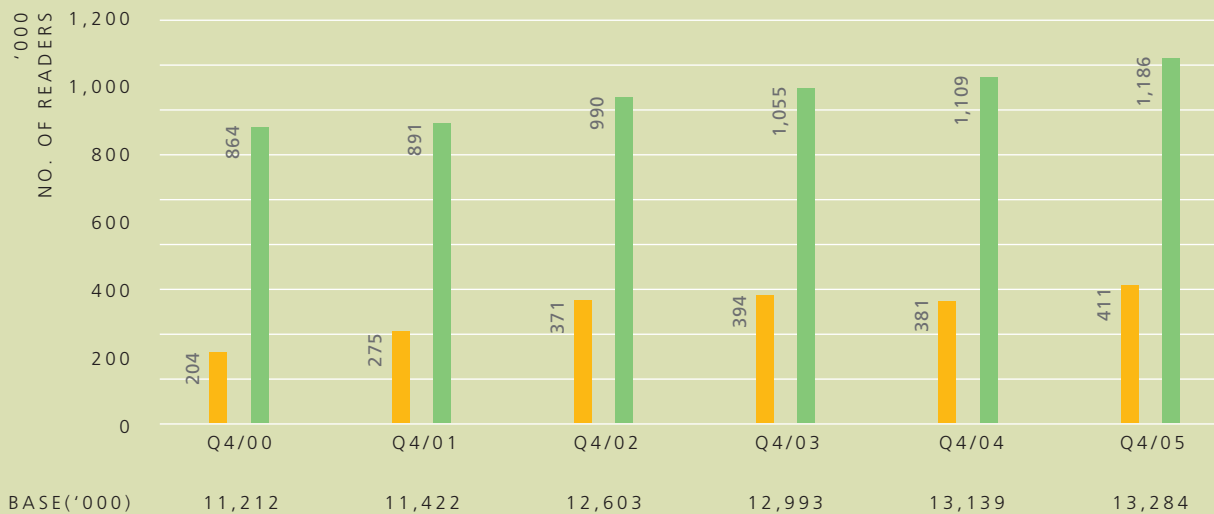


GROWTH RATE YEAR 2000 - 2005



SOURCE: AUDIT BUREAU OF CIRCULATIONS
(FIGURES APPROVED AS AT 19 JANUARY 2006)

CHINESE NEWSPAPER READERSHIP (YEST) - WEST MALAYSIA



AVERAGE ANNUAL GROWTH RATE YEAR 2000 - 2005



FIGURES FOR EACH OF THE YEARS ABOVE REFERS TO
THE Q4 NIELSEN MEDIA INDEX

Financial And Operational Review

Financial Review

• Revenue

In 2005, the total advertisement expenditure (adex) in Malaysia grew by only 3% as opposed to 16.9% in 2004. Against this background and within the same period, Sin Chew Media Corporation Berhad improved its revenue by 15% to RM471.54 million. For the year ended 31 March 2006, the Group's adex revenue grew by 13%, garnering 46% of the total adex for Chinese newspapers.

• Operating expenses

The total costs of the Group increased 18%, from RM340.06 million to RM399.95 million in the financial year ended 31 March 2006. This is a result of the increase in oil prices from USD55 per barrel in April 2005 to USD75.35 in April 2006, which in turn affected newsprint prices, which rose from USD574 per metric ton in April 2005 to USD635 per metric ton in April 2006. To manage this world-wide trend, the Group made concerted efforts to cut production expenses. Further, it increased advertisement rates as well as the cover price of Guang Ming Daily (Northern Edition) in 2006. However, the Collective Agreement for the Company was renewed on 1 August 2005. This Agreement adjusted staff salaries in line with market conditions, leading to a significant increase in the staff cost of the Company. At the same time, the average tax rate for the financial year ended 31 March 2006 rose significantly as the financial year under review enjoyed less re-investment tax allowances.

• Profit before taxation

The Group's profit before taxation improved by 2% to RM71.59 million despite the increase in cost following the escalation in fuel and newsprint prices. The concerted effort by the Group to increase efficiency and reduce wastage contributed significantly to this result.

• Earnings per share

As at 31 March 2006, the Company's earnings per share was 17.9 sen.

• Net tangible assets

As at 31 March 2006, the Group's total net tangible assets was RM273.45 million compared to RM245.06 million for the previous year.

Operations Review

• Production and technical

To ensure timely delivery of our products and to increase output, the Company launched three Goss Universal Presslines at the new plant in Petaling Jaya in August 2005. Production capacity increased to the maximum mechanical speed to 50,000 copies per line per hour. In March this year, a new printing plant was launched in Miri, to ensure timely delivery of our products to readers in Miri, Brunei, Limbang and Marudi.

The production team is consistently dedicated to enhancing production quality and efficiency. We have achieved this through constant quality control and benchmarking of major production raw materials alongside intensive in-house training. With the objective to deliver the best newspaper print reproduction quality in Malaysia, we also implemented a colour chart following ISO standards and specifications for web offset printing.

To complement these efforts, the Company also developed a newsprint management software system to enable accurate monitoring and managing of inventory. Among other functions, this system also helps us to plan our inventory purchase more efficiently.

• Advertising and circulation

Despite the challenging environment in 2005 and an overall increase of only 3% in the total adex in Malaysia, the Advertising and Business Development Marketing Department managed to increase the Group's adex by 13%. We achieved this through various strategies. We introduced attractive special publications in collaboration with the editorial department, targeting specific sectors of consumers. We formed smart partnerships with media partners. We offered attractive bundling advertisement packages. Sinchew-i introduced innovative formats of advertisements, such as the sale of key words, to help advertisers reach their audience effectively. At the same time, the Group also organized numerous events as a brand-building exercise to increase our penetration into the Chinese media market. Such efforts have provided a multi-faceted yet targeted medium for advertisers, thereby generating an increase in the revenue of the Group.

