

# AUDIT & RISK MANAGEMENT COMMITTEE REPORT

## 1. COMPOSITION

The Audit and Risk Management Committee (“ARMCO”) currently comprises five (5) members and all of whom are non-executive directors with majority being independent directors appointed by your Board of Directors from amongst its members, and they are:-

<b>Name</b>	<b>Designation</b>
Mr Lau Tiang Hua	Chairman
Datuk M Chareon Sae Tang @ Tan Whye Aun	Member
Tan Sri Dr Madinah Binti Mohamad (Appointed on 27 February 2023)	Member
Dato’ Zuraidah Binti Atan (Appointed on 16 November 2023)	Member
Ms Chin Min Ming (Appointed on 16 November 2023)	Member
Puan Sri Nonadiah Binti Abdullah (Resigned on 27 February 2023)	Member

## 2. ATTENDANCE

The ARMCO held five (5) meetings during the financial year ended 31 December 2023 and the attendance of each member is as follows:-

<b>Name</b>	<b>Attendance</b>
Mr Lau Tiang Hua	5/5
Datuk M Chareon Sae Tang @ Tan Whye Aun	5/5
Tan Sri Dr Madinah Binti Mohamad (Appointed on 27 February 2023)	4/4
Dato’ Zuraidah Binti Atan (Appointed on 16 November 2023)	N/A
Ms Chin Min Ming (Appointed on 16 November 2023)	N/A
Puan Sri Nonadiah Binti Abdullah (Resigned on 27 February 2023)	1/1

## 3. SUMMARY OF WORK

The following is a summary of the work carried out by the ARMCO during the financial year ended 31 December 2023 in accordance with its terms of reference:-

- a) Reviewed the quarterly interim unaudited financial statements with the Management, focusing (1) on the financial performance and financial position of the Group, (2) compliance with applicable accounting standards and other legal requirements, and (3) matters affecting the financial results such as change in accounting policies, significant events etc., before recommending same to the Board for consideration and approval for release to Bursa Securities;
- b) Reviewed the annual audited financial statements and principal matters arising from the audit with the external auditors before recommending same to your Board for consideration and approval.  
The key areas of focus were (1) any change in or implementation of accounting policies and practices, (2) significant adjustments arising from the audit, (3) going concern assumption, (4) compliance with accounting standards and other legal requirements, (5) significant matters / events affecting the financial statements and (6) any significant judgements or estimations made by the Management;
- c) Held three (3) private meetings with the external auditors without the presence of the Management for the purpose of obtaining feedback on sensitive audit issues;
- d) Reviewed the audit findings and recommendations made by the external auditors and the Management’s response and follow up actions where appropriate and report the same to your Board;
- e) Reviewed and approved the annual Internal Audit Plan to ensure adequate scope and coverage on the activities of the Group;
- f) Reviewed the internal audit reports, audit recommendations made and Management’s response to these recommendations and actions taken to improve the system of internal control and procedures as recommended. Where appropriate, the ARMCO had directed Management to rectify and improve control procedures and workflow processes based on the internal auditor’s recommendations and suggestions for improvement;
- g) Reviewed the adequacy of the resources of the internal audit function and suggested prioritized audit areas, if necessary;
- h) Reported to your Board of Directors significant matters deliberated at the ARMCO meetings;

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- i) Reviewed the report on related party transactions (recurrent and non-recurrent) prepared by the internal auditor to ensure no conflict of interest situation and the terms and conditions of the transactions are entered into at arm's length basis and did not disadvantage the Group;
- j) Reviewed the risk register compiled by the Head of Risk Management and deliberated on the controls in place to mitigate the risks identified; and
- k) Reviewed the ARMCO Report and the Statement on Risk Management and Internal Control and recommended same for your Board's approval for inclusion in the Annual Report.

### 4. SUMMARY OF THE WORK OF THE INTERNAL AUDIT FUNCTION

The main role of the internal audit is to provide independent and objective assessment of the adequacy and effectiveness of the Group's risk management, internal control and governance processes established by Management and / or the Board within the Group. This is performed with impartiality, proficiency and due professional care. Internal audit adopts a risk based auditing approach by focusing on reviewing identified high risk areas for compliance with policies and procedures, identifying business risks which have not been appropriately addressed and evaluating the adequacy and effectiveness of internal controls.

The Group has in place an internal audit function which is independent of the activities it reviews. The Head of Internal Audit reports directly to the ARMCO. The internal audit personnel are free from any relationships and no conflict of interest, which could impair their objectivity and independence. The Internal Audit Department comprised four (4) internal auditors and is currently headed by Mr. Seah Chong Wan. He possesses a Bachelor of Business, (Accounting / Finance) from Charles Sturt University, Australia. The internal audit works are carried out in accordance with the approved annual Internal Audit Plan. The annual Internal Audit Plan is approved by the ARMCO and thereafter updated as and when necessary after prior approval of the ARMCO. In discharging its function, the Internal Audit Department has adopted the International Professional Practices Framework as well as established auditing guidelines and audit programmes to enhance the effectiveness of the audit process.

The following is a summary of the work undertaken by the Internal Audit Department during the financial year ended 31 December 2023:-

- a) Carried out its duties in accordance with its Internal Audit Charter;
- b) Conducted independent reviews and evaluated the risk exposures relating to the Group's governance, operations and information systems as follows:-
  - Reliability and integrity of financial and operational information;
  - Effectiveness and efficiency of operations;
  - Safeguarding of assets;
  - Compliance with laws, regulations, contracts, policies and procedures; and
  - Identification of opportunities to improve the operations and processes.
- c) The internal audit work had been carried out in accordance with the annual Internal Audit Plan approved by the ARMCO;
- d) Discussed audit findings and proposed remedial actions with Management for resolution and action;
- e) Conducted review on recurrent and non-recurrent Related Party Transactions; and
- f) Tabled the internal audit reports and the summary of the reviewed related party transactions in paragraph (e) above at the ARMCO meetings for the deliberation by its members, and to follow up on any suggested actions.

The total cost incurred for the internal audit function in respect of the financial year ended 31 December 2023 amounted to RM611,000.

This ARMCO Report is made in accordance with the resolution of your Board of Directors dated 27 February 2024.