

CORPORATE GOVERNANCE REPORT

STOCK CODE : 4405
COMPANY NAME : Tan Chong Motor Holdings Berhad
FINANCIAL YEAR : December 31, 2024

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	: Applied
Explanation on application of the practice	<p>The Board sets the strategic direction of the Group and ensures effective leadership through oversight of Management and robust monitoring of the activities and performance in the organisation.</p> <p>All members of the Board are aware of their responsibility to make decisions objectively which promote the success of the Group for the benefits of shareholders and other stakeholders. The roles and responsibilities of the Board are clearly set out in the Board Charter, which serves as a reference point for Board activities. The Board Charter is available on the Company's website at https://www.tanchonggroup.com.</p> <p>The key roles and responsibilities of the Board broadly cover formulation of corporate policies and strategies; overseeing and evaluating the conduct of the Group's businesses; identifying principal business risks and ensuring the implementation of appropriate internal controls to manage those risks to acceptable levels; and reviewing and approving key matters such as financial results, investments and divestitures, acquisitions and disposals, and major capital expenditure.</p> <p>To discharge its stewardship role, the Board has established several committees, namely the Audit Committee, Nominating and Remuneration Committee, and Board Risk Management and Sustainability Committee (collectively "Board Committees"), to examine specific issues within their respective Terms of Reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.</p> <p>The Executive Team (as defined in the Board Charter), comprising the President (leader), Deputy President (which is currently vacant), Group Chief Executive Officer ("Group CEO"), Chief Financial Officer ("CFO"), and other Senior Management Personnel, is responsible to the Board</p>

	<p>in accordance with their respective roles, positions, functions and responsibilities which include, inter-alia, the achievement of Group's goals and observance of Management authorities delegated by the Board; developing business plans which are aligned to the Group's requirements for growth, profitability, sustainability, and return on capital to be achieved; ensuring cost effectiveness in business operations; overseeing development of human capital; and ensuring members of the Board have the information necessary to perform their fiduciary duties and other governance responsibilities.</p> <p>As leader of the Executive Team, the President, who is supported by the Group CEO, CFO and other Senior Management Personnel in the Executive Team, implements the Group's strategies, policies and decisions adopted by the Board and oversees the Group's operations and business development.</p>
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	: Applied
Explanation on application of the practice	: Dato' Tan Heng Chew, as Chairman of the Board, is responsible for ensuring the adequacy and effectiveness of the Board's governance process. He acts as a facilitator at Board Meetings to encourage Board members to participate in discussions to ensure contributions from Directors are forthcoming on matters being deliberated and that no Board member, whether executive or otherwise, dominates discussion resulting in logical and understandable outcomes with dissenting views allowed to be freely expressed. His key responsibilities as Chairman include the following: <ul style="list-style-type: none">• presiding at Board and shareholders' meetings and ensuring the proceedings thereof comply with good conduct and practices;• leading the Board in establishing and monitoring good corporate governance practices in the Company;• consulting with the Board promptly over any matter that gives him cause for major concern;• managing Board communications and Board effectiveness, and the interface between Board and Management;• together with the Company Secretary, determining the content of the agenda and information to be supplied to the Board and ensuring that Board members receive relevant, complete and accurate information in a timely manner;• providing leadership to the Board so that the Board can discharge its responsibilities effectively; and• facilitating effective communication between the Board and stakeholders. In discharging his leadership role as Chairman, Dato' Tan Heng Chew ensures that Board decisions taken are in the Company's best interest and reflect Board's consensus.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and Chief Executive Officer are held by Dato' Tan Heng Chew and Mr. Ho Wai Ming respectively.</p> <p>The Board is of the view that with the division of responsibilities between the Chairman and Chief Executive Officer, together with the stature and professionalism of the Non-Executive Directors, who currently form more than half the Board size, and coupled with the adoption of the Board Charter that formally sets out the schedule of matters reserved solely to the Board for decision making, relevant checks and balances are in place to ensure there is no unfettered powers vested in any particular Director.</p> <p>As of 31 December 2024, the Board consisted of eight (8) members, comprising three (3) Executive Directors, four (4) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.

Application	: Applied
Explanation on application of the practice	: Dato' Tan Heng Chew, as the Chairman of the Board, has never been a member of the Audit Committee or Nominating and Remuneration Committee of the Company, nor participated in any of the mentioned Committees' Meetings. This allows objective deliberations of agenda items, enabling observations and recommendations to be put forth by the Board Committees to the Board for decision. Such a process provides the necessary check and balance in Board deliberations.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	: Applied
Explanation on application of the practice	<p>The Board is supported by Company Secretary who is qualified in accordance with the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, experienced and competent on statutory and regulatory requirements, corporate governance developments and practices. Key responsibilities of the Company Secretary includes the following:</p> <ul style="list-style-type: none">• manage all Board and Board Committees meeting logistics, attend and record minutes of all Board and Board Committees meetings and facilitate Board communications;• advise the Board on its roles and responsibilities;• facilitate the orientation of new Directors and assist in Directors' training and development;• advise the Board on corporate disclosures and compliance with the Companies Act 2016, Securities Regulations and Listing Requirements;• manage processes pertaining to the Annual and Extraordinary General Meetings;• monitor corporate governance developments and assist the Board in applying governance practices to meet the Company's needs and stakeholders' expectations; and• serve as a focal point for stakeholders' communication and engagement in corporate governance issues. <p>The performance of the Company Secretary is evaluated by the Board Members annually. The Company Secretary, who is a member of good standing in her professional body, i.e., the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"), is qualified to act as a Company Secretary under the Companies Act 2016. To be apprised of changing regulatory requirements, the Company Secretary is required to meet the prescribed continuing professional education criteria of MAICSA.</p>
Explanation for departure	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters for decision to be made on an informed basis to effectively discharge the Board's responsibilities. Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors at least seven (7) days prior to the Board and Board Committees meetings, as stated in the Board Charter and the respective Board Committees' Terms of Reference.</p> <p>All deliberations and decisions of the Board and Board Committees are recorded by the Company Secretary, including disclosure of interest by any interested Directors and their abstention from voting and deliberating on a particular transaction. Minutes of meetings are circulated and confirmed as a correct record by the Board and Board Committees at the next meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website.