Despite its broad base, the circulation and readership of the Group's flagship paper, Sin Chew Daily, increased, thanks to the Group's commitment to deliver a high quality paper as well as the continuous efforts by its Editorial team to deliver content which meets the demands of our readers. Based on the Audit Bureau of Circulation Malaysia report for the period from 01 July 2004 to 30 June 2005 against the period from 01 July 2003 to 30 June 2004, the circulation of Sin Chew Daily has grown by 1%, representing 38% of the market share among Chinese dailies. At the same time, the circulation of Guang Ming Daily grew by 3% with a market penetration of 15%. In terms of readership, Sin Chew Daily and Guang Ming Daily achieved a 7% and 8% growth respectively for the period ended 31 December 2005.

- **Editorial**

Currently, print media worldwide is facing the crunch of higher costs owing to, among other factors, decreased readership. Under such harsh conditions and with looming threats from both global and local sources, we have had to rely on our editorial stance, news quality and creativity to maintain our position as market leader. Consequently, we have had to withstand attempts by negative elements to undermine the integrity of our editorial stance. Up to now, fortunately, our experienced personnel have managed to keep these challenges in check.

The Editorial Department is never complacent. We are fully aware that we have to continuously improve the content, style and look of the paper to meet reader demands. In the last financial year, the department changed the outlook of our supplement, "Sin Chew Plus", from traditional broadsheet to tabloid size. New sections have also been added, such as "Book Reviews" and "New Wave", the latter focusing on publishing works of young writers, in a concerted effort to encourage and promote their literary skills.

The Editorial Department of Guang Ming Daily has also worked tirelessly to improve both content and outlook. For the supplement section in 2005, we introduced a new theme each day, covering areas of interest such as food, parenting, entertainment, lifestyle and others. We also started a new health section featuring the latest medical news, techniques and medications, a section very well received by readers.

To fulfil our corporate commitment to promote reading among the young, the three children's weeklies – Bintang Sin Chew, Sinaran Sin Chew and Cahaya Sin Chew – have been printed in full colour since end of last year.

- **Human resources development**

People are one of the corner stones of the Group. We believe in continuously upgrading the skills and knowledge of our employees. We also strive to provide a stimulating and rewarding work environment and a family-oriented atmosphere to nurture, train and retain talent.

We conducted a total of 59 training sessions in the financial year ended 31 March 2006. These focused on topics such as corporate governance, information technology, occupational health and safety, production, soft skills and marketing.

The Group has decided to embark on mySAP ERP System in order to increase productivity and improve efficiency. Intensive training activities will be arranged to ensure effective implementation of the system.

We hope that our efforts to improve the skill sets of our employees will generate the resources needed for our continuing development, while steadily improving results for the Group.



Financial And Operational Review

財務及營運檢討



財務檢討

• 營業額

在2005年，大馬的廣告總開銷只成長了3%，比起2004年的16.9%大大的減少。但是，在這個情況下，星洲媒體集團在這段期間的營業額卻提高了15%，達到4億7千154萬令吉。截至2006年3月31日，本集團的廣告營業額增長了13%，佔所有中文報廣告總營業額的46%。

• 營運開銷

截至2006年3月31日，本集團的總成本增長了18%，從前一年的3億4千6萬令吉，增加到3億9千995萬令吉。這主要是因為原油的價格從2005年4月的每桶55美元，飆升到2006年4月的每桶75.35美元。這也導致新聞紙從2005年4月的每公噸574美元，漲價到2006年4月的每公噸635美元。

為了應付這種世界趨勢，本集團採取了很大的努力，削減生產開支，此外，本集團也從2006年起調升了廣告費，包括光明日報北馬版的廣告費。

但是，公司在2005年8月1日續簽雇員集體合約後，公司調整雇員薪金以切合市場需求，導致公司的人力成本相應增加。在同時期，截至2006年3月31日財政年的平均徵稅率，也因為再投資稅務補貼的減少，而相應提高。

• 稅前盈利

儘管燃油和新聞紙的起價導致成本提高，但本集團的稅前盈利仍然增長了2%，達7千159萬令吉。這是由於本集團提高效率 and 採取摺節措施所取得的效果。

• 每股淨利

截至2006年3月31日，本公司的每股淨利是17.9仙。

• 淨有形資產

截至2006年3月31日，本集團的淨有形資產數額是2億7千345萬令吉，去年同時期是2億4千506萬令吉。

營運檢討

• 生產與技術

為了確保產品準時遞送以及提高產量，本集團於2005年8月在八打靈再也的新廠增加了3條採用高科技的印刷組組線，並把生產提高到每小時可印刷5萬份報紙的速度。今年3月，本集團在美里設立了新的印刷廠，以確保我們的產品可更快捷和準時的輸送到美里、汶萊、林夢和馬魯地的讀者手中。

我們通過品管和內部培訓使我們的生產隊伍不斷加強產品的素質和效率。為了讓讀者獲得更有品質的報紙，我們也採用符合ISO品管的彩色和分色技術。

此外，本公司也採用了一套新的軟件系統，藉以有效的管制及監督新聞紙的使用，使我們有更完善的採購計劃。

• 廣告與發行

雖然2005年的環境充滿挑戰，而大馬的廣告總開銷也只成長3%，但在本集團廣告與商業發展市場部的努力下，集團的廣告收益增長了13%。我們主要是通過幾項措施來達到這個目標。

