

TEO SENG CAPITAL BERHAD
(Company No. 732762-T)

**TERMS OF REFERENE OF REMUNERATION COMMITTEE AND
REMUNERATION POLICIES AND PROCEDURES**

1. Policy

- 1.1. The Remuneration Committee (“RC”) is primary responsible for the development and review of the remuneration policy and packages for the Board of Directors (“the Board”) and Key Management Personnel (“KMP”).
- 1.2. The remuneration policy is designed based on the following principles: -
 - 1.2.1. To attract and retain directors and KMPs of necessary caliber to lead the Company successfully.
 - 1.2.2. To motivate and incentivize directors and KMPs to achieve Company’s business objectives.
 - 1.2.3. To align the interests of the directors with the long-term interest of the shareholders.
- 1.3. The Board should ensure transparent remuneration policies and procedures through the formation of RC comprising non-executive directors (“NED”).

2. Objectives

- 2.1. To assist the Board in their responsibilities in assessing the remuneration packages of the executive directors (“ED”) and KMP.

3. Scope

- 3.1. The RC will meet periodically at least once a year to review, revise and recommend the remuneration package, drawing external advice when necessary, for each ED, and each KMP in considering all aspects of ED’s, and KMP’s performance.
- 3.2. For ED and KMP, the remuneration package is based on salary structures and benefit-in-kind.
- 3.3. The ED and KMP shall play no part in decisions on their own remunerations.
- 3.4. In the case of NED, the level of remuneration is based on their level of responsibilities. The determination of remuneration packages of NED is decided by the Board as a whole.
- 3.5. The respective directors abstain from discussing and deliberating on their own remuneration and directors’ fees must be approved by shareholders at the Annual General Meeting.

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4. Composition and Designation

Member			Designation
1	Choong Keen Shian	Chairman	Independent Non-Executive Director
2	Tan Sri Lau Tuang Nguang	Member	Non-Executive Director
3	Loh Wee Ching	Member	Non-Executive Director

5. Authority

- 5.1. The Board has constituted the RC with the authorities to perform the duties as set out in these Terms of Reference.
- 5.2. The RC shall, in accordance with a formal and transparent procedure, process or policy on ED's remuneration packages to be determined and established by the Board and at the expense of the Company,
- 5.2.1. shall review, assess and recommend to the Board the remuneration packages of the ED in all forms, with other independent professional advice or outside advice as necessary.
- 5.2.2. shall be entitled to the services of a company secretary who must ensure that all decisions made on the remuneration packages of the ED be properly recorded and minuted in the minutes book.

6. Membership & Independence

- 6.1. The RC shall be appointed by the Board from amongst their members and shall comprise exclusively of NED, the majority of whom shall be independent,

7. Chairman

- 7.1. The Chairman of the RC shall be elected from amongst the RC members. The Chairman of the RC shall be approved by the Board.

8. Secretary

- 8.1. The Secretary of the RC shall be the Company Secretary of the Company.
- 8.2. The Secretary is responsible to prepare the minutes of the RC meetings and circulate the minutes of the RC meetings promptly to all members of the RC ~~and table the same to the Board for notation.~~

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9. Key Duties and Responsibilities

9.1. The duties and responsibilities of the RC are as follows:-

- 9.1.1. To review and assess the remuneration packages of the Board members, and KMP in all forms, with or without other independent professional advice or other outside advice to reflect the Board's responsibilities, expertise and complexity of the Company's activities.
- 9.1.2. To ensure the levels of remuneration be sufficiently attractive, and competitive but fair and be able to retain directors needed to run the Company successfully.
- 9.1.3. To structure the component parts of remuneration so as to align with the business strategy and long-term objectives of the Company and to link rewards to individual performance and to assess the needs of the Company for talent at Board level at a particular time.
- 9.1.4. To review and recommend to the Board, the remuneration of the ED and KMP in all its forms, drawing from outside advice as necessary and the ED shall play no part in decisions on their own remuneration.
- 9.1.5. To ensure that a fair differential between the remuneration of ED, KMP and other levels of management is maintained.
- 9.1.6. To review and recommend the remuneration of NED to the Board.
- 9.1.7. To act in line with the directions of the Board.
- 9.1.8. The RC shall ensure compliance with any changes, amendments, updates and insertions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and any other applicable laws and regulations arising thereof from time to time.
- 9.1.9. To consider and examine such other matters as the RC considers appropriate.

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10. Meetings and Procedures

- 10.1.**Meeting Frequency:** The RC shall meet at least once a year or as frequently as required to perform the duties set out in these Terms of Reference. The Chairman may call for additional meetings at any time at the Chairman's discretion.
- 10.2.**Meeting Agendas:** The RC meeting agendas shall be the responsibility of the Chairman with inputs from RC members. The Chairman may also ask management to participate in this process.
- 10.3.**Meeting Notice:** Notice of meeting and the agenda shall be circulated by the RC Secretary at least seven days before each meeting to RC members and those who are required to attend. Written materials including information requested by the RC from management or external consultants shall be received together with the meeting notice and agenda.
- 10.4.**Quorum:** The quorum for each meeting shall be at least two, who must be non-executive directors.
- 10.5.**Casting Vote:** The Chairman of the RC shall have a casting vote.
- 10.6.**Conflict of Interest:** The individual director shall play no part in decisions on his/her own nomination or remuneration. Additionally, the remuneration of the directors on the RC shall be decided by the Board as a whole with the director concerned abstaining from voting on decisions on his/her own remuneration.
- 10.7.**Record of Meetings:** The RC Secretary shall cause the minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the RC. Such minutes shall be signed by the Chairman of the meeting ~~at which the proceedings were held or by the Chairman of the next succeeding meeting~~ and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes of the RC meetings shall be available to all Board members.
- 10.8.**Meeting Report:** The Chairman of the RC shall report to the Board at the next Board's meeting after each RC meeting.
- 10.9.**Circular Resolution:** A resolution in writing signed or approved by letter, telex, telefax or other written electronic communications by the majority of the members who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting. All such resolutions shall be described as "RC 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 like form, each signed by one or more directors.
- 10.10.**Chairing the meeting:** In the absence of the Chairman, the members can elect from amongst themselves the Chairman for the Meeting.

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11. Terms of Office

- 11.1. The term of office and performance of the RC and each of its members shall be reviewed at least once every three years by the Board; to assess whether the RC and its members have carried out their duties in accordance with their terms of reference.
- 11.2. A formal evaluation of the performance of all committee members should be undertaken by the Nomination Committee.