The board charter clearly identifies—

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is guided by its Board Charter, which clearly sets out the Board's roles and responsibilities in discharging its fiduciary and leadership functions. The Board Charter, which is periodically reviewed by the Board to be in line with regulatory changes, was last revised and approved by the Board in August 2023.</p> <p>The latest version of the Board Charter is available on the Company's website at https://www.tanchonggroup.com.</p> <p>The Board Charter provides guidance for Directors and Management regarding the roles and responsibilities of the Board, Board Chairman, Executive Directors, Non-Executive Directors, Company Secretary and Board Committees.</p> <p>There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. Key matters reserved for the Board include, inter-alia, approval of annual budgets, audited financial statements, quarterly and annual financial results for announcement, investment and divestiture, as well as monitoring of the Group's financial and operating performance.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has developed a Directors' Code of Ethics, which essentially sets out the standards of conduct expected from all Directors, including managing conflict of interest, preventing the abuse of power, improper use of Company's assets, insider trading and non-compliance with laws, rules and regulations. The Directors' Code of Ethics is set out in Appendix A of the Board Charter, which is published on the Company's website at https://www.tanchonggroup.com.</p> <p>To inculcate good ethical conduct, the Group has also established a Code of Business Conduct & Ethics for its employees which has been communicated to all levels of employees in the Group, including Executive Directors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formalised a Special Complaints Policy, equivalent to a whistle-blowing policy, which serves as an avenue for employees, suppliers, vendors, customers or any other stakeholders of the Group, jointly-controlled companies and associated companies to raise concerns relating to improper conduct that constitutes a disciplinary offence, or a criminal offence as defined under the Whistleblower Protection Act 2010.</p> <p>Under the said policy, a hotline is made available for reporting of any actual or suspected improper conduct directly to the Group Integrity Officer ("GIO"). The GIO (or the Chairman of the Audit Committee, if GIO is implicated) reviews the complaint reports and if necessary, mandates the in-house Investigation Department to investigate. Investigation findings are escalated and presented to a Governing Committee for deliberation and decisions. The GIO, who is also the Secretary of the Governing Committee would report the findings and actions taken to the Audit Committee for notation.</p> <p>The Special Complaint Policy is published in the Company's website at https://www.tanchonggroup.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	: Applied
Explanation on application of the practice	<p>The Board is committed to promoting high standards of corporate governance and forging a healthy corporate culture that engenders transparency, accountability, integrity and corporate performance. The Group's approach to sustainability is to ensure that it is driving value-creation through sound economic, environmental, social and governance ("EESG") practices.</p> <p>The Board is responsible for overseeing the development and adoption of a sustainability framework and its related policies. The Board is assisted by the Risk Management and Sustainability Committee ("RMSC"), helmed by the Group Chief Executive Officer, and comprising representatives from the group-wide divisions and subsidiaries to coordinate and drive Tan Chong Motor Holdings Berhad ("TCMH")'s sustainability initiatives.</p> <p>To assist the Board in its oversight role on EESG, Management has formed a Sustainability Working Committee ("SWC") to develop a sustainability framework encompassing EESG considerations in business, materiality assessment initiatives and key performance indicators. The SWC's tasks include rolling out the framework and overseeing the implementation of initiatives in 2024, with the primary role of administering the implementation of initiatives allocated, and reporting of the progress to RMSC and thereafter, the RMSC to the Board Risk Management and Sustainability Committee ("BRMSC") quarterly. The purpose statement for sustainability for the 5-Year Roadmap (2022 to 2026) is "Driving Resilience".</p> <p>The new framework is aimed to enhance the Group's ability to identify and address key sustainability issues in a proactive manner by focusing on six (6) robust pillars. Sustainability actions are undertaken by all levels of the organisation, with related key performance indicators ("KPIs") set to provide direction towards achieving the goals.</p>

Explanation for departure	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	
Timeframe	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>At Tan Chong Motor Holdings Berhad, we value transparent two-way communication with our stakeholders, as their feedback is fundamental in guiding and shaping our business strategy.</p> <p>The Board has, in 2024, undertaken various stakeholder engagements as reported in the Company's sustainability statement under pages 31 to 32 of TCMH's Annual Report in ensuring that the Company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied
Explanation on application of the practice	:	<p>A Sustainability Working Committee ("SWC") was established to administer and implement initiatives allocated, and thereafter report the sustainability progress to the Risk Management and Sustainability Committee ("RMSC") and thereafter, the RMSC to the Board Risk Management and Sustainability Committee ("BRMSC") quarterly. BRMSC, in turn, reports the progress to the Board. This enables the Board to stay abreast of, and understand, the sustainability issues, including climate-related risks and opportunities, relevant to the Group and its business.</p> <p>A framework, which was developed and rolled-out in 2022, is aimed to further enhance the Group's ability to identify and address key sustainability issues in a proactive manner by focusing on six (6) EESG robust thematic pillars listed below:</p> <ul style="list-style-type: none"> (a) Long-Term Value Creation; (b) Innovation and Digitalisation; (c) A Green Future; (d) The Human Connection; (e) Employees Safety and Well-Being; and (f) Governance Responsibilities. <p>In FY2024, the Group had undertaken numerous sustainability initiatives as reported under pages 27 to 66 of the Company's Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Application	:	Applied
Explanation on application of the practice	:	<p>The annual assessment for the financial year ended 31 December 2024 of the Board, Board Committees, Individual Director and Company Secretary was conducted and facilitated by the Company Secretary based on the assessment framework developed by KPMG Management & Risk Consulting Sdn. Bhd., a consulting unit, and any updates as may be required by the Malaysian Code on Corporate Governance and/or the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The performance of Directors and Senior Management in relation to overseeing sustainability management was also assessed in FY2024.</p> <p>An additional 360° assessment of the Board and Board Committees conducted by personnel who were not members of the Board or Board Committees but who attended the full meetings of these bodies was also conducted.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