我們在編輯部的全力配合下，推出了具有吸引力的廣告特輯，把對象鎖定在特定領域的消費群身上。此外，我們也與媒體伙伴建立了精明伙伴關係，聯手推出具有吸引力的廣告配套。

《星洲互動》也制定別有創意的廣告配套，協助廣告客戶接觸到他們的消費群體。在這同時，公司也舉辦了各種活動來建立品牌，以打入中文媒體市場，讓我們接觸到更多廣告客戶，為公司增加廣告收益。

在發行量方面，本集團的旗艦報紙——《星洲日報》的報份有所增加。這歸功於集團為讀者提供高素質報紙，以及編採隊伍努力不懈來滿足讀者對內容的需求。

根據馬來西亞發行稽查局的統計，從2004年7月1日到2005年6月30日，《星洲日報》的發行量比2003年7月1日到2004年6月30日的發行量增長了1%，佔中文日報市場的38%。與此同時，《光明日報》的發行量增長了3%，佔市場的15%。在讀者方面，截至2005年12月31日，《星洲日報》與《光明日報》的讀者人數分別增長了7%和8%。

• 編務

目前，全世界的印刷媒體都因為讀者人數的降低，而面對共同的問題——更高的成本。

面對這種艱難的環境，以及本土和環球的競爭，我們一貫都依賴我們的編務方針、新聞素質和創意，來維持我們的市場領導地位。此外，我們也必須防備一些負面的因素，來企圖破壞我們的編務方針的公信力。令人欣慰的是，我們擁有經驗的管理層都有能力從容化解這些挑戰。

編輯部是永遠不會自滿的。我們充分意識到，必須不斷提升內容素質、風格和版面，來滿足讀者的要求。

在去年的財政年內，我們把副刊從傳統的大張紙改為小開本，同時也增加了新的主題，包括“書點評”和“後浪”，後者專注於開闢年輕人的投稿園地，以鼓勵更多年輕人寫作從而提高文學素質。

《光明日報》編採部也不斷努力改善內容和版面。在2005年，光明副刊每天增加一個新的主題，內容概括美食、親子、娛樂和時尚等。此外，我們也增加了新的保健主題，內容包括最新的醫學新聞、技術和醫藥等，大受讀者歡迎。

本集團也努力提升青少年的閱讀風氣。為了達到這個目標，我們每週出版3份學生刊物，分別是《小星星》、《星星》以及《學海》。這3份刊物從去年杪開始全彩化。

• 人力資源發展

人力資源是本集團很主要的一個部分。我們堅信不斷提升僱員的技術和知識。我們也致力於營造一個具有鼓勵性、獎勵性以及歸宿感的工作環境，從而人才得到培訓，進而加強向心力。

截至2006年3月31日，我們舉辦了59次培訓課程，內容包括良好的企業管理、資訊工藝、職業衛生和安全、生產、技術和市場學等。

本集團已採購了資源策劃系統(mySAP ERP System)，藉以提高生產力和加強效率。我們正在進行積極培訓活動，使這項系統能夠順利的實行。

我們不斷為公司栽培更多的人才，提高他們的技術水平，來應付發展，追求最佳的集團表現。

Recognition



The Group has always taken pride in maintaining the quality and standard of its publications. This achievement has been recognized by many leading institutions hence earning the following awards and accolades for the Group.

- British Council "National Press Awards" - Chinese Category (First Prize)
- Anugerah Tinta Seniman 2005
- DIGI Journalism Awards 2004 – Chinese Article Category (Third Prize)
- National Arts Contest organised by the Youth Wing of the Teo Chew Association 2004 – Chinese Category
- Thailand Tourism Press Awards
- Consumer Media Awards 2005 – Best Consumer Report (Non-Malay)
- Sony Malaysia Media Achievement Award (SOMA) – Chinese Category (First Prize)
- Kinabalu Shell Press Awards – Chinese Category (Silver Prize)
- Dato' Seri Lim Gait Tong Press Awards (Penang Press Club) 2005 – Outstanding Reporter, Feature News, Commentary
- Datuk Wong Kee Tat Journalism Awards 2004
 - News Editing Category
 - Feature Editing Category
 - News Reporting Category
 - Commentaries Category
 - Photography Category
- Kenyalang Shell Press Awards 2005
 - Journalist Awards (Gold Prize & Silver Prize)
 - Sport Reporting (Gold Prize & Bronze Prize)
 - News Reporting (Silver Prize)
- Petronas Malaysian Journalism Awards (Malaysian Press Institute) 2004 – Features Category
- Penang State Government Media Awards 2005
 - Recommended Prize
 - Print Media News Reporting & Feature Writing Recommended Prize
- Anugerah Media Kementerian Kesihatan 2005
 - Anugerah Kewartaan Kesihatan Terbaik (Mandarin)
- Ministry of Agriculture "Media Awards 2005"
 - The Best Print Media Photographer (First Prize)
- Anugerah Kewartaan Negeri Sembilan 2006
 - Anugerah Wartaan Bahasa Cina Cemerlang

Significant Events

SOCIAL AND COMMUNITY EVENTS

The Group has always placed great emphasis on its corporate social responsibility. Over the years, the Group via its publications namely Sin Chew Daily and Guang Ming Daily together with its foundation, Yayasan Sin Chew have reached out to the local and international community through numerous events, activities and programmes. These activities encompass areas such as culture, education, social welfare and charity. At the same time, the Group has also provided a vehicle for generous donors to play an active role in contributing towards charity.

Recognising this as a worthy cause, Yayasan Sin Chew was established on 23 October 2000 for the purposes of carrying out charitable activities for the benefit of the needy, deprived and underprivileged irrespective of their race, creed or religion. To date it has extended assistance to the underprivileged locally and abroad in areas such as medical needs, education and general welfare. Our service received recognition and support from our readers, social organisations, the general public, corporations and private sectors and leading businessmen in the country.





STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

The Board of Directors recognizes the importance of good corporate governance to ensure the continuous and sustainable growth of the Company. Hence the Board will continue to emphasise on the adoption of principles and best practices established by the Malaysian Code on Corporate Governance (the Code) to serve the interest of all its stakeholders that is its shareholders, readers, advertisers, employees and business associates.

With reference to the Code, the Board is pleased to present the following statement which outlines the manner in which the Company has applied the principles and best practices of the Code.

THE BOARD OF DIRECTORS

a. The Board

The composition of the Board provides an effective blend of entrepreneurship, business and professional expertise in the general management, finance and technical areas of industries the Group is involved in. This mixture of skills and experience is vital for the continued success and direction of the Group. A brief background on the Board can be found on page 6 to 9.

The Board focuses mainly on strategies, financial performance and critical business issues including the following specific areas:

- Business plan and direction of the Group;
- The Group's strategic action plan;
- Financial performance and key indicators;
- Major investment decisions;
- Internal control system;
- Risk management;
- Succession planning;
- Investors relations programmes.

b. Board Balance

The Board comprises of 5 executive directors and 5 non-executive directors, 4 of whom are independent non-executive directors. The Board composition complies with the Listing Requirements of Bursa Malaysia, which requires a minimum of 2 or 1/3 of the Board to be independent directors.

The Board is an effective and independent Board. It also has a well-defined framework on the various categories of matters that requires the Board's approval, endorsements or notations. In addition there is a clear division of responsibility between the Chairman and the Managing Director of the Group in order to ensure balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct whilst the Managing Director takes charge of the overall management and operations of the group.

In addition, the Independent Non-Executive Directors provide a strong independent element on the Board to provide assurance that there is sufficient check and balance. Further, the Board has identified Dato' Leong Sonny @ Leong Khee Seong as the Senior Independent Non-Executive Deputy Chairman to whom concerns of shareholders, management or others may be conveyed.

There were five Board meetings held during the financial year ended 31 March 2006. The attendance record of each director is found on page 100.



STATEMENT ON CORPORATE GOVERNANCE *(cont'd)*

c. Supply of Information

All Board members are supplied with information in a timely manner. Board reports are circulated prior to the Board meetings to enable the directors to obtain further information and explanation, where necessary, before the meetings. The reports provide amongst others, periodic financial and corporate information, significant operational, financial and corporate issues, performance of the Company and of the Group and management proposals that require the Board's approval.

Detailed periodic briefings on industry outlook, market trends, company performance, market share, market responses and forward previews are also conducted to ensure that the Board is well informed of the latest market and industry trend and development.

Directors are also regularly updated on any new regulations, guidelines or directives issued by Bursa Malaysia, Securities Commission and other relevant regulatory authorities.

All directors have access to the advice and services of the Company Secretaries, financial and legal officers, and where necessary, take independent professional advice.

d. Appointments to the Board

The Nomination Committee is responsible for identifying and recommending to the Board suitable nominees for appointment to the Board. In making these recommendations, the Nomination Committee will review the required mix of skills, experience and other core competencies the director should bring to the Board. Any new nomination received is put to the full Board for assessment and endorsement.

e. Re-election

An election of directors takes place annually. The Company's Articles of Association provide that at least one third of the remaining directors be subject to re-election by rotation at each Annual General Meeting provided always that all directors shall retire from office once in every three years but shall be eligible for re-election.

DIRECTORS REMUNERATION

a. Level and Make-up of Remuneration

The Remuneration Committee is responsible for determining the remuneration of the Executive and Non-Executive Directors. The remuneration scheme for the Executive Directors is linked to performance, service seniority, experience and scope of responsibility and is periodically benchmarked to industry practices. For Non-Executive Directors, the level of remuneration reflects the level of responsibilities undertaken by them. The Committee makes the required recommendation to the Board as the Committee is not authorized to implement its recommendation on behalf of the Board.

b. Procedure

The fees of the directors, including the Non-Executive Directors that are based on the recommendation of the Remuneration Committee are approved by the Board for subsequent approval by the shareholders of the Company at its Annual General Meeting.



STATEMENT ON CORPORATE GOVERNANCE *(cont'd)*

C. Disclosure

The aggregate remuneration of Directors for the financial year ended 31 March 2006 is as follows:

	Fees (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Directors	-	2,737,929	2,737,929
Non-Executive Directors	164,650	22,000	186,650

The number of Directors whose total remuneration falls into the following bands is as follows:

Range of Remuneration	Executive	Non-Executive
RM650,001 – RM700,000	1	-
RM600,001 – RM650,000	-	-
RM550,001 – RM600,000	1	-
RM500,001 – RM550,000	2	-
RM450,001 – RM500,000	-	-
RM400,001 – RM450,000	1	-
RM350,001 – RM400,000	-	-
RM300,001 – RM350,000	-	-
RM250,001 – RM300,000	-	-
RM200,001 – RM250,000	-	-
RM150,001 – RM200,000	-	-
RM100,001 – RM150,000	-	-
RM50,001 – RM100,000	-	-
RM1 – RM50,000	-	5
Nil	-	-

DIRECTOR'S TRAINING

All directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by Bursatra Sdn Bhd (formerly known as Bursa Malaysia Training Sdn Bhd) save for Mr Ng Chek Yong who was appointed on 20 July 2006. The Company has notified Mr Ng Chek Yong to attend and complete the MAP within 4 months from the date of his appointment. Datuk Patinggi Tan Sri Dr. Wong Soon Kai, Dr. Tiong Ik King and Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh have also accumulated the required Continuing Education Programme points which were previously required by Bursa Malaysia Securities Berhad.

