

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Tan Chong Motor Holdings Berhad (“Company”) recognises the importance of having high standards of corporate governance in the Company in order to safeguard the interest of its stakeholders as well as enhance shareholder value. The Directors consider corporate governance to be synonymous with four (4) key concepts, namely transparency, accountability, integrity and corporate performance.

As such, the Board embeds in the Group a culture that is aimed at delivering balance between conformance requirements with the need to deliver long-term strategic success through performance, without compromising on personal or corporate ethics and integrity.

This Statement provides an overview of the Company’s application of the Principles and Practices set out in the Malaysian Code on Corporate Governance (“MCCG”) and the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) during the financial year ended 31 December 2023. Details on how the Company has applied each of the Practices during the financial year under review are disclosed in the Corporate Governance Report, which is available for viewing on the Company’s website at <https://www.tanchonggroup.com>.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board is responsible for the long-term success of the Group and delivery of sustainable value to shareholders of the Company. In discharging its fiduciary duties and leadership functions, the Board sets the strategic direction for the Group, and ensures effective leadership through oversight of Management and robust monitoring of the activities and performance in the Group.

Directors are tasked with managing and directing the business and affairs of the Group and they must exercise reasonable care, skill and diligence in decision-making. Directors must also keep themselves abreast of relevant developments, including material sustainability risks and opportunities, to discharge their duties and responsibilities efficiently.

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, besides safeguarding the interests of these 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 provides guidance for Directors and Management regarding the responsibilities of the Board, its Committees, the Board Chairman and Management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities. This Board Charter is periodically reviewed by the Board to be in line with regulatory changes and to reflect any changes made to the terms of reference of the Board Committees. The Board Charter which was last revised on 28 August 2023 is published on the Company’s website at <https://www.tanchonggroup.com>.

In managing conflict of interest situations, including potential conflict of interest, between any Director and the Company and/or any of its subsidiaries, the Board has formalised a Conflict of Interest Policy to be observed by Directors of the Company and its subsidiaries. This is to ensure that they act in the best interest of the companies they serve, and they must not place themselves in a position where there is conflict between their duties to the companies and personal interest.

The key roles and responsibilities of the Board broadly cover formulation of corporate policies and strategies to support long-term value creation through sound economic, environmental, social and governance (“EESG”) practices underpinning sustainability; overseeing and evaluating the conduct of the Group’s businesses; identifying principal risks and ensuring the implementation of appropriate internal controls to manage those risks; maintaining effective communication with the stakeholders; and reviewing and approving key matters such as financial results, investments and divestitures, acquisitions and disposals, and major capital expenditure. 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 reports progress of sustainability initiatives implemented to the Risk Management and Sustainability Committee (“RMSC”), which is helmed by the Group CEO. The Board had in 2023 undertaken various stakeholder engagements to ensure that the Company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to the Group’s internal and external stakeholders.

To discharge its stewardship role, the Board has established a number of 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

To enhance accountability, the Board has established clear functions reserved for itself and those delegated to Management. 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 and 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. Such delineation of roles is clearly set out in the Board Charter.

The Executive Team (as defined in the Board Charter), comprising the President (leader), Deputy President (resigned on 30 June 2023), Group Chief Executive Officer ("Group CEO"), Chief Financial Officer ("CFO"), and other Senior Management Personnel, is responsible to the Board 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 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 discharge their fiduciary duties and other governance responsibilities.

As leader of the Executive Team, the President, who is supported by the Deputy President (resigned on 30 June 2023), 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.

The President assumes the position of the Board Chairman. As Chairman of the Board, he is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated, and that no Board member dominates discussion. The Chairman also ensures appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole. The Board Chairman has never been a member of Audit Committee or Nominating and Remuneration Committee of the Company, nor participated in any of the mentioned Committees' meetings.

The Non-Executive Directors, both Independent and Non-Independent, comprise more than half of the Board size, and are responsible for providing insights, unbiased and independent views, advice and judgement to the Board, including ensuring effective checks and balances on Board's decisions. Non-Executive Directors are essential for protecting the interests of shareholders, in particular minority shareholders, and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality. Mr. Lee Min On is the Senior Independent Non-Executive Director of the Company to whom concerns of fellow Directors, shareholders and other stakeholders may be conveyed.

