

OCK GROUP BERHAD (“OCK” OR THE “COMPANY”)

AUDIT AND RISK MANAGEMENT COMMITTEE **TERMS OF REFERENCE**

1. COMPOSITION

The Audit and Risk Management Committee (“ARMC”) shall be appointed by the Board from amongst the directors of the Company and shall comprise at least three (3) members who must be non-executive directors and financially literate, the majority of whom shall be independent directors. At least one (1) member of the ARMC:-

- (a) Who must be a member of the Malaysian Institute of Accountants (MIA); or
- (b) If he is not a member of the MIA, he must have at least three (3) years’ working experience; and
 - (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (ii) he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967;
- (c) Who must have at least three (3) years’ post qualification experience in accounting or finance and:
 - (i) Has a degree/masters/doctorate in accounting or finance; or
 - (ii) Is a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants; or
- (d) Who must have at least seven (7) years’ experience being a chief financial officer of a corporation

No alternate Director shall be appointed as a member of the ARMC.

A former key audit partner shall observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee.

2. CHAIRMAN

The members of ARMC shall elect a Chairman from amongst their members, who shall be an independent director.

The Chairman of the ARMC is not the Chairman of Board.

The responsibilities of the ARMC Chairman are amongst others:

- (i) Ensuring that the ARMC Meetings run efficiently, and each agenda item is thoroughly and thoughtfully discussed in all members of the ACT;

- (ii) Overseeing reporting to the Board; and
- (iii) Serves as the key contact between the ARMC Members and members of the Board, as well as senior management and both the internal and external auditors.

3. SECRETARY

The Company Secretary shall act as Secretary of the ARMC and shall be responsible for preparation of agenda in consultation with the Chairman, and distribution to all the members the papers to be deliberated at the meeting.

4. MEETINGS

The ARMC shall meet at least four (4) times each year and at such additional meetings as the Chairman shall decide.

The quorum for a Committee Meeting shall be at least two (2) members, the majority present must be independent directors.

Each member of the ARMC is entitled to one (1) vote in deciding the matters deliberated in the meeting.

The decision that gained the majority votes shall be the decision of the ARMC. In the event of an equality of votes, the Chairman of the ARMC shall be entitled to a second or casting vote.

5. OBJECTIVES

The ARMC is responsible for reviewing reports from internal and external auditors to validate scope, evaluate existing policies, establish audit quality and ensure compliance with the Group's policies. The ARMC will also be responsible for ensuring that proper processes and procedures are in place to comply with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies.

6. AUTHORITY

ARMC shall have the authority to:-

- (i) Approve any appointment or termination of senior staff members of the internal audit function.
- (ii) Convene meeting with the external auditors, the internal auditors or both excluding the attendance of other directors and employees of the Group, whenever deemed necessary and such meetings with the external auditors shall be held at least twice a year.
- (iii) Obtain external professional advice or other advice and invite persons with relevant experience to attend its meetings, if necessary
- (iv) Investigate any matter within its terms of reference, have the resources which it needs to do so, full and unrestricted access to information pertaining to the Group and the Management, and all employees of the Group are required to comply with requests made by the ARMC.

- (v) Have direct communications channels with the external auditors and internal auditors, and also to engage the senior management on a continuous basis, such as the Chairman, the Chief Executive Officer and the Chief Financial Officer in order to be kept informed of matters affecting the Group.

7. RESPONSIBILITIES AND DUTIES

Specific responsibilities include:

- (i) Review the Group's quarterly results and year-end financial statements before submission to the Board, focusing particularly on:
- Changes in or implementation of major accounting policy changes
 - Significant and unusual events
 - Significant adjustments arising from the audit
 - Compliance with accounting standards and other legal requirements
 - The going concern assumption
- (ii) Recommend appointment or reappointment of external auditor and their audit fees.
- (iii) Review with the external auditors on the following and report the same to the Board:-
- Audit plan
 - Audit report
 - Evaluations of the system of internal controls
 - The assistance given by the employees to the external auditor
 - External auditors' management letter and management's response thereto
 - Any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external auditor
- (iv) Review with the Internal Auditors on the following and report the same to the Board:
- The annual audit plan which is risk-based and focused on significant risk areas to ensure adequate scope and comprehensive coverage over the activities of the Group;
 - Effectiveness of the internal audit processes as well as the adequacy of the resource requirements, competency and the budget of the internal audit function;
 - The internal audit report containing the internal audit findings, commentaries and recommendations and to follow-up on remedial actions;
 - Effectiveness of the internal control systems and risk management systems and have them considered if necessary; and
 - External auditors' report of deficiencies in internal control and management's response thereto;
- (v) Take cognizance of resignations of internal auditors and provide the resigning internal auditors an opportunity to submit his reasons for resigning upon receipt of such notice of resignation;
- (vi) Review the appraisal or assessment of the performance of the internal auditors;

(vii) Review the following and report the same to the Board:-

- The Annual Statement of Internal Control to be published in the Annual Report
- Any related party transactions and conflict of interest situations that may arise including any transaction, procedure or course of conduct that raises question of management integrity
- Any letter of resignation from the external auditors or suggestions for their dismissal
- Whether there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment

(viii) Assess processes and procedures to ensure compliance with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies.

(ix) Carry out any other function that may be mutually agreed upon by the ARMC and the Board.

8. COMMUNICATION TO THE BOARD

The ARMC shall prepare a report each year concerning its activities in compliance with these terms of reference to be tabled to the Board and for inclusion in the Group's Annual Report.

The minutes of each ARMC meeting shall be tabled to the Board for notation.

The ARMC may from time to time submit to the Board its recommendation on matters within its purview, for the Board's decision.

Where the ARMC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the ARMC must promptly report such matter to the Securities Commission.

9. CIRCULAR RESOLUTION

A resolution in writing signed by a majority of all members shall be valid and effectual as if it had been passed at a meeting of the ARMC. All such resolutions shall be described as "Members' Circular Resolutions" and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the minutes book. Any such resolution may consist of several documents in the like form, each signed by one (1) or more members. The expressions "in writing" or "signed" include approval by legible confirmed transmission by facsimile, telex, cable, telegram or other forms of electronic communications.

10. APPOINTMENT PROCESS

If a member of ARMC resigns, dies or for any reason ceases to be a member, the Board must fill the vacancy within three (3) months.

Annual review and re-appointment by the Board of Directors subject to the Board of Directors' review of the term of office and performance of ARMC and each of its members at least once every three (3) years to determine whether such ARMC and members have carried out their duties in accordance with their terms of reference.

This Term of Reference was adopted by the Board on 26 April 2022.

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