From time to time, the Management disseminates information on training and seminars to the directors. The directors are encouraged to attend programmes and seminars as they consider necessary or deem fit to help them keep abreast with the developments in the printing industry and in order to be able to contribute positively to the Group.

During the year, the Directors have attended training courses related to the corporate governance, financial reporting and developments in the newspapers industry, such as:-

- Corporate Governance Practices & Applications – From Board to Management,
- Preparing your first Quarterly Financial Statements According to the Revised/New Financial Reporting Standards,
- Asia's Role in the Dynamics of World Paper and Fiber Markets.



STATEMENT ON CORPORATE GOVERNANCE *(cont'd)*

SHAREHOLDERS

a. Communications between the Company and Investors

The Board values communication with its shareholders and investors and achieves this via a few formal communication channels such as announcements made through Bursa Malaysia, circulars, press releases, Annual Report as well as through its AGM. Through such communication channels, the Company hopes to provide an update of its strategy and performance to its shareholders and investors.

b. Annual General Meeting ("AGM")

The Company provides ample time for the Question & Answer session in the Annual General Meeting as it provides an opportunity for the shareholders to seek and clarify any issues with the Board. The Company will convene its 23rd AGM on 21 September 2006.

ACCOUNTABILITY AND AUDIT

a. Financial Reporting

The Board aims to present a clear, balanced and comprehensive assessment of the Group's financial position, performance and prospects primarily through the timely release of quarterly announcements and annual financial statements to its shareholders as well as the Chairman's statement and review of operations in the annual report. The Board is assisted by the Audit Committee in ensuring the accuracy and adequacy of information, to oversee the financial reporting processes and the quality of financial reporting of the Group.

b. Statement Of Directors' Responsibility In Relation To The Financial Statements

The Board, is required by the Companies Act, 1965, to ensure that the financial statements are drawn up in accordance with the applicable approved accounting standards of the Malaysian Accounting Standards Board (MASB) so as to give a true and fair view of the financial state of affairs of the Group as at the end of the accounting period and of their income statement and cash flows for the period then ended.

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

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

c. Internal Control

The Board of Directors has overall responsibility for maintaining a system of internal control and risk management, which provides reasonable assessments of effective and efficient operations as to safeguard shareholders' investment and the Group's assets.

The Group has established an internal audit unit since 1992 to assist the Board in ensuring the adequacy and integrity of the system of internal control. Information on the Group's internal control system during the year is presented in the Statement on Internal Control set out in pages 29 and 30 of this Annual Report.

d. Relationship With Auditors

The Company has maintained a transparent and appropriate relationship with the auditors through the Audit Committee. The auditors have from time to time highlighted to the Audit Committee and Board of Directors on matters that require the Board's attention.



STATEMENT ON CORPORATE GOVERNANCE *(cont'd)*

The Audit Committee meets the external auditors to discuss their audit plan, scope of audit before the commencement of audit, audit findings and the financial statements.

The role of Audit Committee in relation to both the internal and external auditors is described in the Audit Committee Report set out on Pages 31 to 34 of this Annual Report.

Compliance Statement

The Group has complied with all best practices set out in the Malaysian Code on Corporate Governance except for orientation and education program for new recruit to the board i.e. Mr Ng Chek Yong. Having considered Mr Ng Chek Yong's long service within the Group and his position as an Executive Director of Mulu Press Sdn Bhd, a wholly owned subsidiary of the Company, the Board is of the view that it is not necessary to have an orientation and education program for Mr Ng Chek Yong. However a brief induction will be given in due course.

ADDITIONAL COMPLIANCE INFORMATION

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

Utilisation of proceeds

Pursuant to the Company's rights issue of 80,000,000 ordinary shares of RM0.50 each at RM0.535 per share on 10 September 2004, the status of utilization of proceeds received as at 31 March 2005 was as follows:-

	RM '000
Total Proceeds	42,800
Amount utilized for repaying trade creditors	40,000
Listing expenses	2,333
Balance	467

The Company has yet to utilise the above proceeds for the financial year ended 31 March 2006.

Share Buy-Back

The Company did not undertake any share buy-back exercise.

Exercise of options, warrants or convertible securities

The Company did not issue any options or warrants or convertible redeemable debt securities during the financial year.

American Depositary Receipt (ADR) or Global Depositary Receipt (GDR Programme)

The Company has not sponsored any American Depositary Receipt or Global Depositary Receipt Programme during the financial year.

Imposition of sanctions/penalties

There were no sanctions or penalties imposed by the relevant regulatory bodies on the Company or its subsidiaries, directors or management during the financial year.



STATEMENT ON CORPORATE GOVERNANCE *(cont'd)*

Non-Audit Fees

The amount of non-audit fees paid to the external auditors by the Company and its subsidiaries for the financial year amounted to RM23,500.

Variation in Results

The audited results of the Company/Group for the financial year ended 31 March 2006 did not vary by 10% or more from the unaudited results announced to Bursa Malaysia Securities Berhad on 29 May 2006.

Profit Guarantee

The Company did not issue any profit guarantee during the financial year ended 31 March 2006.

Material Contracts Involving Directors and Major Shareholders

There were no material contracts outside the ordinary course of business, entered by the Company or its subsidiaries involving directors and major shareholders during the financial year ended 31 March 2006 and as at the Annual Report date.

Revaluation Policy

The Company's revaluation policy on landed properties is disclosed in Note 2(g) to the Financial Statements.



