

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## COMPOSITION

**Yap Seng Chong** (appointed 30 May 2023)  
(Chairman/Independent Non-Executive Director)

**Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir** (appointed 30 May 2023)  
(Member/Independent Non-Executive Director)

**Fong Yee Mei** (appointed 30 May 2023)  
(Member/Independent Non-Executive Director)

**Dato' Tan Guan Cheong** (resigned 30 May 2023)  
(Chairman/Independent Non-Executive Director)

**Tan Sri Datuk Asmat Bin Kamaludin** (resigned 30 May 2023)  
(Member/Independent Non-Executive Director)

**Dato' Yoogalingam A/L Vyramuttu** (resigned 30 May 2023)  
(Member/Independent Non-Executive Director)

## TERMS OF REFERENCE

The terms of reference can be found under the 'Governance' section on the Company's website at [www.ytlcement.my](http://www.ytlcement.my).

## NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE

During the financial year, a total of 5 Audit and Risk Management Committee Meetings ("ARMC") were held and the details of attendance are as follows:-

	<b>Attendance</b>
Dato' Tan Guan Cheong	5
Tan Sri Datuk Asmat Bin Kamaludin	4
Dato' Yoogalingam A/L Vyramuttu	5

## SUMMARY OF WORK CARRIED OUT DURING FINANCIAL YEAR

The ARMC carried out the following work during the financial year ended 30 June 2023 in the discharge of its functions and duties:-

### 1. Overseeing Financial Reporting

- (a) Reviewed the following quarterly financial results and annual audited financial statements ("Financial Reports") prior to its recommendation to the Board of Directors for approval:
- Quarterly financial results for the fourth quarter of financial year ended 30 June 2022, and the annual audited financial statements for the financial year ended 30 June 2022 at the ARMC meeting held on 24 August 2022 and 28 September 2022, respectively;
  - First, second and third quarters of the quarterly results for the financial year ended 30 June 2023 at the ARMC meetings held on 23 November 2022, 22 February 2023 and 24 May 2023, respectively.
- (b) At the ARMC meetings, the General Manager Finance presented the Financial Reports wherein the following matters were reviewed and confirmed, with clarifications and/or additional information provided wherever required by the Managing Director primarily in charge of the financial management of the Company:-
- Appropriate accounting policies had been adopted and applied consistently, and other statutory and regulatory requirements had been complied with;
  - The Company has adequate resources to continue in operation for the foreseeable future and that there are no material uncertainties that could lead to significant doubt as to the Group's ability to continue as a going concern;
  - Significant judgements made by management in respect of matters such as purchase price allocation, impairment assessment of goodwill and the underlying assumptions and/or estimates used were reasonable and appropriate in accordance with the requirements of the Malaysian Financial Reporting Standards ("MFRS");
  - Adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRS and Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements");

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- The Financial Reports were fairly presented in conformity with the relevant accounting standards in all material aspects.

### 2. External Audit

- Reviewed with the external auditors, HLB Ler Lum Chew PLT (“HLB”):-
  - their status report, and final report on the audit of the financial year ended 30 June 2022 setting out their comments and conclusions on the significant audit and accounting matters highlighted, including management’s judgements, estimates and/or assessment made, and adequacy of disclosures in the financial statements;
  - the audit plan for the financial year ended 30 June 2023 outlining, amongst others, their scope of work, audit approach, areas of audit emphasis and development in laws and regulations affecting financial reporting and the roles and responsibilities of directors/ARMC members and auditors.
- Reviewed the audit fees proposed by HLB together with management and recommended the fees agreed with HLB to the Board of Directors for approval;
- Had discussions with HLB thrice during the financial year, on 24 August 2022, 28 September 2022 and 24 May 2023, without the presence of management, to apprise on matters in regard to the audit and financial statements. No issues were highlighted by HLB;
- Reviewed the profiles of the audit engagement team from HLB which enables the ARMC to assess their qualifications, expertise, resources, and independence, as well as the effectiveness of the audit process. HLB also confirmed their independence in all of the reports presented to the ARMC. The ARMC also reviewed on a regular basis, the nature and extent of the non-audit services provided by HLB and was satisfied with the suitability, performance, independence and objectivity of HLB;
- Assessed the performance of HLB for the financial year ended 30 June 2022 and recommended to the Board of Directors for re-appointment at the annual general meeting held on 6 December 2022.