The Board has established a Directors' Code of Ethics which sets out the standards of conduct expected from all Directors. The Directors' Code of Ethics is contained in Appendix A of the Board Charter. To inculcate ethical conduct, the Group has also established a Code of Conduct for its employees, which has been communicated to all levels of employees in the Group, including Executive Directors. Moreover, the Company has in place a Special Complaints Policy, equivalent to a whistle-blowing policy, which serves as an avenue for raising concerns relating to actual or suspected breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices. The Company had adopted an Anti-Bribery and Anti-Corruption Policy ("ABAC Policy") in 2020 to manage bribery and corruption risks of the Group. This ABAC Policy accords with the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009. In 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>.

Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries, on statutory and regulatory requirements, corporate governance developments and practices, and the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities. The Company Secretaries also advise the Board on governance matters, ensuring that there is an effective system of corporate governance in place.

In discharging their responsibilities effectively, the Directors allocate sufficient time to attend Board and Board Committee meetings to deliberate on matters under their purview. The dates of meetings of the Board, Board Committees and AGM for each financial year are fixed in advance to ensure all Directors and Board Committee members are able to attend the respective meetings. During the year, the Board deliberated on matters relating to business strategies and issues concerning the Group, including business plan, annual Group budget, financial results and significant transactions. All Board and Board Committee members are provided with the requisite notice, agenda and board papers prior to convening each meeting of the Board and Board Committees in a timely manner. For the financial year under review, the Board convened seven (7) Board meetings, with the Company Secretaries in attendance at every meeting. Senior Management, Internal Auditors and External Auditors attended the Board and Board Committee meetings upon invitation. The Company leveraged on technology by conducting Board and Board Committee meetings online, which made it more convenient for meeting participation and support robust discussion.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The attendance record of the Directors at the Board meetings is as follows:

Name	No. of Board Meetings attended	Percentage of Attendance (%)
Dato' Tan Heng Chew	7/7	100
Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng (Resigned on 30 June 2023)	4/5	80
Ho Wai Ming	7/7	100
Lee Min On	7/7	100
Ng Chee Hoong	7/7	100
Dato' Ng Mann Cheong	7/7	100
Dato' Chan Choun Sien	7/7	100
Dr. Nesadurai Kalanithi (Appointed on 1 July 2023)	2/2	100

The Board is mindful of the importance for its members to undergo continuous training to be apprised of changes to statutory and regulatory requirements, and the impact such statutory and regulatory requirements have on the Group. Besides circulating the relevant circulars and guidelines on statutory and regulatory requirements from time to time for the Board's reference, the Company Secretaries also explain to the Board, the implication of the requirements on the Directors.

All Directors have completed the Mandatory Accreditation Programme required by the MMLR of Bursa Securities. During the financial year under review, all the Directors attended training, which included briefings, seminars, workshops and conferences conducted by the relevant regulatory authorities and professional bodies.

Details of the training programmes attended or participated by the Directors are as follows:

Name	Details of Programme
Dato' Tan Heng Chew	<ul style="list-style-type: none"> Tan Chong Motor Holdings Berhad: 2023 Code of Business Conduct & Ethics ("CBCE") – Refresher Course Tan Chong Motor Holdings Berhad: 2023 Anti-Bribery and Anti-Corruption ("ABAC") Refresher Course TC iTech Sdn. Bhd.: 2023 Cybersecurity Awareness Training & Assessment Warisan TC Holdings Berhad: 2023 Anti-Bribery and Anti-Corruption ("ABAC") Refresher Course KPMG PLT: Addressing Challenges in implementing International Sustainability Standards Board ("ISSB") Standard
Ho Wai Ming	<ul style="list-style-type: none"> Tan Chong Motor Holdings Berhad (Group Human Resources): New Employment Act (Amendment 2022) Tricor Taxand: 2023 Budget Webinar KPMG PLT: ESG Briefing for Tan Chong Motor Holdings Berhad Group, APM Automotive Holdings Berhad Group and Warisan TC Holdings Berhad Group Tan Chong Motor Holdings Berhad: National Budget Briefing Ernst & Young Tax Consultants Sdn. Bhd.: EY C-suite Forum 2023 Tan Chong Motor Holdings Berhad: 2023 Anti-Bribery and Anti-Corruption ("ABAC") Refresher Course International Fiscal Association Malaysia Branch: International Tax Cases - Update Association of Chartered Certified Accountants: LinkedIn Webinar Series - Leadership without a Title Association of Chartered Certified Accountants: Putting People, Profit and Planet on Par - Shifting Business Priorities for a Better World Bursa Malaysia Berhad: Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers TC iTech Sdn. Bhd.: 2023 Cybersecurity Awareness Training & Assessment Tricor: Malaysia Budget 2024 with Dr Veerinderjeet Singh Association of Chartered Certified Accountants ("ACCA") UK: ACCA Conference – Accounting for the Future Association of Chartered Certified Accountants: The Young Accountants Tool Kit – Navigating The Future with CHATGPT & Data Analytics