STATEMENT ON CORPORATE GOVERNANCE *(cont'd)*

Recurrent Related Party Transactions of a Revenue Nature

Related Parties	Contracting Parties	Nature of Transaction	Transacted Value for the financial year ended 31 March 2006 RM '000	Nature of Relationship
Malaysian Newsprint Industries Sdn Bhd ("MNI")	Sin Chew Media Corporation Berhad ("SCMC")	Purchase of newsprint by SCMC	138,960	<p>Tiong Toh Siong Holdings Sdn Bhd ("TTSH") is a major shareholder of SCMC and the 2 following companies who each are major shareholders of MNI:</p> <p>(a) R. H. Development Corporation Sdn Bhd ("RHDC"); and</p> <p>(b) Rimbunan Hijau Estate Sdn Bhd ("RHE").</p> <p>Tan Sri Datuk Diong Hiew King @ Tiong Hiew King ("TSTHK") is both a major shareholder and director in each of SCMC, RHDC, TTSH and Teck Sing Lik Enterprise Sdn Bhd ("TSL") and a major shareholder of RHE.</p> <p>Dr. Tiong Ik King is both a shareholder and director of SCMC and is both a major shareholder and director of TTSH and RHDC.</p> <p>TSL is a major shareholder of SCMC, TTSH and RHDC.</p>
Rimbunan Hijau Estate Sdn Bhd ("RHE")	SCMC	SCMC's tenancy for land and building on the land known as PN 3694, Lot 50 Seksyen 13, Bandar Petaling Jaya, Daerah Petaling Jaya, hire of plant, machinery, vehicles and chattels excluding stock of newsprint and provision of labour (security guards).	3,436	<p>TTSH is a major shareholder of both SCMC and RHE.</p> <p>TSTHK is both a major shareholder and director in each of SCMC, TTSH and TSL and a major shareholder of RHE.</p> <p>Dr. Tiong Ik King is both a shareholder and director of SCMC and is both a major shareholder and director of TTSH.</p> <p>TSL is a major shareholder of SCMC and TTSH.</p>
Pacific Hijau Sdn Bhd ("PHSB")	SCMC	SCMC's tenancy of various properties from PHSB as landlord.	296	<p>TSTHK is both a major shareholder and director in each of SCMC and PHSB.</p> <p>Dr. Tiong Ik King is a director of SCMC and a shareholder of both SCMC and PHSB.</p>
Pacific Hijau Sdn Bhd	Guang-Ming Ribao Sdn Bhd ("GMRSB")	GMRSB's tenancy of various properties from PHSB as landlord.	27	As above



STATEMENT ON CORPORATE GOVERNANCE *(cont'd)*

Related Parties	Contracting Parties	Nature of Transaction	Transacted Value for the financial year ended 31 March 2006 RM '000	Nature of Relationship
Tiong Toh Siong And Sons Sendirian Berhad	Mulu Press Sdn Bhd ("MPSB")	MPSB's tenancy of various properties from Tiong Toh Siong And Sons Sendirian Berhad as landlord.	23	<p>TTSH is a major shareholder of SCMC (the holding company of MPSB) and is the holding company of Tiong Toh Siong And Sons Sendirian Berhad.</p> <p>TSL is a major shareholder of both SCMC and TTSH.</p> <p>TSTHK is both a major shareholder and director in each of SCMC, TTSH and TSL. He is also a director of Tiong Toh Siong And Sons Sendirian Berhad.</p> <p>Dr. Tiong Ik King is a director and shareholder of SCMC and is both a major shareholder and director of TTSH.</p>
Yazhou Zhoukan Limited ("YZL")	SCMC	SCMC is the representative of YZL in Malaysia to handle all subscription of magazine, Yazhou Zhoukan published by YZL and to provide customer service, call center support, promotion support, administrative support, warehousing and office space for YZL.	66	<p>TSTHK is both a director and major shareholder of SCMC and is a major shareholder of YZL.</p> <p>Dr. Tiong Ik King is both a Director and shareholder of SCMC and is a major shareholder of YZL.</p>
Yazhou Zhoukan Limited ("YZL")	GMRSB	GMRSB is the distributor of the magazine, Yazhou Zhoukan in Malaysia, which is published by YZL.	99	As above
Rimbunan Hijau Holdings Sdn Bhd ("RHH")	MPSB	MPSB's tenancy of various properties from RHH as landlord.	8	<p>TSL is a major shareholder in each of SCMC, TTSH and RHH.</p> <p>TTSH is a major shareholder of SCMC.</p> <p>TSTHK is both a director and major shareholder in each of SCMC, TSL, TTSH and RHH.</p> <p>Dr. Tiong Ik King is a director and shareholder of SCMC and a director and major shareholder of TTSH. He is also the major shareholder of RHH.</p>



STATEMENT ON CORPORATE GOVERNANCE *(cont'd)*

Related Parties	Contracting Parties	Nature of Transaction	Transacted Value for the financial year ended 31 March 2006 RM '000	Nature of Relationship
Evershine Agency Sdn Bhd ("EA")	MPSB	MPSB purchases motor vehicle insurance from EA.	1	<p>Rimbunan Hijau (Sarawak) Sdn Bhd ("RHS") is a shareholder of SCMC and is a major shareholder of EA.</p> <p>Tiong Toh Siong Enterprises Sdn Bhd ("TTSE") (the holding company of RHS) is a shareholder of SCMC.</p> <p>TSL is a major shareholder in each of TTSE, RHS and SCMC.</p> <p>TSTHK is both a director and major shareholder in each of SCMC, TSL and RHS. He is also a director of TTSE and a major shareholder of EA.</p> <p>Dr. Tiong Ik King is a director and shareholder of SCMC and is a major shareholder of EA.</p>
EON Bank Berhad	SCMC	Advertising contracts between SCMC and EON Bank Berhad	331	<p>EON Capital Berhad is the holding company of EON Bank Berhad.</p> <p>TTSH is a major shareholder of SCMC and EON Capital Berhad.</p> <p>RHDC is the major shareholder of EON Capital Berhad.</p> <p>TSTHK is both a major shareholder and director in each of SCMC, RHDC and TTSH.</p> <p>Dr. Tiong Ik King is both a shareholder and director of SCMC and is both a major shareholder and director of EON Capital Berhad, TTSH and RHDC.</p>



STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Listing Requirements of Bursa Malaysia require directors of listed companies to include a statement in annual reports on the state of their Internal Controls. The Bursa Malaysia's statement on Internal Control: Guidance for Directors of Public Listed Companies ('Guidance') provides guidance for compliance with these requirements.

Internal control is broadly defined as a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

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

Set out below is the Board's Statement on Internal Control, which has been prepared in accordance with the Guidance.

Responsibility

The Board of Directors recognizes the importance of sound controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's system of internal controls and risk management, and for reviewing the adequacy and integrity of the system. Such a system, however, can only be designed to manage rather than eliminate the risk of failure to achieve business objectives. This system, by its nature, can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives.

Internal Audit

The Group has an Internal Audit function, which provides the Board with the assurance it requires regarding the adequacy and integrity of the system of internal control. Internal Audit independently reviews the internal controls in the key activities of the Group's business and reports to the Audit Committee on a quarterly basis. It provides continuous improvement to the controls and risk management procedures. Internal Audit findings are discussed at management level and actions are agreed in response to the Internal Audit's recommendations. The status of implementation of the agreed actions is followed up by the Internal Audit to ensure that satisfactory control is maintained.

The Audit Committee reviews all internal audit findings and management responses and the effectiveness of the risk management process. Significant risk issues, if any, are referred to the Board for consideration. The minutes of the Audit Committee meetings are reviewed by the Board.

Other Key Elements of Internal Control

The other key elements of the Group's internal control systems are described below:

- Clearly defined lines of authority in the organization structure and delegation of responsibilities, including authorization levels for all aspects of the business.
- Clearly documented internal policies and procedures set out in a series of Standard Operating Manuals which is currently being reviewed for improvement to reflect changes in business structures and processes.
- A detailed budgeting process where operating units prepare budgets for the coming year.



STATEMENT ON INTERNAL CONTROL *(cont'd)*

- Monthly reporting of actual results against budget, with major variances being followed up and management action taken, where necessary.
- Regular and comprehensive information provided to management, covering financial performance and key performance indicators.
- Monitoring of performance & operating efficiency at Bi-monthly Key Personnel Operational Meeting; Monthly Head of Departmental Meeting, Area Managers Meeting, Weekly Business Review Meeting and Weekly Executive Committee (Exco) Meeting to discuss any significant issues.
- Regular visits to operating units by members of the Board and Senior Management.

Others

There are no material joint ventures nor are there any associated companies that have not been dealt with as a part of the Group.

External Auditor

In the course of their statutory audit, the Company's external auditors will highlight any material internal control weaknesses which had come to their attention in carrying out their normal audit which is designed primarily to enable them to express their opinion on the financial statements. Such material internal control weaknesses noted during their audit, and recommendations, if any, by the external auditors are reported to the Audit Committee.

Board's Conclusion

The Board is pleased to disclose that the state of the Group's Internal Control System is sufficiently in line with the Malaysian Code on Corporate Governance and the guidelines issued by Bursa Malaysia Securities Berhad and that there is no material control failure or weakness that requires disclosure in the Group's annual report for the financial year under review.



AUDIT COMMITTEE REPORT

COMPOSITION

Chairman : Dato' Leong Sonny @ Leong Khoo Seong
(Independent Non- Executive Director)

Members : Wong Lee Yun
(Independent Non-Executive Director)
Sim Sai Hoon
(Executive Director)

The Audit Committee was established on 20 September 2004 under the terms of reference stated in this report.

TERMS OF REFERENCE

1. Composition of Audit Committee

The Audit Committee ("the Committee") shall be appointed by the Board of Directors ("the Board") from amongst the Directors and shall consist of not less than three members, a majority of whom shall be Independent Non-Executive Directors.

The Board shall, within three (3) months of a vacancy occurring in the Audit Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

The members of the Committee shall elect a chairman from among their members who shall be an Independent Non-Executive Director. An alternate Director must not be appointed as a member of the Committee.

2. Membership

At least one member of the Committee:-

- Must be a member of the Malaysian Institute of Accountants; or
- If not a member of the Malaysian Institute of Accountants, that member must have at least 3 years' working experience and; must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or must be a member of one of the associations of the accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
- Must have a degree/masters/doctorate in accounting or finance and at least 3 years' post qualification in accounting or finance; or
- Must have at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation;

3. Authority

The Committee is authorised by the Board to investigate any activity of the Company and its subsidiaries within its terms of reference or otherwise directed by the Board. It shall have:-

- i. The authority to investigate any matter within its terms of reference;
- ii. The resources which are required to perform its duties;
- iii. Full and unrestricted access to any information pertaining to the Company;
- iv. Direct communication channels with the external auditors and internal auditors;
- v. The right to obtain independent professional or other advice;



AUDIT COMMITTEE REPORT *(cont'd)*

- vi The rights to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

The Committee is also authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary and reasonable for the performance of its duties.

4. Meetings and Minutes

The Committee shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties.

In addition to the Committee members, the meetings will normally be attended by the representatives of the departments in the Company and of the external auditors as and when required.