<i>Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.</i>	
Application	: Adopted
Explanation on adoption of the practice	<p>The Board has the ultimate responsibility for the oversight of the Group's sustainability journey, including Economic, Environmental, Social and Governance ("EESG") integration and its execution, ensuring accountability and transparency of the Group's ethical and social responsibility footprints; discussing and receiving updates on material issues, developments and progress reports on a quarterly basis, so as to monitor achievement of the Group's sustainability targets.</p> <p>The Board has entrusted the Board Risk Management and Sustainability Committee ("BRMSC") to assist in overseeing the EESG agenda, including the recommendation of action plans for the Board's consideration.</p> <p>Wherever possible, the Group takes into consideration the integration of sustainability matters into the operations. The Group Chief Executive Officer, Mr. Ho Wai Ming, who is also the Chairman of the management-level Risk Management and Sustainability Committee and a member of the Executive Leadership is the designated person within Management who manages the Group's sustainability efforts. This is carried out with the support of the Group Risk Management and Sustainability Department ("GRMS") and Sustainability Working Committee ("SWC").</p> <p>In adopting sustainable business practices and good corporate governance, the Group has accelerated its efforts on digitalisation and technological innovation; has in place an Environment, Health and Safety Policy; expanding the zero-emission Electric Vehicles ("EVs"), hybrid vehicles and e-POWER technology vehicles in the Group's products line-up; completed its first 20MWac Large-Scale Solar Photovoltaic ("LSSPV") plant which has successfully completed its first full year of operation since January 2024; installed rooftop solar panel system to achieve energy saving, supported childcare programme and launched charitable initiatives, etc.</p>

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	<p>On an annual basis, the Nominating and Remuneration Committee ("NRC") assesses the effectiveness of the Board, as whole, Board Committees as well as individual Directors.</p> <p>The Board comprises Directors with appropriate skills, knowledge, competence and experience to meet the needs of the Company. Accordingly, during the year, the Directors were assessed in the following areas:</p> <ol style="list-style-type: none"> 1. Strategy and entrepreneurship; 2. Legal and regulatory requirements; 3. Corporate governance, sustainability, risk management and internal controls; 4. Audit, accounting, financial reporting and taxation; 5. Human capital; 6. Treasury and banking; 7. Sales and marketing; 8. Production and quality assurance; 9. Research and development (technical); 10. Inventory management; and 11. Information technology. <p>The results of this assessment indicated that the Board has effectively discharged its respective stewardship responsibilities to meet the needs of the Company. The NRC recognised the strengths and area for improvement of the Board and Board Committees as reported in the Annual Report of the Company. A key area for improvement is in sales and marketing. No significant areas that required improvements to the Board dynamics and composition were noted. Accordingly, the Board endorsed the re-election of the retiring directors as recommended by the NRC.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	: Applied
Explanation on application of the practice	
Explanation for departure	<p>As of 31 December 2024, the Board consisted of eight (8) members, comprising three (3) Executive Directors, four (4) Independent Non-Executive Directors ("INEDs") and one (1) Non-Independent Non-Executive Director ("NINED").</p> <p>The independence of each Independent Non-Executive Director is reviewed by the Nominating and Remuneration Committee on an annual basis. During the assessment for FY2024, all the four (4) INEDs satisfied the independence criteria as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and they have demonstrated their independent judgement and objectivity in the Board's decision-making process.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	
Timeframe	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

Application :	Applied
Explanation on application of the practice :	As at 31 December 2024, none of the four (4) Independent Non-Executive Directors in the Company has exceeded a cumulative term limit of nine (9) years.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
Application	: Not Adopted
Explanation on adoption of the practice	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	: Applied
Explanation on application of the practice	<p>The Board recognises the importance of boardroom diversity, including industry experience, background, gender, and age to the effective functioning of the Board. While it is important to promote diversity, appointments to the Board focus solely on the merits of candidates. The criteria for recruitment and annual assessment of Directors are set out in the Terms of Reference of the Nominating and Remuneration Committee ("NRC"), which were last revised in March 2022 and published on the Company's website at https://www.tanchonggroup.com.</p> <p>On 24 May 2022, the Board adopted a Directors' Fit and Proper Policy setting out the fit and proper criteria for the appointment of prospective Director(s) and re-election of Directors on the Board of the Company and its subsidiaries. A copy of the Directors' Fit and Proper Policy is published on the Company's website at https://www.tanchonggroup.com.</p> <p>In making its recommendations, the NRC considers, among others, the following criteria and factors in relation to new appointments as well as those who retire by rotation and avail themselves to be re-elected at the Annual General Meeting ("AGM"):</p> <ul style="list-style-type: none">a) skills, knowledge, expertise and experience;b) competency and performance;c) character, professionalism and integrity;d) number of directorships (including directorship on boards of non-listed companies outside the Group) and other external obligations which may affect the Director's commitment, including time commitment and value contribution;e) any other business interests that may result in a conflict of interest; andf) in the case of candidates for the position of Independent Non-Executive Directors ("INEDs"), the Committee also evaluates the candidates' ability to discharge such responsibilities/ functions as are expected from INEDs.

