

# Statement on Risk Management and Internal Control

## INTRODUCTION

This Statement on Risk Management and Internal Control (this “Statement”) is made in accordance with Paragraph 15.26(b) of the Bursa Securities Listing Requirements and the guidelines contained in 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 C1 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.

The system can only provide reasonable but not absolute assurance against material misstatements, losses, frauds, breaches of laws and regulations, and unforeseen emerging risks because of its inherent limitations.

## RISK MANAGEMENT FRAMEWORK

The Group has established an 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 system; (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 ongoing measures taken are adequate to manage, address and mitigate the risks identified.

The same principle applies to the Risk Management Units (“RMU”), where risk identification, mitigation and monitoring accountability rest 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 ongoing basis with defined parameters, and record the identified risks in the risk registers. This process must 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 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

Outlined below are the principal risks and uncertainties that could materially affect the Group's performance. The Board continually reviews the potential risks facing the Group and the controls in place to mitigate any adverse impact. The Board also recognises that this is not an exhaustive list of all relevant risks and uncertainties. Other factors besides those listed below could also affect the Group and give rise to material consequences.

### Nature of risk

#### Economic and Geopolitical Uncertainty

In 2024, the global economy is anticipated to witness a slower growth trajectory due to tight monetary policies, with subsequent easing expected later in the year. Global inflation is forecasted to gradually decline, although commodity prices pose a notable risk.

China's economic growth is projected to decelerate, influenced by subdued property markets and diminishing reopening support. In Malaysia, economic expansion is anticipated, driven by domestic demand and potential improvements in tourism.

Recent measures in Hong Kong to stimulate the housing market may benefit the economy, yet uncertainties persist amidst the global economic environment and China's recovery pace.

Ongoing conflicts such as the Russia-NATO tension and heightened U.S.-China competition pose risks to regional stability and global industries. Escalating tensions in the Middle East have led to increased freight rates, potentially impacting newsprint prices. Such challenges could severely dent our financial performance, impacting the Group's profitability.

It is imperative that we remain vigilant and resilient, proactively seeking solutions to navigate these obstacles and safeguard our business and profitability.

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## Mitigating actions

- Utilise the Group's diverse geographic presence to strategically allocate resources across markets and product lines, reducing reliance on any single vulnerable market or sector amidst economic fluctuations.
- Implement comprehensive cost management strategies aimed at optimising operational efficiency and mitigating the impact of inflationary pressures.
- Adopt a proactive approach to understanding and responding to changes in consumer behavior and preferences. Utilise data analytics and market research to identify emerging trends and customer needs, enabling the Group to tailor its product offerings and marketing strategies accordingly.
- Strengthen the resilience of the supply chain by diversifying sourcing locations and identifying alternative suppliers to reduce reliance on single sources of input.

## Nature of risk

### Market Disruption

The Group's digital revenue has faced hurdles due to adjustments in social media algorithms, resulting in diminished audience engagement and advertising revenues.

Despite these setbacks, emerging platforms like TikTok offer both prospects and obstacles for the digital media landscape, demanding strategic adaptation.

Moreover, the media landscape is further transformed by the integration of Artificial Intelligence (AI) technologies. AI plays a pivotal role in shaping content delivery, audience targeting, and user experience across digital platforms. Its algorithms curate personalised content recommendations, enhancing user engagement and retention. However, AI's influence also introduces challenges, such as concerns over algorithmic bias and the spread of misinformation.

Despite these obstacles, we remain agile and responsive to market dynamics. Our proactive approach aims to mitigate the effects of disruptions and position ourselves for enduring success.

## Mitigating actions

- Extend our footprint across various digital platforms to broaden our audience reach and reduce reliance on any single platform.
- Elevate engagement levels on our digital platforms by curating personalised content, integrating interactive features, and fostering community engagement initiatives. Building a dedicated and loyal audience base insulates us from fluctuations in social media algorithms, ensuring consistent traffic and engagement regardless of external changes.
- Cultivate strategic alliances with fellow publishers, content creators, and digital platforms to amplify our online influence and extend our reach. Through collaborative efforts such as cross-promotional campaigns and content distribution agreements, we diversify our traffic sources and mitigate the impact of algorithmic shifts, ensuring sustained visibility and engagement.
- Remain vigilant in monitoring social media algorithm changes and user behavior patterns, swiftly adapting our content and distribution strategies to maintain relevance and maximise engagement. By staying attuned to evolving trends and preferences, we uphold our position as a dynamic and sought-after digital destination.
- Invest in technology solutions that enhance user experience and drive audience engagement. Leveraging advanced tools such as data analytics, artificial intelligence, and machine learning, we optimise content delivery, personalise recommendations, and refine monetisation strategies.

