

# Audit and Risk Management Committee Report

## COMPOSITION

### Yap Seng Chong

(Chairman/Independent Non-Executive Director)

### Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir

(Member/Independent Non-Executive Director)

### Fong Yee Mei

(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 6 Audit and Risk Management Committee Meetings ("ARMC") were held and the details of attendance are as follows:-

	Attendance
Yap Seng Chong	6/6
Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir	6/6
Fong Yee Mei	6/6

## SUMMARY OF WORK CARRIED OUT FOR THE FINANCIAL YEAR

The ARMC carried out the following work for the financial year ended 30 June 2024 in the discharge of its functions and duties:-

### 1. Financial Reporting

- (a) Reviewed the unaudited quarterly financial reports and audited financial statements ("Financial Reports") prior to its recommendation to the Board of Directors for approval.

- (b) In respect of the Financial Reports, the following matters were reviewed and discussed with management, with clarifications and/or additional information provided wherever required:

- 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 impairment assessment of goodwill, recognition of deferred tax assets, write down of property, plant and equipment, recoverability of receivables 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");
- The Financial Reports were fairly presented in conformity with the relevant accounting standards in all material aspects.

### 2. External Audit

- (a) Reviewed with the external auditors, HLB Ler Lum Chew PLT ("HLB"):
- the audit plan for the financial year ended 30 June 2024 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;
  - their status report, and final report on the audit of the financial year ended 30 June 2024 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.

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- (b) Reviewed the audit fees proposed by HLB together with management and recommended the fees agreed with HLB to the Board of Directors for approval;
- (c) Had discussions with HLB without the presence of management twice on 19 August 2024 and 25 September 2024, to apprise on matters in regard to the audit and financial statements. No issues were highlighted by HLB.
- (d) 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.
- (e) Reviewed on a regular basis, the nature and extent of the non-audit services provided by HLB and its affiliates and was satisfied with the suitability, performance, independence and objectivity of HLB.
- (f) Obtained written assurance from HLB that they have complied with the independence requirements and that their objectivity has not been compromised in accordance with regulatory and professional requirements.
- (g) Confirmed verbally by management, the internal auditors and all ARMC members that they had no knowledge of any actual, suspected or alleged fraud and non-compliance or suspected non-compliance with laws or regulations affecting the Group in response to an enquiry by the external auditors.
- (h) Assessed the performance of HLB for the financial year ended 30 June 2024 and recommended to the Board of Directors for re-appointment at the forthcoming annual general meeting.
- (i) Received the Condensed Transparency Report prepared by HLB, which contains the audit partner workload, auditor independence, professional capacity and competency, and investment in audit quality.

### 3. Internal Audit/Internal Control

- (a) 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.
- (b) Reviewed and adopted the internal audit plan for the financial year ending 30 June 2025 to ensure sufficient scope and coverage of activities of the Company and the Group.
- (c) 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.
- (d) Reviewed the Internal Audit Charter to enhance and upgrade the internal audit activities to be consistent with the mandatory elements of the Institute of Internal Auditors International Professional Practices Framework, including its Standards Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing and Code of Ethics, prior to its recommendation to the Board of Directors for approval.

### 4. Related Party Transactions

- (a) Reviewed, on a quarterly basis, the recurrent related party transactions of a revenue or trading nature ("RRPTs") entered into by the Company and/or its subsidiaries with related parties to ensure that the Group's internal policies and procedures governing RRPTs are adhered to, the terms of the shareholder mandate are not contravened, and disclosure requirements of the Listing Requirements are observed.
- (b) Reviewed the circulars to shareholders in relation to the renewal of shareholder mandate for RRPTs, 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 2024 Annual Report.

## 6. Amendments to the Terms of Reference (“TOR”)

Reviewed the proposed amendments to its TOR to reflect revised Paragraph 15.12(1)(h) of the Listing Requirements pertaining to the expanded scope of work or function of the audit committee in the review of conflict of interest situations, prior to its recommendation to the Board of Directors for approval.

## 7. Conflict of Interest (“COI”)

- (a) Reviewed and adopted a COI Policy, together with the ‘COI Declaration Form’ for the purpose of identifying, evaluating, disclosure/reporting, monitoring, maintenance and management of COI situations.
- (b) Reviewed the disclosure of actual or potential COI, including interest in any competing business, submitted by the Directors and key senior management of the Company and its subsidiaries via the ‘COI Declaration Form’ to the Secretary, who then escalated the same to the ARMC for assessment, conflict management and/or mitigation. There were no COI identified based on the review undertaken and this was subsequently reported to the Board.

## INTERNAL AUDIT FUNCTION

The Group’s internal audit function is carried out by the internal audit department within the YTL Corporation Berhad Group (“YTLIA”), which provides assurance on the efficiency and effectiveness of the internal control systems implemented by management, and reports functionally to the Audit and Risk Management Committee of the Company.

Every YTLIA team member has confirmed that they are free from conflict of interest or any relationship that could impair their objectivity and independence as internal auditors.

The ARMC reviews annually the adequacy of the scope, function, competency and resources of YTLIA to ensure that it is able to fully discharge its responsibilities. Details of the resources and the qualifications of the head of YTLIA are set out in the Corporate Governance Report.

During the year, the YTLIA 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 for 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.

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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 to the ARMC for consideration on the recommended corrective measures together with the management's response.
5. Conducted RRPTs 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 RM416,741 were incurred in relation to the internal audit function for the financial year ended 30 June 2024.