

Audit Committee Report

The Board is pleased to present the Audit Committee Report for the financial year ended 31 March 2024.

COMPOSITION AND ATTENDANCE

The Audit Committee (AC) comprises three members, all of whom are independent non-executive directors and no alternate director is appointed as a member of the AC. All the members satisfy the test of independence under the HK Listing Rules and the Bursa Malaysia Securities Berhad Main Market Listing Requirements (MMLR). The AC 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. The current AC members' qualification and experience can also be found on pages 7 to 9. Accordingly, the Company has complied with the requirements of paragraph 15.09 of the MMLR.

Details of the composition and attendance of the AC members during the year are set out as below:

Name of member	Total meetings attended	Percentage of attendance
Mr IP Koon Wing, Ernest (<i>Chairman</i>)	4/4	100%
Datuk CHONG Kee Yuon	4/4	100%
Mr KHOO Kar Khoon	4/4	100%

MEETINGS AND MINUTES

The AC held four meetings for the year under review and invited the Group CEO, relevant Executive Directors, Head of Internal Audit, Head of Finance, Senior Finance Executives and the Company Secretaries to facilitate direct communication on business, financial updates and audit issues. 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.

All the meetings were minuted, tabled for confirmation at the following AC meeting and subsequently presented to the Board for notation. The AC Chairman provided a report quarterly highlighting significant issues and recommendations to the Board for consideration and decision.

TERMS OF REFERENCE

The AC is guided by its Terms of Reference in performing the duties and responsibilities. The Terms of Reference clearly defines the authorities, duties and reporting procedures of the AC and it is accessible on the Company's website at www.mediachinesegroup.com.

ANNUAL PERFORMANCE ASSESSMENT

The Board reviewed the performance and effectiveness of the AC by way of questionnaire for directors' feedback through the Nomination Committee. The Board was satisfied that the AC members were able to, and had discharged their functions, duties and responsibilities in accordance with the AC's Terms of Reference.

All the AC 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 AC members are set out on pages 75 and 76 of this Annual Report.

SUMMARY OF ACTIVITIES

Below is a summary of the AC'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 2022/23 and for the first, second, third and fourth quarters of 2023/2024 were reviewed at the AC meetings on 24 May 2023, 25 August 2023, 24 November 2023, 22 February 2024 and 23 May 2024 respectively.

- (b) Reviewed the annual financial statements of the Group with the external auditor prior to submission to the Board for approval. The AC 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 2023, interim report for the six months ended 30 September 2023 and annual report for the financial year ended 31 March 2024 at the AC meetings on 24 May 2023, 24 November 2023 and 23 May 2024 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 AC'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 risk-based annual internal audit plan which outlined the audit strategy, approach and budget for the financial year ended 31 March 2024 on 25 August 2023. The audit plan was developed through a comprehensive planning process that identified and prioritised the principal risk areas. Additionally, the Internal Audit Function updated the AC quarterly on its work activities, including the progress against the 2023/24 audit plan.
- (b) Reviewed and deliberated on issues highlighted by the Internal Audit Function on the effectiveness and adequacy of governance, risk management, operational and compliance processes including but not limited to prevention of bribery and corruption measures.
- (c) Reviewed the recommendations by the Internal Audit Function, appraised the corrective actions taken by the management in resolving the reported issues and ensured the issues were adequately addressed on a timely basis.
- (d) Reviewed the adequacy of resources required and competency of the Internal Audit Function to execute the audit plan.
- (e) Reviewed and approved the Internal Audit Function's review on the selected data of the Sustainability Statement for the financial year ended 31 March 2024.

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External Audit

- (a) Reviewed the external auditor's annual audit plan memorandum which outlined the audit strategy, approach and scope of the statutory audit work for the financial year ended 31 March 2024 on 24 November 2023.
- (b) 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.
- (c) Assessed the qualification, expertise, resources and effectiveness of the external auditor.
- (d) Reviewed the written assurance from the external auditor dated 24 November 2023 to confirm its independence throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- (e) Reviewed the key audit matters and other relevant disclosures in the annual financial statements for the financial year ended 31 March 2024 together with management's response to the audit findings on 23 May 2024.
- (f) Reviewed the performance and assessed the independence, objectivity and suitability of the external auditor, Messrs PricewaterhouseCoopers, and the services provided, including non-audit services in accordance with the Policy for the Assessment of the Suitability and Independence of External Auditor. The AC was satisfied with the external auditor's performance and recommended to the Board for re-appointment as the external auditor of the Company for the next financial year. Non-audit fees totalling US\$77,000 were paid to the external auditor and its other member firms for the financial year ended 31 March 2024 for the corporate tax advisory services and other agreed-upon procedures provided.
- (g) Had two private meetings with the external auditor on 24 November 2023 and 23 May 2024 respectively, in the absence of the executive directors and management to discuss matters concerning audit and financial statements. The AC also enquired about the proficiency and adequacy of resources in the financial reporting functions, evaluation of the internal control system and any other observations the external auditor may have had during the audit process.

Risk Management

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

Related Party Transactions

- (a) Reviewed the related party transactions and recurrent related party transactions (or continuing connected transactions) entered into by the Group on a quarterly basis. The AC also ensured all related party 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 Conflict of Interest Policy and recommended to the Board for approval.
- (b) Reviewed the AC Report, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control and Sustainability Statement for approval before inclusion in the Annual Report 2023/24, prior to recommending the same to the Board for approval.
- (c) 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.
- (d) Reviewed the training programs for senior staff in the Group's accounting, internal audit and financial reporting functions.

INTERNAL AUDIT FUNCTION

The Group has an in-house Internal Audit (IA) Function to support the AC in discharging its responsibilities by providing independent and objective assessment on the adequacy and effectiveness of governance, risk management and internal control processes. The IA Function is guided by the Internal Audit Charter approved by the AC which sets out its purpose, scope, authority, independence and responsibility.

The IA Function reports functionally to the AC and administratively to an executive director. The AC reviewed the adequacy of scope, functions, competency and resources of the IA Function annually. Further information on resources, objectivity and independence of the IA Function are provided in the Corporate Governance Overview Statement, in accordance with the Malaysian Code.

The IA Function adopts a risk-based, systematic and discipline approach in planning and conducting the reviews. Internal audit reports were presented quarterly to the AC incorporating the findings, recommendations and responses from relevant management members who were responsible for the corrective actions within the required timeframe. During the year, the undertook audit engagements included the compliance review with the Group's Anti-bribery and corruption policy, circulation business operation review, information technology and financial related control processes of the Group. Follow-up reviews were also carried out to determine if remedial actions were timely and appropriately implemented and the status was reported to the AC.

For the financial year ended 31 March 2024, total costs incurred for the IA Function were approximately US\$95,000.

This Audit Committee Report was approved by the Board on 28 May 2024.