

Audit Committee Report

The Board is pleased to present the Audit Committee Report for the financial year ended 31 March 2022.

COMPOSITION AND ATTENDANCE

The Audit Committee comprises three members, all of whom are independent non-executive directors. Each Audit Committee member satisfies the “independence” requirements contained in both the HK Listing Rules and the Bursa Securities Listing Requirements. No alternate director is appointed as a member of the Audit Committee. The Audit Committee Chairman, Mr IP Koon Wing, Ernest, is a Fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Accordingly, the Company has complied with paragraph 15.09 of the Bursa Securities Listing Requirements.

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 IP Koon Wing, Ernest (<i>Chairman</i>) (appointed on 1 July 2021)	3/3	100%
Datuk CHONG Kee Yuon	4/4	100%
Mr KHOO Kar Khoon	4/4	100%
Mr YU Hon To, David (<i>Chairman</i>) (resigned on 1 July 2021)	1/1	100%

All the Audit Committee members have undertaken continuous professional development to keep themselves abreast of the relevant skills, knowledge and latest developments on guidelines, rules and regulations. The details of training programmes attended by the Audit Committee members are set out on pages 63 and 64 of this Annual Report.

An annual effectiveness assessment was performed via the Nomination Committee and the Board is satisfied that the Audit Committee and its members have discharged their duties and responsibilities in accordance with the terms of reference.

MEETINGS AND MINUTES

Four (4) Audit Committee meetings were held during the year with the attendance of the Group CEO, relevant Executive Directors, Head of Internal Audit, the Company Secretaries and Senior Finance Executives who were responsible for accounting and financial reporting. Two private meetings were held with the External Auditor without the presence of the Executive Directors and Management members. The meetings were appropriately structured through the use of agendas, which had been distributed to the members with sufficient notification.

The meetings were minuted and tabled for confirmation at the next Audit Committee meeting and subsequently presented to the Board for notation. The Audit Committee Chairman would provide a report highlighting significant issues and recommendations to the Board for consideration and decision.

TERMS OF REFERENCE

In performing its duties and responsibilities, the Audit Committee is guided by a terms of reference which is available on the Company's website at www.mediachinesegroup.com. The revised terms of reference was reviewed by the Audit Committee on 23 November 2021, before it was recommended to the Board for approval on 24 November 2021.

SUMMARY OF ACTIVITIES

Below is a summary of the Audit Committee's activities in discharging its functions and duties for the year under review:

Financial Reporting

- (a) Reviewed the Group's unaudited quarterly financial reports, including the press releases and announcements, focusing particularly on changes in accounting standards, significant and unusual matters, compliance with 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 2020/21 and for the first, second, third and fourth quarters of 2021/22 were reviewed at the Audit Committee meetings on 24 May 2021, 25 August 2021, 23 November 2021, 23 February 2022 and 24 May 2022 respectively.

- (b) Reviewed the annual financial statements of the Group with the external auditor prior to submission to the Board for approval. The Audit Committee deliberated on the significant judgements with management and significant matters highlighted by the external auditor on accounting and auditing matters.
- (c) Reviewed the Group's annual report for the financial year ended 31 March 2021, interim report for the six months ended 30 September 2021 and annual report for the financial year ended 31 March 2022 at the Audit Committee meetings on 24 May 2021, 23 November 2021 and 24 May 2022 respectively, prior to submission to the Board for approval.
- (d) 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 Group's existing financial position, its financial resources, capital expenditures and expectation for future performance.

Internal audit

- (a) Reviewed and approved the revised Internal Audit Charter on 23 November 2021.
- (b) Reviewed and approved the risk-based annual internal audit plan and budget for the financial year ended 31 March 2022 on 25 August 2021. The annual audit plan was developed through a comprehensive planning process to identify and prioritise the principal risk areas.
- (c) Reviewed and deliberated on issues highlighted by the Internal Audit Function on effectiveness and adequacy of governance, risk management, operational and compliance processes including but not limited to prevention of bribery and corruption measures.
- (d) Reviewed the recommendations by the Internal Audit Function, appraised the corrective actions taken by management in resolving the audit issues reported and ensured all issues highlighted were adequately addressed on a timely basis.
- (e) Reviewed the adequacy of resources required and competency of the Internal Audit Function to execute the audit plan.

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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 2022 on 23 November 2021.
- (b) Reviewed the audit findings and issues arising from the annual audit together with management's response to the findings of the external auditor.

On 24 May 2022, 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 2022.

- (c) Reviewed the audit fees proposed by the external auditor together with management and recommended the negotiated fees agreed with 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\$45,000 were paid to the external auditor and its other member firms for the financial year ended 31 March 2022 for the corporate tax advisory services provided.
- (f) Reviewed the written assurance from the external auditor on 23 November 2021 to confirm its independence throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- (g) Had two private meetings with the external auditor on 23 November 2021 and 24 May 2022 respectively, in the absence of the executive directors and management, to discuss matters concerning audit and financial statements. The Audit Committee also enquired about the proficiency and adequacy of resources in the financial reporting functions, evaluation of the internal control system and any other observations they may have had during the audit process.

Risk Management

- (a) Reviewed and deliberated on the revised Group's Risk Management policy for the Board's approval.
- (b) Reviewed the adequacy and effectiveness of the risk management system.
- (c) 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.
- (d) Reviewed the risk assessment reports and risk management activities of the Group.

Related party transactions

- (a) Reviewed on a quarterly basis the related party transactions and recurrent related party transactions (or continuing connected transactions) entered into by the Group and ensured all transactions were carried out on an arm's length basis and on normal commercial terms.
- (b) Reviewed the circular to shareholders in respect of the proposed shareholders' mandate for recurrent related party transactions.

Others

- (a) Reviewed the Audit Committee Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control for inclusion in the Annual Report 2021/22.
- (b) Received and reviewed updates on the arrangement (including investigation and follow-up action) for employees of the Group to raise concerns about possible improprieties in financial reporting, internal controls, bribery and corruption 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.
- (d) Reviewed the revised terms of reference of the Audit Committee in accordance with the updated Malaysian Code.

INTERNAL AUDIT FUNCTION

The Internal Audit Function, being the third line of defence, supports the Audit Committee in discharging its duties and responsibilities by undertaking the activities independently and objectively. The Internal Audit Function is guided by the Internal Audit Charter approved by the Audit Committee which sets out the Function's purpose, scope, authority and responsibility to ensure its effectiveness and independence. The Internal Audit Function provides reasonable assurance to the Audit Committee regarding the adequacy and effectiveness of governance, risk management and internal control processes of the Group.

The Internal Audit Function reports functionally to the Audit Committee and administratively to an Executive Director. 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 risk areas are identified and assessed on a timely basis. Audit engagements are performed with impartiality, proficiency and due professional care. Internal audit reports were presented quarterly to the Audit Committee incorporating the findings, recommendations and responses from relevant management members who were responsible for the corrective actions within the required timeframe. Follow-up reviews were conducted to monitor the implementation of appropriate remedial actions that addressed the findings and the status was reported to the Audit Committee. During the financial year ended 31 March 2022, the Internal Audit Function had reviewed the Group's collection, newspaper sales operations, procurement and inventory management, as well as carried out an assessment on the implementation of the Group's Anti-Bribery and Corruption Policy.

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 quarterly.

All internal auditors have signed and confirmed that they are free from any relationships or conflicts of interest which could impair their objectivity and independence in their audit assignments.

The total costs incurred for the Internal Audit Function of the Group for the financial year ended 31 March 2022 were approximately US\$112,000.

This Audit Committee Report was approved by the Board on 26 May 2022.