

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit Committee was established on 26 July 1994 and renamed as the Audit and Risk Management Committee ("ARMC") on 31 May 2018 to serve as a Committee of the Board.

The Board is pleased to present the ARMC Report to provide insights on the discharge of the ARMC's functions during the financial year 2024 ("FY2024") in compliance with Rule 15.15 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("ACE LR").

## COMPOSITION

The present members of the ARMC comprise:

**Tan Lay Chee** (Chairman)  
Independent Non-Executive Director

**Dr. Ch'ng Huck Khoon** (Member)  
Non-Independent Non-Executive Director

**Ong Poh Lin Abdullah** (Member)  
Independent Non-Executive Director  
(Appointed as member w.e.f. 31 May 2023)

**Dato' Nik Ismail bin Dato' Nik Yusoff** (Member)  
Independent Non-Executive Director  
(Ceased as member w.e.f. 31 May 2023)

The members of the ARMC are Non-Executive Directors with a majority of them being Independent Directors. This satisfies the test of independence under ACE LR and meet the requirements of the MCCG.

Mr. Tan Lay Chee, the Chairman, is an Independent Non-Executive Director and is a member of the Malaysian Institute of Accountants. The Company complies with Rules 15.10 and 15.09(1)(c)(i) respectively of the ACE LR.

The performance of the ARMC and each of its members were reviewed by the Board on 23 May 2024 and the Board was satisfied that they are able to discharge their functions, duties and responsibilities in accordance with the Terms of Reference of the ARMC which have been reviewed by the Nominating Committee, thereby supporting the Board in ensuring appropriate corporate governance standards within the Group.

## SECRETARY

The secretaries to the ARMC are the Company Secretaries of the Company.

## TERMS OF REFERENCE

The detailed Terms of Reference of the ARMC outlining the composition, duties and functions, authority and procedures of the ARMC are published and available on the Company's website at [www.atsys.com.my](http://www.atsys.com.my).

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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### MEETINGS

The ARMC held five (5) meetings during the FY2024. Details of attendance of ARMC Meetings were as below:-

Name of Directors	Designation	No. of Meetings Attended	Percentage of Attendance (%)
<b>Tan Lay Chee</b>	Chairman	5/5	100
<b>Dr. Ch'ng Huck Khoon</b>	Member	5/5	100
<b>Ong Poh Lin Abdullah</b> <i>(Appointed as member w.e.f. 31 May 2023)</i>	Member	4/4	100
<b>Dato' Nik Ismail bin Dato' Nik Yusoff</b> <i>(Ceased as member w.e.f. 31 May 2023)</i>	Member	1/1	100

Notices of meetings were sent to the ARMC members at least one (1) week in advance. The ARMC members are provided with the agenda and relevant meeting papers before each meeting. All deliberations during the ARMC Meetings were duly minuted. Minutes of the ARMC Meetings were tabled for confirmation at every succeeding ARMC Meeting.

The directors of the key subsidiaries and members of senior management were invited to the ARMC Meetings to facilitate direct communication as well as to provide clarification on the Group's operations and area of concerns. The internal auditors attended the ARMC Meetings to table the Internal Audit report and assist Risk Management Working Group to present the Risk Management report.

The External Auditors attended three (3) ARMC Meetings held during the FY2024. The External Auditors were encouraged to raise with the ARMC any matters they considered important to bring to the ARMC's attention. For FY2024, two (2) private sessions were held between the ARMC with the External Auditors without the presence of the Executive Directors and management. The Chairman of the ARMC also ensured that there was communication and flow of information between the External Auditors and the management which was necessary to allow unrestricted access to information for the External Auditors to effectively perform their duties.

The Chairman of the ARMC presented the ARMC's recommendations together with the respective rationale to the Board for approval of the annual audited financial statements and the unaudited quarterly financial results. As and when necessary, the Chairman of the ARMC would convey to the Board matters of significant concern raised by the Internal or External Auditors.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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### SUMMARY OF WORKS DURING THE FINANCIAL YEAR 2024

During the FY2024 and up to the date of this Report, the summary of works undertaken by the ARMC to meet its responsibilities in the discharge of its function and duties comprised the followings:-

#### 1. Overview of Financial Performance and Reporting

- Reviewed the unaudited quarterly financial results for the quarters ended 30 June 2023, 30 September 2023, 31 December 2023 and 31 March 2024 before recommending the same for the Board's approval;
- Reviewed the financial performance and financial highlights of the Group;
- Reviewed the identified significant matters pursuant to Rule 15.12(1)(g)(ii) of the ACE LR;
- Reviewed the draft audited financial statements for the financial year ended 31 March 2024 before recommending the same for the Board's approval;
- Reviewed the Group's compliance with the accounting standards and relevant regulatory requirements.