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name	Details of Programme
Ho Wai Ming (Cont'd)	<ul style="list-style-type: none"> • Tan Chong Motor Holdings Berhad: 2024 National Budget Briefing • International Fiscal Association Malaysia Branch: Global Minimum Tax and Digitalisation - Navigating the Future Fiscal Landscape Confirmation • Association of Chartered Certified Accountants: Preparation and Implementation of e-invoice in Malaysia • Institute of Corporate Directors Malaysia: Powertalk - Climate Change and Carbon Footprint – Getting the Right Financial Risk and Reporting Perspectives • International Tax Review / KPMG PLT: Hong Kong's Foreign-sourced Income Exemption Regime - Refinements and Updates
Lee Min On	<ul style="list-style-type: none"> • Tan Chong Motor Holdings Berhad (Group Human Resources): New Employment Act (Amendment 2022) • Malaysian Institute of Corporate Governance: Enterprise Risk Management (“ERM”) – Developing a holistic ERM Framework • The Institute of Internal Auditors Malaysia: East Malaysia Conference 2023 - Unlocking Success: Empowering Internal Auditors for Tomorrow's Challenges • Malaysian Institute of Corporate Governance: Duties and Responsibilities of Company Directors – Demystifying the stewardship and fiduciary roles of Directors • TC iTech Sdn. Bhd.: 2023 Cybersecurity Awareness Training for Independent Directors • Bursa Malaysia Berhad: Conflict of Interest – for Directors of listed issuers • Malaysian Institute of Accountants: Corporate disclosures – What are the ‘landmines’ to avoid and the value derived? • KPMG PLT: Addressing Challenges in implementing International Sustainability Standards Board (“ISSB”) Standard • Tan Chong Motor Holdings Berhad: 2023 Anti-Bribery and Anti-Corruption (“ABAC”) Refresher Course • Malaysian Institute of Corporate Governance: Assessment of the Board, Board Committees and Individual Directors: Are such assessments useful, let alone necessary, for listed issuers? • Country View Berhad: Sustainability Governance, Management and Reporting – Implications of the Environmental, Social and Governance (“ESG”) agenda to the Board and Management of listed issuers • Warisan TC Holdings Berhad: 2023 Anti-Bribery and Anti-Corruption (“ABAC”) Refresher Course • Tan Chong Motor Holdings Berhad: 2024 National Budget Briefing
Ng Chee Hoong	<ul style="list-style-type: none"> • Tan Chong Motor Holdings Berhad (Group Human Resources): New Employment Act (Amendment 2022) • Bursa Malaysia Berhad and Malayan Banking Berhad: Invest Malaysia 2023 Series 1 – Strengthening Resilience and Sustaining Growth • KPMG PLT: ESG Briefing for Tan Chong Motor Holdings Berhad Group, APM Automotive Holdings Berhad Group and Warisan TC Holdings Berhad Group • Malaysian Institute of Accountants and Persatuan Akauntan Percukaian Malaysia: 2023 Budget Seminar • Malaysian Institute of Accountants: Sustainability Assurance - Current Landscape and Factors to be considered in relation of Assurance on Sustainability Related Information • Malaysian Institute of Accountants: Understanding Tax Deductibility of Expenses • Tan Chong Motor Holdings Berhad: 2023 Anti-Bribery and Anti-Corruption (“ABAC”) Refresher Course • Chartered Tax Institute of Malaysia: National Tax Conference 2023 • Malaysian Institute of Accountants: Complimentary Webinar on ISQM 1 - Challenges Faced, Obstacles Overcome and Lessons Learnt • TC iTech Sdn. Bhd.: 2023 Cybersecurity Awareness Training for Independent Directors • KPMG PLT: Addressing Challenges in implementing International Sustainability Standards Board (“ISSB”) Standard • Malaysian Institute of Accountants: Practical Auditing Methodology for SMPs • Chartered Tax Institute of Malaysia: Budget 2024 Seminar • Tan Chong Motor Holdings Berhad: 2024 National Budget Briefing