	<p>As for the appointment of Senior Management, the NRC focuses on their working experience, skill sets, competencies, integrity, and commitment in the assessment of identified Senior Management personnel before recommending them to the Board for approval.</p> <p>In line with the Directors' Fit and Proper Policy, the new Directors as well as those who retire by rotation and avail themselves to be re-elected at the AGM complete a Declaration of Fit and Propriety prior to appointment or re-election.</p>
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

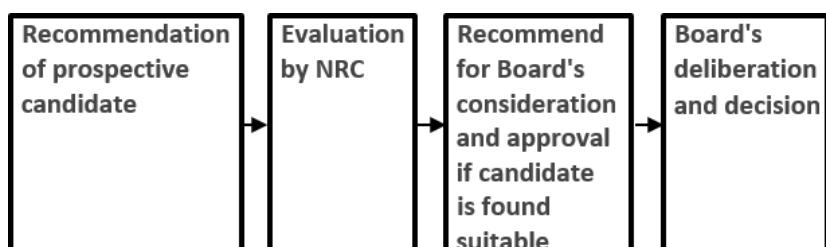
Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application :	Applied
Explanation on application of the practice :	<p>The Board has stipulated specific Terms of Reference for the Nominating and Remuneration Committee ("NRC"), which cover, inter-alia, assessing and recommending to the Board the candidature of Directors, appointment of Directors to Board Committees and training programmes for the Directors. In the nomination and election of new Director, the NRC is tasked to conduct an evaluation and assessment of the candidate's ability to discharge his/her duty effectively prior to making recommendation to the Board for its approval. The Board and NRC are guided by the following process and procedures for nomination of new candidates:</p>  <p>In identifying candidates for appointment as Directors, the Company does not rely solely on recommendations from existing Board members, Management or major shareholders. The Board also considers sourcing candidates via independent consultants or external organisations, such as Malaysian Directors' Academy ("MINDA"), Institute of Corporate Directors Malaysia and LeadWomen Sdn. Bhd.</p> <p>The NRC is of the view that such a process provides an adequate basis to source for competent candidates to fill the positions of Directors in the Board.</p>
Explanation for departure :	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	: Applied
Explanation on application of the practice	<p>Detailed information in respect of the Directors can be obtained from the Profile of Directors set out on pages 20 to 23 of the Company's Annual Report. Shareholders should be able to make an informed decision on the appointment and re-appointment of a director based on the information provided.</p> <p>On 22 January 2025, the Nominating and Remuneration Committee ("NRC") met to review the outcome of the annual assessment of the Board as a whole, the Board Committees and the performance of individual Directors as well as independence of the INEDs in respect of the financial year ended 31 December 2024. The assessment was conducted on a self and peer approach. An additional 360° assessment of the Board and Board Committees was conducted by personnel who were not members of the Board or Board Committees but who attended the full meetings of these bodies.</p> <p>The Board has, through the NRC, considered the results of assessment of the Directors and collectively agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors. The Board endorsed the NRC's recommendation on the re-election of the retiring Directors.</p> <p>The Board has provided a statement to support the re-election of the retiring directors in the Notice of Annual General Meeting.</p>
Explanation for departure	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied
Explanation on application of the practice	:	The Nominating and Remuneration Committee ("NRC") is chaired by Mr. Lee Min On, the Senior Independent Non-Executive Director of the Company. This is in line with the Terms of Reference of NRC which specify that the Senior Independent Non-Executive Director shall be the Chairman of the NRC.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.9

The board comprises at least 30% women directors.

Application	Departure
Explanation on application of the practice	
Explanation for departure	<p>As of 31 December 2024, there were eight (8) Directors in the Board, comprising six (6) male Directors and two (2) women Directors fulfilling the Board Policy on gender diversity. Such policy is set out in the Board Charter is available on the Company's website at https://www.tanchonggroup.com.</p> <p>The Company met the requirements of the Main Market Listing Requirements by Bursa Malaysia Securities Berhad, which requires all listed issuers to have at least one (1) woman director on its Board.</p> <p>The Board strongly advocates Board diversity as a truly diverse Board will include and make good use of differences in skills, regional and industry experience, background, gender, age, ethnicity and other qualities of Directors such as the candidates' competency, character, time commitment, integrity and experience in meeting the Company's needs. These diversities are considered in determining the optimum composition of the Board and, whenever possible, is balanced appropriately.</p> <p>Despite the Company not meeting the 30% women directors in its Board composition, it does not deprive the Board from objective decision-making from female perspective as the Company was backed by Dr. Nesadurai Kalanithi, the co-founder of Climate Governance Malaysia who had recently completed the Oxford University's Leading Sustainable Corporations Programme at the Said Business School, and who is familiar with the needs and aspirations of listed entities and SMEs, backed with good understanding of international markets and has notable experience in Environmental, Social and Governance ("ESG").</p> <p>On 1 February 2024, the Company appointed Ms. Chia Tuang Mooi, another woman Director who has more than 20 years of experience in taxation and is responsible for providing direct and indirect taxes support to all entities in the Group.</p>

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formalised a Board Diversity Policy and such policy is set out in the Board Charter uploaded on the Company's website at https://www.tanchonggroup.com.</p> <p>The salient features of the Board's policy on gender diversity are set out in the Corporate Governance Overview Statement included in the Company's Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.

Application	: Applied
Explanation on application of the practice	<p>The Nominating and Remuneration Committee (“NRC”) is entrusted to review annually the required mix of skills and experience of Directors, succession plans and Board diversity, including gender, age and ethnicity diversity, training requirements for Directors and other qualities of the Board, including core-competencies which the Non-Executive Directors (“NEDs”) should bring to the Board. The NRC is also tasked to assess annually the effectiveness of the Board as a whole, the Board Committees and contributions of each individual Director.</p> <p>On an annual basis, the assessment of the effectiveness of the Board as a whole, the effectiveness of each Board Committee and individual Directors, including the independence of the Company’s Independent Directors, is conducted and facilitated by the Company Secretary based on the assessment framework developed by KPMG Management & Risk Consulting Sdn. Bhd., a consulting unit, and any updates as may be required by the Malaysian Code on Corporate Governance and/or the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>Pursuant to its Terms of Reference, the NRC meets at least once a year or more frequently as deemed necessary by the NRC Chairman.</p> <p>On 22 January 2025, the NRC met to review and assess the effectiveness of the Board as a whole, the Board Committees and the performance of individual Directors as well as independence of the Independent Directors in respect of the financial year ended 31 December 2024 based on a self and peer assessment approach. An additional 360° assessment of the Board and Board Committees by personnel who were not members of the Board or Board Committees but who attended the full meetings of these bodies was also conducted.</p>

