

# TEO SENG CAPITAL BERHAD

(Company No. 732762-T)

## **Board Charter**

### **1. Introduction**

The Board Charter is a charter of the Board of Directors (“Board”) of Teo Seng Capital Berhad (“TCSB” or “the Company”)

The Board is accountable to TCSB Members for the corporate governance and performance of the TCSB Group and is also committed to achieving the highest standards of business integrity, ethics and professionalism across the TCSB Group’s activities.

### **2. Purpose**

The Board Charter sets out the principal role of the Board, the demarcation of the roles, functions, responsibilities and power of the Board, various Board Committees of the Company.

This Charter further defines the specific responsibilities of the Board, in order to enhance coordination and communication between the Senior Management and Board and more specifically, to clarify the accountability of both the Board and Management for the benefit of the Company and its shareholders.

In addition, it will assist the Board in the assessment of its own performance and of its individual Directors.

### **3. Board Composition**

#### **a) Size and Composition**

The Board consists of qualified individuals with diverse experience, background and perspective to enable them to discharge their duties and responsibilities effectively. The composition and size of the Board is such that it facilitates the decision making of the Company. Pursuant to the Constitution of the Company, the Board shall not be less than five (5) directors and more than ten (10) directors.

In accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company must ensure that at least two (2) directors or one-third ( $\frac{1}{3}$  of the Board, whichever is higher, are Independent Directors. If the number of directors of the Company is not three (3) or a multiple of three (3), then the number nearest  $\frac{1}{3}$  must be used.

On boardroom diversity, the Board will review the appropriate skills, experience and knowledge required of the Board members, in the context of the needs of the Group. The Board will review its composition and size the from time to time to ensure its appropriateness.

# TEO SENG CAPITAL BERHAD

(Company No. 732762-T)

The Board collectively, and each Director individually, has the rights to seek independent professional advice at the Company's expense, subject to the approval of the Chairman or in the Chairman's absence, the Board.

## **b) Appointment and Re-election**

The Nomination Committee shall identify candidates with appropriate skills, experience, knowledge and expertise in order to discharge its mandate effectively and to maintain the necessary mix of expertise to the Board for approval.

All newly appointed Directors will be subject to retirement at the next Annual General Meeting and is eligible for re-election. The number of directorship in Listed Corporation held by any Board members at any time shall comply with the Listing Requirement of Bursa Malaysia Securities Berhad.

All other Directors are subject to retirement by rotation at least once in every three (3) years and is eligible for re-election.

## **c) Independent Director**

An Independent Director is independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgement.

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director being re-designated as a Non-independent Director. In the event the Director is to remain as Independent Director, the Board shall first justify and obtain shareholders' approval. If the Board continues to retain the Independent Director after the 12th year, shareholders' approval will be sought through a 2-tier voting process at the Company's general meeting;

The Board undertakes to assess the independent of its Independent Directors upon appointment, annually and when any new interest or relationship develops.

## **d) New Directorship and Time Commitment**

Any Director shall notify the Chairman of the Board before accepting any new directorship. The notification shall include an indication of time that will be spent on the new appointment.

The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company.

# TEO SENG CAPITAL BERHAD

(Company No. 732762-T)

## **4. Board Performance**

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Board reviews and evaluates its own performance and the performance of its Committees on an annual basis. On an annual basis, the Board, with the assistance of the Nomination Committee, shall evaluate its own performance and the extent to which the Board has met the requirements of its Board Charter, including the assessment on the Board as a whole, Board Committees and individual Directors (“Board Effectiveness Assessment”). Reference shall be made to the Nomination Committee Terms of Reference for specific details.

## **5. Roles and Responsibilities of the Board**

### **a) Roles of the Board**

The Board oversees the business and affairs of the Company and will assume, amongst others, the following duties and responsibilities

- 1) Reviewing and adopting a strategic business plan for the Group;
- 2) Overseeing the conduct of the Group’s businesses to evaluate whether the businesses are being properly managed;
- 3) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- 4) Succession planning, including appointing, training, fixing of compensation and, where appropriate, replacing senior management;
- 5) Developing and implementing an investor relations programme and shareholders’ communications policy for the Group, and
- 6) Reviewing the adequacy and integrity of the Group’s internal control systems and management information systems, including systems compliance with applicable laws, regulations, rules, directives and guidelines.