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## Nature of risk

### Climate Change

The evolving global climate policies have a profound impact on our group's business operations and supply chain. Initiatives such as carbon pricing in shipping and forthcoming regulations on plastic pollution have the potential to significantly disrupt our business models.

To fulfill our sustainability commitment and navigate these challenges effectively, we must prioritise climate considerations within our operations. This involves enhancing our reporting methods and making necessary adjustments to our processes and practices.

In response to climate change, it is crucial for us to take proactive measures to safeguard the resilience and sustainability of our business. By staying ahead of regulatory changes and implementing sustainable practices, we can mitigate risks and seize opportunities for long-term success.

### Mitigating actions

- Invest in energy-efficient technologies and renewable energy sources to reduce greenhouse gas emissions across our operations.
- Collaborate with suppliers to reduce emissions throughout the supply chain by sourcing materials locally, optimising transportation routes, and promoting sustainable practices. Prioritise suppliers with robust environmental management systems and encourage the adoption of emission reduction targets.
- Develop comprehensive carbon reduction targets to mitigate our carbon footprint.
- Engage with local communities, stakeholders, and policymakers to raise awareness about climate change issues and advocate for supportive policies and regulations. Collaborate with industry peers and participate in climate-related initiatives to drive collective action and influence positive change.
- Assess and mitigate climate-related risks to our business operations, infrastructure, and supply chain. Develop resilience plans and adaptation strategies to address potential impacts such as extreme weather events, sea-level rise, and resource scarcity.
- Implement robust monitoring and reporting mechanisms to track progress towards climate mitigation goals and ensure transparency. Regularly review and update mitigation plans in response to changing climate risks and regulatory requirements.

## INTERNAL AUDIT

The in-house Internal Audit (IA) Function endeavours to enhance and protect the organisational value of the Group by providing a risk-based and objective assurance, advice and insight. The IA Function operates independently to evaluate and improve the adequacy and effectiveness of risk management, internal control systems and governance processes in a systematic and disciplined approach.

An annual internal audit plan was formulated and presented to the Audit Committee for approval. The reviews conducted were to provide a reasonable assurance that risk management and internal control processes are in place and operating satisfactorily. For any significant gaps identified, the IA Function provides recommendations to the management to improve the design, process and procedure, where applicable. The head of Internal Audit has direct access to the Chairman of the Audit Committee, whenever deem necessary and tabled reports to the Audit Committee on a quarterly basis.

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## 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 organisational structure with clearly defined lines of roles and responsibilities, authority limits and accountability with periodic updates in order to align 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 business plans, operating and capital budgets annually. The Group's senior management meets monthly 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 of actual performance and significant variances against budgets are provided to the Board quarterly. This helps the Board and senior management to monitor the Group's business operations and plan on a timely basis to suit the changes in the business environment;
- Each operating company maintains internal controls and procedures appropriate to its structure and business environment whilst complying with the Group's policies, standards and guidelines;
- The Group maintains appropriate insurance programmes 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 a 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 crises 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;
- The Code of Conduct and Ethics serves as guiding principles for adherence by all the Group's employees on the high standards of conduct and ethical values in all business practices;
- The Group has implemented an Anti-Bribery and Corruption Policy which is regularly reviewed and updated. In adherence to this policy, the Group has implemented a range of control measures, such as conducting regular staff training, sending periodic email reminders to prevent corruption, assessing corruption risks in the company's risk profiles, requiring key managerial staff to make an annual declaration of conflicts of interest, and conducting continuous monitoring and review through the IA Function; and
- The legal department monitors compliance with relevant laws and regulations including anti-bribery and corruption which govern the Group's businesses.

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## WHISTLE BLOWING POLICY

The Group's Whistle Blowing Policy was revised and approved by the Board in February 2023. 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 including 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 the fair and independent investigation of such matters and with 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 the Head of Finance that the Group's system of risk management, internal control and preventive measures against corruption, 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, internal control and preventive measures against corruption is in place to safeguard the shareholders' investment and the Group's assets.

## REVIEW OF THIS STATEMENT BY THE EXTERNAL AUDITOR

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditor has reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditor to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

This Statement on Risk Management and Internal Control was approved by the Board on 28 May 2024.