	<p>From the results of the assessment and based on the NRC's recommendation, the Board was satisfied that the Board and Board Committees and individual Directors had the relevant skill sets and had effectively discharged their respective stewardship responsibilities to meet the needs of the Company. Although the outcome of the assessment did not indicate any need to reform or revise the Board composition or any significant weakness in boardroom dynamics, there were nonetheless recommendations for the Board to have a deeper focus in the following areas:</p> <ul style="list-style-type: none"> • The continued implementation of, and improvement to, the Group's the Anti-Bribery & Anti-Corruption Framework to safeguard the interest of the Group, Directors and shareholders; • Build risk resilience by further strengthening controls on certain core areas; and • Digital transformation and cybersecurity. <p>Based on outcome of the annual assessment and upon recommendations of the NRC, the Board has recommended the re-election of retiring Directors who are due for re-election by rotation for shareholders' approval at the forthcoming Annual General Meeting to be held on 30 May 2025.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	: Applied
Explanation on application of the practice	<p>The Nominating and Remuneration Committee ("NRC") is entrusted by the Board to review and recommend the policies and procedures on matters relating to the remuneration of the Board and Senior Management and making recommendations of the same to the Board for approval.</p> <p>Based on recommendation of the NRC, the Board has formalised the Policies and Procedures for the Remuneration of Directors and Senior Management ("Policy") on 27 February 2018. The Policies and Procedures for the Remuneration of Directors and Senior Management, which were last reviewed on 27 November 2023, are available on the Company's website at https://www.tanchonggroup.com.</p> <p>Vide the Policy, the Board ensures that remuneration of Senior Management personnel commensurate with their roles and responsibilities, level of skills, experience and performance in order to attract, retain and motivate them to contribute positively towards the Group's performance.</p> <p>The performance of Senior Management is evaluated on an annual basis and measured against the targets set for the year. The remuneration packages are reviewed annually, and adjustments to their remuneration are made based not only on their individual performances and contributions, but also on the overall Group's performance.</p> <p>The Company seeks shareholders' approval in respect of the payment of Directors' fees and benefits annually at General Meetings as required by the Companies Act 2016.</p>

Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nominating and Remuneration Committees, which comprise exclusively Independent Non-Executive Directors, has been tasked with expanded duties and responsibilities to assist the Board in implementing policies and procedures on matters relating to the remuneration of the Board and Senior Management.</p> <p>The roles and responsibilities of NRC are governed by its Terms of Reference, which are available on the Company's website at https://www.tanchonggroup.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	Details of the remuneration for each of the Directors of the Company on a named basis received or to be received by them from the Group and Company for the financial year ended 31 December 2024 are set out in the table below:

No	Name	Directorate	Company (RM)						Group (RM)							
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Tan Heng Chew	Executive Director*	-	784,431	3,916,230	-	53,025	4,047,153	8,800,839	-	784,431	7,832,450	-	53,025	4,791,249	13,461,155
2	Ho Wai Ming	Executive Director*	-	-	1,225,100	-	6,003	196,501	1,427,604	-	-	1,225,100	-	6,003	196,501	1,427,604
3	Dato' Ng Mann Cheong	Non-Independent Non-Executive Director	132,000	44,100	-	-	7,200	-	183,300	132,000	44,100	-	-	7,200	238,085 [#]	421,385
4	Lee Min On	Independent Director	132,000	50,100	-	-	-	-	182,100	148,200	50,100	-	-	-	-	198,300
5	Ng Chee Hoong	Independent Director	132,000	50,700	-	-	-	-	182,700	132,000	50,700	-	-	-	-	182,700
6	Dato' Chan Choun Sien	Independent Director	132,000	44,100	-	-	-	-	176,100	132,000	44,100	-	-	-	-	176,100
7	Dr. Nesadurai Kalanithi	Independent Director	132,000	45,600	-	-	-	-	177,600	132,000	45,600	-	-	-	-	177,600
8	Chia Tuang Mooi (Appointed on 1 February 2024)	Executive Director*	-	-	-	-	-	-	-	-	-	425,176	-	9,699	17,012	451,887

* The remuneration received or to be received by the Executive Directors were in respect of their employment with the Company/Group.

This amount was in respect of remuneration for services rendered by Dato' Ng Mann Cheong and/or his legal firm.

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	: Departure
Explanation on application of the practice	
Explanation for departure	<p>The Board is of the view that disclosure of Senior Management's remuneration on a named basis with various remuneration components is not in the best interest of the Group, as it gives rise to recruitment and talent retention issues and may lead to those key senior management personnel being poached by competitors, potentially resulting in the Group losing high caliber personnel who have been contributing to the Group's performance.</p> <p>The Company, as an alternative, opted to disclose the names of the key senior management of the Group and aggregate remuneration of the key senior management on a group basis. The key senior management of the Group comprises the Chief Financial Officer and the heads of major subsidiaries, who have the authority and responsibility for planning, directing and controlling business operations of the Group's core business and major subsidiaries' business activities.</p> <p>The Board is of the view that this disclosure provides an alternative means for stakeholders to assess whether the key senior management personnel of the Group are remunerated fairly, responsibly and appropriately, taking into account the Group's performance for the financial year, in line with the Intended Outcome of Practice 8.2.</p> <p>The aggregate remuneration (inclusive of salaries and other benefits-in-kind) of the top five key senior management for 2024 (excluding Executive Directors), on a Group basis, amounted to approximately RM3.813 million. The profiles of the key senior management are disclosed on pages 24 to 26 of the Company's Annual Report 2024.</p> <p>The Board has, in 2018, formalised the remuneration policies and procedures to ensure that remuneration of senior management personnel is appropriately commensurate with their roles and responsibilities, level of skills, experience and performance in order to attract, retain and motivate them to contribute positively towards the</p>

	<p>Group's performance. The remuneration policies and procedures were last reviewed on 27 November 2023, are published on the Company's website at https://www.tanchonggroup.com.</p> <p>The performance of senior management is evaluated on an annual basis and measured against the targets set for the year. The remuneration packages are reviewed annually, and adjustments to their remuneration are made based not only on their individual performances and contributions, but also on the overall Group's performance.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.				
2	Input info here	Input info here	Choose an item.	Choose an item.				
3	Input info here	Input info here	Choose an item.	Choose an item.				
4	Input info here	Input info here	Choose an item.	Choose an item.				
5	Input info here	Input info here	Choose an item.	Choose an item.				