### **b) Policy and Strategies**

The following matters shall be reserved to the Board for determination and/or approval (save to the extent that the Board resolves that determination and/or approval of any such matter shall be delegated to the Committees of the Board or Management):

- 1) corporate plans and programmes
- 2) annual budgets, including major capital commitments;
- 3) new ventures;
- 4) material acquisitions and disposals of undertakings and properties;
- 5) changes to the management and control structure within the Company and its subsidiaries, including key policies

# TEO SENG CAPITAL BERHAD

(Company No. 732762-T)

## **c) Roles of Chairman and the Managing Director**

The roles of the Chairman and the Managing Director are distinct and separated to ensure a balance of power and authority.

The Chairman is elected by the Board members to provide leadership at Board level and represents the Board to the shareholders and other stakeholders.

The Chairman is responsible for ensuring integrity and effectiveness of the Board and its committee. The key roles of the Chairman, amongst others, are as follows:

- 1) ensure that the Board functions effectively, cohesively and independently of Management
- 2) providing governance in matters requiring corporate justice and integrity
- 3) leading the Board, including presiding over Board meetings and Company meetings and directing Board discussions to effectively use the time available to address the critical issues facing the Company
- 4) promoting constructive and respectful relationship between board members and between board members and management
- 5) ensure that there are effective communication between the Company and/or Group and its shareholders and relevant stakeholders

Managing Director is responsible for the management of the Company's business, organisational effectiveness and implementation of Board strategies, policies and decisions. By virtue of his position as a Board member, he also acts as the intermediary between the Board and Management.

The Board delegates day-to-day management of the Company to the Managing Director. This delegation structure is further cascaded by the Managing Director to the Senior Management Team. The Managing Director and Senior Management Team remain accountable to the Board for the authority being delegated. Structured and regular reporting is made to the Board in areas where the Board is accountable and on the Company's overall performance.

The responsibilities of the Managing Director, in general, are:

- 1) developing the strategic direction of the Group
- 2) ensure that the Company and/or the Group's business is properly and efficiently managed by ensuring that the executive team implements the policies and strategies adopted by the Board and its Committees
- 3) ensure that the objectives and standards of performance are understood by employees
- 4) ensure that the operational planning and control systems are in place
- 5) monitoring performance results against plans
- 6) taking remedial action, where necessary

# TEO SENG CAPITAL BERHAD

(Company No. 732762-T)

## **d) Role of Executive and Non-Executive Director**

1. Executive Directors are, as employees, involved in the day-to-day management of the Company and the Group.

Non-Executive Directors are further classified as:

- a) those who have no direct or indirect pecuniary interest in the Company other than their Directors' fee related emoluments and their "permitted" holdings of shares in the Company, i.e. Independent Directors; and/or
  - b) those who are not employees of the Company or the Group or affiliated with it in any other way and are not involved in the day-to day running of the business but have pecuniary interest in the Company, either as shareholders or otherwise and whether direct or indirect, i.e. Non-Executive Directors.
2. Non-Executive Directors act as a bridge between Management, shareholders and other stakeholders. They provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

## **e) Board Committees**

The Board may from time to time establish committees as is considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the committees to assist in the execution of its responsibilities:

The committees shall operate under clearly defined terms of reference. The committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. The Chairman of the respective committees reports to the Board on the outcome of the committee meetings.

The Terms of Reference of each committees are available on the Company's website at [www.teoseng.com.my](http://www.teoseng.com.my) .

## **f) Board Meeting**

The Board shall schedule at least four (4) quarterly meetings annually. However, Special Meetings may be convened as required.

The Notice of Board Meeting, full agenda and the supporting Board Papers should be given in advance of each Board Meeting and Directors are expected to review in advance any such materials in order to facilitate meaningful deliberation during each meeting.

# TEO SENG CAPITAL BERHAD

(Company No. 732762-T)

## **g) Directors' Remuneration**

The Company shall provide a fair and reasonable, competitive, remuneration for its executive directors to ensure that the Company attracts and retains high calibre executive directors who have the skills, experience and knowledge to increase entity value to the benefit of all shareholders.