### 3. Internal Audit/Internal Control

- Reviewed with the internal auditors the internal audit reports (including follow-up review reports), the audit findings and recommendations, management’s responses and/or actions taken thereto and ensured that material findings were satisfactorily addressed by management;
- Reviewed and adopted the internal audit risk analysis reports for 2022. Internal audit would leverage on the Group’s risk analysis to focus on the business processes and relevant areas that address the key risks identified;
- Reviewed and adopted the risk-based internal audit plan for the financial year ending 30 June 2024 to ensure sufficient scope and coverage of activities of the Company and the Group;
- Reviewed internal audit resourcing, with focus on ensuring that the function has sufficient resources together with the right caliber of personnel to perform effectively and that the head of internal audit has adequate authority to discharge its functions objectively and independently.

### 4. Recurrent Related Party Transactions of a Revenue or Trading Nature (“RRPT”)

- Reviewed, on a quarterly basis, the RRPT entered into by the Company and/or its subsidiaries with related parties to ensure that the Group’s internal policies and procedures governing RRPT are adhered to, the terms of the shareholder mandate are not contravened, and disclosure requirements of the Listing Requirements are observed;
- Received updates on the directorships and shareholdings held by the Directors of the Company and persons connected with them via the general notices given under and in accordance with Section 221 of the Companies Act, 2016 tabled at board meetings. These disclosures enabled an assessment of the potential or actual conflicts of interest which may arise in relation to related party transactions or RRPT;
- Reviewed the circulars to shareholders dated 31 October 2022 in relation to the renewal of shareholder mandate for RRPT, prior to its recommendation to the Board of Directors for approval.

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### 5. Annual Report

Reviewed the ARMC Report and the Statement on Risk Management and Internal Control before recommending these to the Board of Directors for approval for inclusion in 2022 Annual Report.

### 6. Employees Share Option Scheme (“ESOS”)

Reviewed the verification of share options allocations to the eligible employees approved by the options committee on 31 January 2023 and 24 March 2023 and concurred that the allocations under the ESOS complied with the criteria set out in the By-Laws of the ESOS.

### INTERNAL AUDIT FUNCTION

The objective of the Internal Audit (“IA”) is to help management evaluate the effectiveness and efficiency of the internal control systems. The IA is part of the Company and the Group’s governance system, and according to the Malaysian Code on Corporate Governance, the IA is in charge of supervising internal control activities. IA’s goal is to focus mainly on risk-based audits related to operations and compliance that are aligned with the risks of the Company and the Group to ensure that the relevant controls addressing those risks are reviewed.

During the year, the IA Department evaluated the adequacy and effectiveness of key controls in responding to risks within the organisation’s governance, operations and information systems regarding:-

- reliability and integrity of financial and operational information;
- effectiveness and efficiency of operations;
- safeguarding of assets; and
- compliance with relevant laws, regulations and contractual obligations.

The work of the internal audit function during the year under review include the following:-

1. Developed the annual internal audit plan and proposed the plan to the ARMC.
2. Conducted scheduled and special internal audit engagements, focusing primarily on the adequacy and effectiveness of internal controls and recommending improvements where necessary.
3. Conducted follow-up reviews to assess if appropriate action has been taken to address issues highlighted in previous audit reports.
4. Presented significant audit findings and areas for improvements raised by the IA to the ARMC for consideration on the recommended corrective measures together with the management’s response.
5. Conducted RRPT reviews to assess accuracy and completeness of reporting for presentation to the ARMC, and ensure compliance with the Listing Requirements.
6. Conducted discussions with management in identifying significant concerns and risk areas perceived by management for inclusion in the internal audit plan.
7. Conducted discussions with management to identify, analyse, assess and prioritise the internal and external corruption risks, for the purpose of establishing appropriate processes, systems and controls to mitigate the specific corruption risks exposure.
8. Conducted review and verification of the effectiveness in the implementation of the Group’s environmental, social and governance (ESG) policies and operations for the purpose of providing independent assurance on whether data being reported is accurate, relevant, complete and timely.

Costs amounting to RM464,251 were incurred in relation to the internal audit function for the financial year ended 30 June 2023.