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here						
2	Input info here	Input info here						
3	Input info here	Input info here						
4	Input info here	Input info here						
5	Input info here	Input info here						

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied
Explanation on application of the practice	:	The Chairman of the Audit Committee is Mr. Ng Chee Hoong, a member of the Malaysian Institute of Accountants and who is not the Chairman of the Board.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied
Explanation on application of the practice	:	<p>The Terms of Reference ("TOR") of Audit Committee had been revised and adopted by the Board to include the observation of a cooling-off period of at least three (3) years before a former partner can be appointed as a member of the Audit Committee. Partner refers to all former partners of the Audit Firm and/or its affiliates, including those providing advisory services, tax consulting, etc.</p> <p>There was no appointment of any former key audit partner to the Audit Committee in financial year 2024.</p> <p>The said TOR is contained in the Board Charter which is published on the Company's website at https://www.tanchonggroup.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	: Applied
Explanation on application of the practice	<p>The Audit Committee reviews and assesses the suitability and independence of the external auditors of the Company on an annual basis. The annual review and assessment are carried out via an assessment questionnaire. The areas for assessment of the external auditors cover, inter-alia, their technical competencies, independence, objectivity, professionalism, quality of services, sufficiency of resources and communication and interaction with the external auditors. Pertinent feedback from the Acting Chief Financial Officer for the financial year 2024 was obtained by the Audit Committee to augment its assessment of the external auditors.</p> <p>The Audit Committee had on 7 April 2025 assessed the performance of the external auditors, KPMG PLT, based on the above criteria and was satisfied with their performance, technical competence and audit independence. The assessment also considered the information presented in the Annual Transparency Report of KPMG PLT – this Report sets out the KPMG PLT's governance and leadership structure as well as measures undertaken by the firm to uphold audit quality and manage risks. The Audit Committee also received assurance from the external auditors confirming that they are and have been independent throughout the conduct of the audit engagement with the Company in accordance with the By-Laws of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants ("IESBA") of the International Federation of Accountants on ethics and professional independence, in respect of the financial year 2024.</p> <p>Based on the Audit Committee's recommendation, the Board recommended the re-appointment of the external auditors, KPMG PLT, for approval by shareholders at the Company's Annual General Meeting to be held on 30 May 2025.</p>
Explanation for departure	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	: Applied
Explanation on application of the practice	: All the Audit Committee members are financially literate and carried out their duties in accordance with the Committee's Terms of Reference approved by the Board. The qualification and experience of the individual Audit Committee Members are disclosed in the profile of Directors in the Annual Report 2024. All members of the Audit Committee have attended the relevant continuous professional development programmes to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. Details of the training programmes attended by the Audit Committee members are set out in the Corporate Governance Overview Statement of the Company's Annual Report 2024. Besides, there were also briefings by the external auditors and Chief Financial Officer on relevant updates on financial reporting standards and regulatory requirements from time to time during the Audit Committee meetings whenever there were such updates.
Explanation for departure	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	
Timeframe	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its responsibility for maintaining a sound system of risk management and internal control to safeguard shareholders' investments and the Group's assets and for reviewing the adequacy and effectiveness of the risk management and internal control system. The Board, via its Board Risk Management and Sustainability Committee ("BRMSC"), periodically reviews the principal risks identified, evaluated and reported by Management, and sees that these risks are managed within the Group's risk appetite and acceptable level of tolerance.</p> <p>The system of risk management and internal control of the Group, which covers all aspects of its business, is designed to safeguard the assets of the Group, ensure the maintenance of proper accounting records, and to provide reliable financial information for use within the Group and for publication. In view of the limitations inherent in any system of risk management and internal control, the Board is aware that the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's corporate objectives. Accordingly, the system can only provide reasonable, but not absolute, assurance against material misstatement, financial loss or fraudulent practices.</p> <p>The Board has received assurance in writing from the President, Group Chief Executive Officer and Acting Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management policy and procedures adopted by the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:	
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Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	: Applied
Explanation on application of the practice	<p>Risk management and internal controls are regarded as an integral part of the Group's overall management processes. Key elements of the Group's risk management and internal control structure are detailed in the Statement on Risk Management & Internal Control included in the Company's Annual Report 2024.</p> <p>The Board Risk Management and Sustainability Committee ("BRMSC"), which comprises four (4) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and an Executive Director as its members as of the date of this Report, is delegated by the Board to oversee the implementation of the Group's risk management framework, review risk management policies which set out the risk governance, risk management processes and control responsibilities formulated by the Management, and make relevant recommendations to the Board for approval. The Chairman of the Risk Management and Sustainability Committee ("RMSC") and the respective Heads of Group Risk Management and Sustainability, Group Internal Audit and major business units attend BRMSC meetings as invitees.</p> <p>The RMSC, which comprises heads of major business units of the Group as its members, assists the BRMSC in risk management and sustainability activities of the Group. This process enables Management to identify, evaluate, control, report and monitor principal business risks and material sustainability matters faced by the Group on an ongoing basis, including remedial measures taken to address the risks, for onward dissemination to the Board. Individual business risks as identified are scored for their likelihood of occurrence and the impact thereof based on a '4 by 4' risk map, deploying parameters established for each key business unit in the Group. The risk parameters comprise relevant financial and non-financial metrics for risks to be evaluated in terms of likelihood of their occurrence and the impact thereof – this feature essentially articulates the extent of risk the Group is prepared to take or seek in achieving its corporate objectives. The metrics used in quantifying the risks are based on risk parameters considered appropriate to reflect the risk appetite of the Group. In essence the</p>