The remuneration policy for executive directors is based on the achievements and contribution of each member measured against their respective Key Performance Indicators. The Board shall determine the remuneration of executive directors taking into consideration the recommendations of the Remuneration Committee.

The aggregate amount of directors' fees to be paid to non-executive directors is subject to the approval of the shareholders at a General Meeting.

## **h) Induction and Training for Board Members**

In addition to the mandatory Accreditation Programme as required by the Bursa Malaysia Securities Berhad for newly-appointed Directors, the existing Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes. This will enable Directors to effectively discharge duties and sustain active participation in the Board deliberations.

The Board will be coordinated by the Nomination Committee, assess the training needs of the Directors from time to time and will ensure Directors have access to continuing education programme.

## **i) Internal Controls and Risk Management**

The Board oversees, reviews and monitors the operation, adequacy and effectiveness of Group's system of internal controls.

## **j) Financial Reporting**

The Company aims to present a clear and balanced assessment of the Company's financial position and prospects for its financial statements and quarterly announcements to the shareholders, including other price sensitive public reports and reports submitted to regulators.

The Board will ensure that the financial statements are prepared in accordance with the Companies Act and the applicable approved accounting standards set out by the Malaysian Accounting Standards Board so as to present a true and fair view of the state of affairs of the Group.

# TEO SENG CAPITAL BERHAD

(Company No. 732762-T)

## **5. Company Secretary**

The Board appoints the Company Secretary who plays an important advisory role and ensure that the Company Secretary fulfils its function for which he/she has been appointed.

The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and Group.

The Company Secretary shall be of a senior position with adequate authority and shall report directly to the Board. The appointment and removal of the Company Secretary will be subjected to the approval of the Board.

## **6. Confidentiality and Disclosures of Interest**

The Directors are required to act in the best interests of the Company. The Directors also have a duty of confidentiality in relation to the Company's confidential information.

A Director should disclose to the Board:

- any material personal interest they have in a matter which relates to the affairs of the Company; and
- any other interest (direct or indirect) which the Director believes is appropriate to disclose in order to avoid any conflict of interest or the perception of a conflict of interest.

The disclosure should be made as soon as practicable after the Director becomes aware of their interest. Details of the disclosure must be recorded in the minutes of the meeting at which the disclosure is made or the meeting held following the disclosure.

## **7. Investor Relations and Shareholders Communication**

The Company is committed to ensure that shareholders are well-informed of all major developments affecting the state of affairs of the Company. To achieve this, the Company has implemented amongst others, the following:

- 1) timely release of announcements and disclosures to Bursa Malaysia Securities Berhad, which include quarterly financial results, material contract and any other material information that may affect the investors' decision making;
- 2) conducts regular dialogues with financial analysts as a means of effective communication that enables the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests;
- 3) press conference which is normally held after the Annual General Meeting/Extraordinary General Meeting to provide the media an opportunity to receive an update from the Board on the proceedings at the meetings and to address any queries from the media

# TEO SENG CAPITAL BERHAD

(Company No. 732762-T)

- 4) encourage full participation of shareholders at all Annual General Meetings to ensure a high level of accountability and discussion of the Company's strategy and goals. The Company will also invite the external auditor to attend the Annual General Meeting and be available to answer shareholders' questions about the conduct of the audit and the preparation and content of the auditor's report
- 5) shareholders can gain access to information about the Company including the summary of the Group's investor relation activities and media releases through the Company's website, [www.teoseng.com.my](http://www.teoseng.com.my)

## **8. Code of Ethics and Conduct**

The Directors are expected to conduct themselves with the highest ethical standards. All Directors and employees are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Company.

The Group communicates the Code to all Directors and employees upon their appointment/employment and is deemed to be part of the Terms and Conditions of Service.

## **9. Review Of Board Charter**

The Board Charter will be reviewed periodically and updated in accordance with the needs of the Company and any new regulation that may have an impact on the discharge of the Board's responsibilities.

This Board Charter is made available for reference on the Company's website, [www.teoseng.com.my](http://www.teoseng.com.my).

*Reviewed and approved by Board of Directors ("BoD") on BoD Meeting as at 17 April 2019.*