#### 2. Oversight of External Auditors

- Evaluated External Auditors by considering their qualification, credentials, reputation and experience prior to re-appointment;
- Reviewed the Audit Planning Memorandum for the FY2024 prepared by the External Auditors, entailing mainly the overview of audit approach and areas of audit emphasis of the Group;
- Met two (2) times with the External Auditors without the presence of the Executive Directors and management;
- Reviewed and monitored the suitability and independence of the External Auditors. As part of the annual audit exercise, assurance from the External Auditors was sought in confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; Upon reviewed and being satisfied with the results, the same has been recommended to the Board for approval.

#### 3. Oversight of Internal Auditors

- Met with the Internal Auditors to discuss on the development of internal audit plan for the FY2024 based on the business direction of the Group;
- Reviewed and adopted the risk-based internal audit plan for the FY2024, upon agreeing on the auditable areas and the timing of the audits;
- Reviewed the Internal Audit Reports for the FY2024 and assessed the Internal Auditors' findings and the management's responses and made the necessary recommendations to the Board of Directors for approval.

#### 4. Review of Related Party Transactions

- Reviewed any related party transaction and conflict of interest situation that arose, persist or may arise within the Group including any transaction, procedure or course of conduct that raises the questions on management integrity, and the measures taken to resolve, eliminate or mitigate such conflicts.

#### 5. Oversight of Internal Control Matters

- Reviewed and confirmed the minutes of the ARMC Meetings;
- Reviewed the disclosures in Corporate Governance Overview Statement for the inclusion in the Annual Report 2024;
- Reviewed the disclosures in ARMC Report and Statement on Risk Management and Internal Control to be included in the Annual Report 2024.

#### 6. Employees' Share Option Scheme ("ESOS")

- Reviewed and verified options allocated and granted during the financial year pursuant to the Company's ESOS were in accordance with the allocation criteria approved by the ESOS Committee and in compliance with the By-Laws of the ESOS.

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### 7. Risk Management

- Reviewed the Risk Management Reports for the FY2024 and assessed the report's findings and the management's responses and made the necessary recommendations to the Board of Directors for approval.

The Board is satisfied that the ARMC has carried out its responsibilities and duties in accordance with the ARMC's Terms of Reference.

## INTERNAL AUDIT FUNCTION

### 1. Appointment of Internal Auditors

The Group has appointed an independent professional firm of consultant to support the internal audit function, namely Finfield Corporate Services Sdn Bhd. The outsourced internal auditors report directly to the ARMC, providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function. The purpose of the internal audit function is to provide the Board, through the ARMC, assurance of the effectiveness of the system of internal control in the Group.

The internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care.

### 2. Summary of Internal Audit and Risk Management ("IARM") Reviews During the Financial Year 2024

During the FY2024, the IARM reviews have been carried out according to the risk-based audit plan, which had been approved by the ARMC. The IARM reviews covered the following:-

- Human resource management;
- Risk management
- Inventory management

The internal auditors also reviewed implementation of corrective action plans or agreed course of action on the findings reported. The findings and recommendations were highlighted to the management for their comments and further action. Internal audit reports were presented to the ARMC and also reported to the Board.

### 3. Total costs incurred for the FY2024

Total costs incurred for the outsourced internal audit and risk management function of the Group for the FY2024 is RM48,850 (FY2023:RM32,800).

## CORPORATE GOVERNANCE PRACTICES

Apart from discharging its duties with respect to the internal audit, financial reporting and external audit, the ARMC also reviewed the disclosures made in respect of the financial results and Annual Report of the Company in line with the principles and spirit set out in the MCCG, other applicable laws, rules, directives and guidelines. In addition, before finalizing the various governance disclosures in the Annual Report, the ARMC together with all other Board Members and management had reviewed the Corporate Governance Overview Statement, Corporate Governance Report, ARMC Report, Statement on Risk Management and Internal Control together with other compliance disclosures.