	<p>Group's risk management framework mirrors the ISO 31000:2018 Risk Management Guidelines.</p> <p>To protect and enhance shareholders' value, Group Risk Management works with the Heads of Department to strengthen risk management initiatives within the Group for timely and effective response to changing business environment.</p> <p>A Fraud Prevention Policy, augmented by a Special Complaints Policy ("Policies"), has been adopted by the Group to provide broad principles, strategy and policy for the Group to adopt in preventing fraud and to promote high standards of integrity. The Policies define and highlight the roles and responsibilities at every level of the Group's organisational structure for preventing and reporting of fraud. This process serves as a platform for identification, evaluation and management of significant integrity and compliance risks affecting the business.</p> <p>An Anti-Bribery and Anti-Corruption ("ABAC") Policy and framework has also been formalised by the Board for implementation across the Group in response to corporate liability provisions set out in the Malaysian Anti- Corruption Commission ("MACC") Act 2009. The Guidelines on Adequate Procedures, issued by the Government to address bribery and corruption, were adopted by the Group in its ABAC framework, which is also broadly aligned with ISO 37001: 2016 Anti-Bribery Management System.</p> <p>The risk management and internal control system of the Group is further supported by formalised limits of authority for different management levels. Matters beyond the formalised limits of authority for Management are referred upward to the Board for approval. Group support functions, such as Finance and Administration, Taxation, Treasury, Risk Management, Internal Audit, Secretarial, Legal, Human Resources, Insurance, Financial Services and Information System play a vital role in the overall risk management and internal control system of the Group. Various management committees have been established to manage and control the Group's businesses.</p> <p>The Board periodically reviews the adequacy and operating effectiveness of the Group's risk management and internal control system to ensure, as far as possible, the protection of Group's assets and Company shareholders' investments. On this matter, the Board is assisted by the Audit Committee and BRMSC, which receive feedback from the Group Internal Audit, External Auditors and Group Risk Management, as the case may be, including measures to mitigate risk exposures to acceptable levels as well as remediate any control deficiencies.</p>
Explanation for departure :	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board has established a Board Risk Management and Sustainability Committee ("BRMSC") comprising the following members, a majority of whom are Independent Non-Executive Directors to oversee the implementation of the Group's risk management framework, which includes reviewing risk management policies covering risk governance, risk management processes and control responsibilities formulated by Management, and making relevant recommendations to the Board for approval:</p> <p><u>Chairman</u> Mr. Lee Min On (Senior Independent Non-Executive Director)</p> <p><u>Members</u> Dato' Tan Heng Chew (Executive Director) Mr. Ng Chee Hoong (Independent Non-Executive Director) Dato' Ng Mann Cheong (Non-Independent Non-Executive Director) Dato' Chan Choun Sien (Independent Non-Executive Director) Dr. Nesadurai Kalanithi (Independent Non-Executive Director)</p>

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has in place an in-house internal audit department, which provides the Board, through the Audit Committee, with independent assurance on the adequacy and operating effectiveness of the Group's system of internal control and risk management.</p> <p>The Group Internal Audit ("GIA") Department, which is independent of the activities it audits, reports functionally and directly to the Audit Committee. Periodic testing of the adequacy and operating effectiveness of the risk management and internal control procedures and processes are conducted by GIA to ensure that the system is viable and robust to meet the Group's requirements.</p> <p>On a quarterly basis, internal audit reports are presented and tabled at the Audit Committee meetings. Details of actual work carried out by the internal audit department, together with its scope of coverage, for the financial year under review are set out in the Audit Committee Report included in the Company's Annual Report 2024.</p> <p>The Audit Committee assesses the effectiveness and competency of the GIA on an annual basis. In 2019, a full scope of Quality Assurance Review ("QAR") was conducted by an independent qualified external assessor, full details of which are set out under Practice 11.2 of this Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	Applied
Explanation on application of the practice	<p>Every internal audit staff is required to declare and sign a declaration annually that he/she conformed to the Code of Ethics and has no conflict of interest for the year under review. Based on such declaration, none of the internal audit personnel has any relationships or conflict of interest that could impair their objectivity and independence in conducting their internal audit functions.</p> <p>As at 31 December 2024, the Group Internal Audit (“GIA”) Department consisted of five (5) personnel and is headed by Mr. Jared Ng Weng Kay, a General Manager. He is a Chartered Member of the Institute of Internal Auditors of Malaysia.</p> <p>The internal audit function is independent of the activities it audits and carries out its work in accordance with the International Professional Practices Framework of the Institute of Internal Auditors Inc., enshrined in the Internal Audit Charter.</p> <p>The Head of GIA has provided a written confirmation to the Audit Committee that the internal audit was carried out objectively and was independent from Management of the Group.</p> <p>During the financial year 2019, a full scope of Quality Assurance Review (“QAR”) was conducted by an independent reviewer engaged by the Company to assess the GIA to ensure that the quality of the Company’s internal audit conformed with The International Standards for the Professional Practice of Internal Auditing (“ISPPIA”), a key component of the International Professional Practices Framework, and the results of the QAR assessment were found to be satisfactory, i.e. the GIA generally conformed to the ISPPIA. The ISPPIA recommends such independent assessment be conducted at least once every 5 years.</p>
Explanation for departure	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of being transparent and accountable to the Company's stakeholders. Communication and engagement with stakeholders are made through the quarterly announcements of financial results to Bursa Malaysia Securities Berhad ("Bursa Securities"), relevant announcements and circulars, General Meetings, and annual reports. Such disclosures of information are released in a timely manner, in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Corporate Disclosure Policies and Procedures mentioned in the following paragraph.</p> <p>The Company has in place Corporate Disclosure Policies and Procedures which provide guidance and reference for disclosure of material information in accordance with the Main Market Listing Requirements of Bursa Securities and to designate persons authorised and responsible to approve and disclose material information to the regulators, shareholders and other stakeholders.</p> <p>At the last Annual General Meeting in May 2024, the strategic business direction of the Group, the Group's financial performance, key initiatives, overview of market outlook and the Group's strategies and actions going forward were presented. The Chairman of the meeting ensured shareholders were given the opportunity to raise questions and obtain clarification from the Directors and Management of the Company. Stakeholders were also encouraged to direct their inquiries or concern via electronic mail to tcmh@tanchonggroup.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:	
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Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Not applicable – Not a Large Company
Explanation on application of the practice	:	The Company does not fall under the category of "Large Companies" as defined in the Malaysian Code on Corporate Governance. Hence, such requirement is not applicable.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied
Explanation on application of the practice	:	The Notice of the 52 nd Annual General Meeting ("AGM") held on 29 May 2024 was sent to shareholders 28 days before the AGM in line with the Malaysian Code on Corporate Governance. This notice period, which was more than the 21-day requirement under the Company's Constitution, the Companies Act 2016 and the Main Market Listing Requirements, provided additional time to shareholders to enable them to make the necessary arrangements to participate in person or by corporate representatives or proxies, and consider the resolutions that were to be tabled and voted on at the last AGM.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied
Explanation on application of the practice	:	<p>All Directors, inclusive of the Chairmen of Audit Committee, Nominating and Remuneration Committee and Board Risk Management and Sustainability Committee, attended the Company's 52nd Annual General Meeting held on 29 May 2024.</p> <p>The presence of Directors and respective Chairmen gave opportunities for the shareholders to engage with them and make informed voting decisions at the meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.3

