

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

DIRECTORS' TENURE POLICY

1. Introduction

The Independent Directors play a crucial role of bringing objectivity to the decisions made by the Board. They provide independent judgment, experience and objectivity without being subordinated to operational considerations. They help to ensure that the interests of all stakeholders are taken into account and that the relevant issues are subjected to objective and impartial consideration by the Board of Directors (“the Board”).

2. Purpose

The Independent Directors' Tenure Policy (“this Policy”) sets out the approach of the Board of Teo Seng Capital Berhad (“the Company”), to tenure of Independent Directors on the Board.

3. Policy Statement

The Board has the responsibility to review and consider the composition and structure of the Board and its Committees, to ensure that an appropriate balance of specialisation, skills, diversity and independence is reflected. In endeavouring to ensure that the independence of directors is maintained, a written policy setting out the guidelines for tenure of directors has been developed. This policy sets out the tenure and performance expectations for the Independent Directors to ensure the Board is at all times operating in a co-ordinated and effective manner so as to promote the best interests of the Company and its shareholders. The Board believes that it is an advantage to have the continuous contribution of Independent Directors over a period of time during which they are able to develop awareness and insight of the Company and thereby be able to make a valuable contribution to the Board as a whole.

The Board acknowledges of the recommendations in the Malaysian Code on Corporate Governance 2017 that the tenure of an Independent Director should not exceed a cumulative of nine (9) years. However the Board will consider the following criteria when extending the 9 years tenure:-

- Identified the director who can continuously to act independently from the management.
- Identified relevant skills required in terms of expertise, background and types of personalities.
- Ensured that a wide net has been cast to search for independent directors.
- Does the director understand the business/industry of the company?
- Can the director work as part of the board?
- Can the director work effectively with a diverse group of people – can he disagree without being disagreeable?
- Does the director demonstrate a high level of integrity and honesty?
- Is the candidate able to commit sufficient time to discharge board duties?

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

- Does the director have ensured effective check and balance in the proceedings of the Board?
- Does the director have actively participated in the Board's deliberations, and provide independent opinion to the Board?
- Does the director have extensive experience to provide constructive opinion and idea to the Board?

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval. An Independent Directors' Nine Years Tenure Assessment Checklist (*Appendix J*) is established to evaluate the qualification of an Independent Director.

If the board continues to retain the independent director after the twelfth year, the board should provide justification and seek annual shareholders' approval through a two-tier voting process as follow:

- Tier 1: Only the Large Shareholders of the Company votes
- Tier 2: Shareholders other than Large Shareholders votes

Larger Shareholders mean a person who

- a) is entitled to exercise or controlled not less than 33% of voting shares.
- b) is the largest shareholder of voting shares.
- c) has the power to appoint a majority of the directors of the Company.
- d) has the power to make decision in respect of the business or administration of the company, and to give effect to such decisions or cause them to be given effect to.

4. Review of this Policy

The Nomination Committee will periodically review this Policy, as appropriate, to ensure the effectiveness of this Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

5. Disclosure of this Policy

This Policy will be published on the Company's website for public information.

Reviewed and approved by Board of Directors ("BoD") on BoD Meeting as at 04 Apr 2018.