

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 one 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 risks identified.

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.

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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 the identified risks 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.

Nature of risk	Macroeconomic risk
	Outlook for the coming year is expected to be cloudy as we brace for recession globally.
	The impact of the COVID-19 pandemic is widespread and present significant uncertainties and downside risks. Until the outbreak is deemed controllable and the current lockdown measures are gradually lifted, we foresee an inevitable significant adverse impact on the Group's profitability.
Mitigating actions	<ul style="list-style-type: none"> • Streamlining business process for cost optimisation. • Creating and remodelling products which meet the needs of customers. • Adopting prudent financial management practices. • Closely monitoring economic situation by way of regular analysis of business performance through financial results and key performance indicators to highlight early trends and impacts from economic uncertainty.

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Nature of risk

Market disruption

The Group operates in a highly competitive industry, the advent of new technologies and increase number of digital media options available have adversely affect the Group's business, results of operation and financial condition.

The widespread COVID-19 outbreak and the ensuing mass lockdown, quarantine, and travel bans have significant adverse impact on the Group's business operations, especially its travel business.

Adding to this, the COVID-19 is disrupting the advertising industry due to the cancellation of major advertising events and spending.

The Group's financial performance could be materially impacted if travel restrictions and virus concerns continue for an extended period of time.

Mitigating actions

- On-going investment in digital offerings.
- Creating quality content to enhance competitiveness and attractiveness to readers and advertisers.
- Responding to changes in the market place and the needs of readership audience.
- Developing data strategy to support value creation for advertisers.
- Rebalancing our travel destination mix and adding new tour destinations to our portfolio, thereby mitigating the impact of adverse events.

Nature of risk

Business interruption

The Group may experience a significant loss of production capability during a disaster scenario which could severely impact revenue and lead to increased costs.

Adding to this, the Group could be exposed to the risk of health and safety incident that results in the injury or death of customers or employees would have negative impact on our business operation and reputation.

Mitigating actions

- Individual Production Recovery Plans and IT critical system data back-up plans are in place.
- We are maintaining adequate IT systems to secure business and customer data, and protect from deliberate theft of sensitive information, loss of service and cybercrime.
- We have crisis management framework in which can be activated in the event of a crisis or disaster.
- Our IT standards and policies are in line with appropriate best practices.
- We maintain our press and critical operating systems regularly in order to minimise any disruptions to our critical business activities.
- We actively monitor health and safety incidents reported to us to ensure that we address the cause, and put in place effective preventive measure to minimise the health and safety risk.

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Nature of risk

Non-compliance with laws and regulations

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

Adding to this, the increasing corporate governance requirements in each operating regions require more focus and resources to ensure that the Group is compliant with all applicable laws and regulations.

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

In order to ensure compliance with all relevant laws and regulations, the Group has implemented compliance frameworks which involve the Group's company secretaries, legal and editorial departments to monitor the level of compliance and minimise any lapses.

INTERNAL AUDIT

The mission of the Internal Audit Function is to enhance and protect organisational value of the Group by providing risk-based and objective assurance, advice and insight. The Internal Audit Function helps the Group in accomplishing 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;

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- The Group maintains appropriate insurance programmes in order to provide sufficient insurance coverage on its major assets and against libel suits that could result in material loss. The insurance brokers assist management in conducting a yearly risk assessment on the Group's operations, which helps the Group in assessing the adequacy of the insurance 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;
- 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 as well as any third party who is not an employee to raise concerns include but not limited to the Group's malpractices, wrongdoings or improprieties in financial reporting, accounting, auditing, internal controls, bribery or corruptions, sexual harassment, breach of confidentiality, breach of the Group's policies or failure to comply with legal or regulatory requirements. 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 2020. 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 24 June 2020.