Listed companies should leverage technology to facilitate—

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	: Applied
Explanation on application of the practice	<p>In light of the Covid-19 pandemic, the Company had since year 2020 convened its Annual General Meeting (“AGM”) virtually in compliance with the guidance on the conduct of general meetings for listed issuers issued by the Securities Commission Malaysia.</p> <p>At its virtual 52nd AGM held on 29 May 2024, the Company had leveraged on technology to facilitate remote shareholders' participation and electronic voting via the Remote Participation and Voting (“RPV”) facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) through the TIIH Online meeting platform at https://tiih.online.</p> <p>The Administrative Details of the AGMs as well as the TIIH meeting platform user guide with detailed registration and voting procedures were shared with the Shareholders and the same were also uploaded on the Company's website.</p> <p>The TIIH Online is hosted on a secure cloud platform and the data centre is ISO27001 certified. Tricor has implemented an Information Technology and Information Security policy, endpoint controls and data classification for cyber hygiene practices of the staff to ensure data privacy and security to prevent cyber threats.</p> <p>The voting at the 52nd AGM was conducted on a poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company appointed Tricor Investor & Issuing House Services Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic voting (e-voting) and Scrutineer Solutions Sdn. Bhd. as Scrutineers to verify the poll results.</p>
Explanation for departure	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	<p>The annual general meeting, which is the principal forum for shareholder engagement, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for consideration.</p> <p>During the 52nd Annual General Meeting ("52nd AGM") of the Company, which was conducted virtually at the broadcast venue at Tricor Business Centre, Kuala Lumpur, Malaysia, shareholders were given the opportunity to submit their questions to the Board prior to and during the 52nd AGM via e-query box.</p> <p>The Company's Group Chief Executive Officer, Mr. Ho Wai Ming, made a brief presentation to the shareholders on the Group's financial performance, and some key highlights for the financial year ended 31 December 2023 as well as the Group's business strategies going forward.</p> <p>During the Meeting, the Chairman also informed the shareholders that they were allowed and encouraged to submit their questions or queries in the e-query box throughout the AGM proceedings.</p> <p>All questions received prior to the day of the AGM were addressed during the last AGM. For questions received on the day of the AGM, the Board responded to the majority of them. Moreover, the Company had, after the AGM, posted the questions and answers of the AGM (including those not addressed during the AGM) on the Company's website. The minutes of AGM together with a summary of key matters discussed at the AGM were also made available on the Company's website within 30 days after the AGM.</p>

Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.

Application	: Applied
Explanation on application of the practice	<p>The Company acknowledges the importance of having a reliable virtual annual general meeting platform to connect all meeting participants, including its shareholders from various remote locations to ensure that they are able to participate and engage with the Board and senior management at the general meetings.</p> <p>To ensure a smooth conduct of the Company's general meeting, the Company's 52nd Annual General Meeting ("AGM") was held virtually via TIIH Online website at https://tiih.online provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") which was supported by an experienced technical support team as well as the required infrastructure and equipment.</p> <p>For remote shareholders' participation and voting in absentia at the AGM, the Company provided the procedures and action required pertaining to the Meeting to shareholders in the Administrative Notes, despatched together with the Notice of the 52nd AGM to enable them to participate and vote at the 52nd AGM remotely using the Remote Participation and Voting (RPV) facilities provided by Tricor.</p> <p>Questions received from shareholders prior to the 52nd AGM were displayed on the screen together with the answers during the meeting, while questions posed during the meeting were read out clearly by the Chairman followed by meaningful responses by the Board and Senior Management. Such discussions were recorded in the minutes of the AGM which were uploaded on the Company's website within 30 days following the AGM.</p>
Explanation for departure	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.

Application	:	Applied
Explanation on application of the practice	:	The Minutes of the last Annual General Meeting ("AGM") were published on the Company's website at https://www.tanchonggroup.com within 30 business days after the AGM.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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