The Committee may invite any person to be in attendance to assist it in its deliberations.

A quorum shall consist of a majority of Independent Non-Executive Directors and shall not be less than two.

The decision of the Audit Committee shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote, provided that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question in issue, the Chairman shall not have a casting vote.

The Committee shall be reporting to the full Board from time to time its recommendation for consideration and implementation and the actual decision shall be the responsibility of the Board of Directors after considering the recommendation of the Committee.

The Company Secretary shall act as Secretary of the Committee and shall be responsible for drawing up the agenda with the concurrence of the chairman and circulating it, supported by explanatory documentation to Committee members prior to each meeting.

The Secretary shall also be responsible for recording the proceedings of the Audit Committee and the minutes of meetings are to be tabled at Board meetings.

5. Duties

The duties of the Committee shall include the following:

- a. To consider the appointment of the External Auditor, the audit fee and any questions of resignation or dismissal;
- b. To discuss with the External Auditor before the audit commences, the nature and scope of the audit, and ensure coordination where more than one audit firm is involved;
- c. To review the quarterly and year-end financial statements of the Company, focusing particularly on:-
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption;
 - compliance with accounting standards and other legal requirements;
- d. To discuss problems and reservations arising from the interim and final audits, and any matter the External Auditor may wish to discuss (in the absence of management where necessary).



AUDIT COMMITTEE REPORT *(cont'd)*

- e. To review the External Auditor's management letter and management's response.
- f. To consider any related party transactions that may arise within the Company or Group.
- g. To consider the major findings of internal investigations and management's response.
- h. To do the following where an internal audit function exists:
 - Review the adequacy of the scope, functions and resources of the internal audit function, and the necessary authority to carry out its work;
 - Review the internal audit programme and results of the internal audit programme and the results of the internal audit process and where necessary ensure that appropriate actions taken on the recommendations of the internal audit function;
 - Review any appraisal or assessment of the performance of members of the internal audit functions;
 - Approve any appointment or termination of senior staff members of the internal audit function;
 - Inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
 - To consider other topics as defined by the Board.
- i. To Evaluate the Standards of Internal Control and Financial Reporting:
 - Review the principal risks identified and to assess how they have been identified, evaluated and managed and to design, operate and monitor the system of internal control in managing the risks.
 - Hold specific discussions with Senior Management to discuss the overall adequacy of the internal control system.
 - Meet with the internal and external auditors concerning any comments they may have with respect to improving the internal control system.
 - Consider the nature and disposition of the relevant comments appearing in the reports prepared by the internal auditor and Management letters by the external auditors.

MEETINGS AND ATTENDANCE

During the financial year ended 31 March 2006, nine (9) Audit Committee meetings were held. Details of attendance of each Committee member were as follows:-

No.	Name	Total Meetings	Percentage of Attendance
1.	Dato' Leong Sonny @ Leong Khee Seong	9/9	100%
2.	Wong Lee Yun	9/9	100%
3.	Sim Sai Hoon	9/9	100%

The total number of meetings is exclusive of the special operational meetings held between the Audit Committee and the senior management by invitation.

The head of finance and internal audit divisions, other senior management personnel as well as the representatives of the external auditors were also invited to attend the meetings.

SUMMARY OF ACTIVITIES

In line with the terms of reference of the Committee, the following activities were carried out by the Committee during the financial year ended 31 March 2006 in discharging its duties and responsibilities:-

Financial Results

- review of the quarterly and year-end financial results prior to submission to the Board for consideration and approval;



AUDIT COMMITTEE REPORT *(cont'd)*

- review of the annual financial statements in accordance with the applicable accounting standards approved by Malaysian Accounting Standards Board ("MASB") and other legal and regulatory requirements;
- review of the annual budget 2007. Results are then monitored on quarterly basis against budget and key performance indicators, with major variances and important operational issues being followed-up and management action taken, where necessary.

Internal Audit

- review of internal audit's resource requirements;
- review of internal audit's plan and programmes;
- review of internal audit reports, recommendations and management's response;
- review of improvement measures taken by management to rectify and enhance the internal control system;

External Audit

- review of external audit scope and audit plan based on the external auditors' presentation of audit strategy and plan;
- review of external audited reports for the Company and the Group ;
- review of the proposed audit fees for the external auditors for the financial year ended 31 March 2006;
- consideration of reappointment of the external auditors for recommendation to the shareholders for their approval;

Others

- review of related party transactions of the Company and/or its subsidiaries and disclose procedures prior to submission to the Board for consideration and approval to ensure compliance with the relevant regulatory requirements; and
- review of the Audit Committee Report and Statement of Internal Control for inclusion in the financial year 2006 Annual Report.

INTERNAL AUDIT FUNCTION

The Group has an established Internal Audit Unit, which reports to the Audit Committee and assists the Board of Directors in monitoring and managing risks and internal controls. Its main role is to undertake independent regular and systematic review of the system of internal controls so as to provide reasonable assurance that established policies and procedures are adhered to and such system continues to operate effectively and satisfactorily.

A summary of activities out by the Internal Audit Unit during the financial year ended 31 March 2006 were as follow:-

- Planned group annual audit for approval by the Audit Committee;
- Audited various functional activities and areas as per approved audit plan, provided feedback and made the necessary recommendations to the Committee and management;
- Attended Committee meetings to present, discuss as well as take instructions on matters that fall under the internal audit function;
- Observed annual stock-take of raw materials and consumables to ensure that it had been conducted in accordance with acceptable approved procedures;
- Attended relevant courses, seminars and conferences to keep abreast with the current developments to improve professional skills in internal auditing.

Details of the internal audit function are set in the Statement on Internal Control on pages 29 to 30.