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name	Details of Programme
Dato' Ng Mann Cheong	<ul style="list-style-type: none"> • Tan Chong Motor Holdings Berhad (Group Human Resources): New Employment Act (Amendment 2022) • KPMG PLT: ESG Briefing for Tan Chong Motor Holdings Berhad Group, APM Automotive Holdings Berhad Group and Warisan TC Holdings Berhad Group • Tan Chong Motor Holdings Berhad: 2023 Anti-Bribery and Anti-Corruption ("ABAC") Refresher Course • TC iTech Sdn. Bhd.: 2023 Cybersecurity Awareness Training for Independent Directors
Dato' Chan Choun Sien	<ul style="list-style-type: none"> • Tan Chong Motor Holdings Berhad (Group Human Resources): New Employment Act (Amendment 2022) • Deutsche Bank: CIO Market Outlook • Selangor Dredging Berhad: Enhanced Practices and Disclosures of Sustainability Statement • Leaderonomics and Global Leadership Network: Malaysian Leadership Summit • Deutsche Bank: CIO View - Where do we go from here? • Tan Chong Motor Holdings Berhad: 2023 Anti-Bribery and Anti-Corruption ("ABAC") Refresher Course • Associated Chinese Chambers of Commerce and Industry Malaysia: ACCCIM Tech Conference - AI Unplugged • TC iTech Sdn. Bhd.: 2023 Cybersecurity Awareness Training for Independent Directors • Lee Hishammuddin Allen & Gledhill: LHAG Legal Innovation Summit 2023 • Associated Chinese Chambers of Commerce and Industry Malaysia: Hitting the Gong: IPO and Listing Your Company at Bursa Malaysia • Institute of Corporate Directors Malaysia: Managing Turnaround Situations for PLCs • Institute of Corporate Directors Malaysia: Mandatory Accreditation Programme Part II: Leading for Impact • Tan Chong Motor Holdings Berhad: 2024 National Budget Briefing • WWF and CEO Action Network: CAN Nature Retreat 2023
Dr. Nesadurai Kalanithi	<ul style="list-style-type: none"> • Tan Chong Motor Holdings Berhad: 2023 Anti-Bribery and Anti-Corruption ("ABAC") Refresher Course • CIMB: CIMB Cooler Earth Summit • TC iTech Sdn. Bhd.: 2023 Cybersecurity Awareness Training for Independent Directors • Impact Circle: Creating a Greener Plate; Fortifying Food Systems for Malaysia's Future • Institute of Corporate Directors Malaysia: Strategic Leadership - From a Corporate Perspective • Institute of Internal Auditors Philippines: Navigating the ESG Maze - Internal Auditors Conference • Women in Tech: Green Innovation - Empowering Women • Institute of Corporate Directors Malaysia: Mandatory Accreditation Programme Part II: Leading for Impact • IOI Corporation Berhad: Tax Budget Seminar 2024 by BDO

II. BOARD COMPOSITION

The Company is led by an experienced Board which is vital for the continuing progress and success of the Group. As of 31 December 2023, the Board consisted of seven (7) members, comprising two (2) Executive Directors, four (4) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. This Board composition fulfills the requirements as set out in the MMLR of Bursa Securities which stipulate that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be Independent Directors. In line with Practice 5.2 of the Malaysian Code on Corporate Governance ("MCCG"), at least half of the Board comprises independent directors.

The Directors, with their diverse backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as engineering, marketing, operations, entrepreneurship, finance, taxation, accounting, audit, legal, economics, investment banking, as well as corporate governance, risk management and internal audit. The profiles of the Directors are set out on pages 21 to 24 of the Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Nominating and Remuneration Committee (“NRC”) is entrusted to assess the adequacy and appropriateness of the Board composition, identify and recommend suitable candidates for Board membership. The NRC also assesses the performance of Directors annually, reviews 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 Non-Executive Directors should bring to the Board.

The annual assessment of the Board, Board Committees and individual Directors for the financial year ended 31 December 2023 was conducted by the NRC on 17 January 2024 using a self and peer assessment approach based on pre-set questionnaire, adapted from the Corporate Governance Guide 4th Edition, approved by the Board. The performance of Directors and Senior Management in relation to overseeing sustainability management was also assessed. Following the assessment, the NRC concluded that the Board, Board Committees and individual Directors have the relevant skill sets and have effectively discharged their respective stewardship responsibilities to meet the needs of the Company. The assessment also indicated that the retiring Directors, Dr. Nesadurai Kalanithi, Mr. Ng Chee Hoong and Dato’ Chan Choun Sien, who had completed their Declaration of Fit and Propriety in line with the Directors’ Fit and Proper Policy adopted by the Company, are in a position to be re-elected Directors of the Company at the forthcoming Annual General Meeting (“AGM”). 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. The assessments conducted by the NRC were duly documented. In line with Practice 5.7 of the MCCG, the Board has provided a statement to support the re-appointment of the retiring directors in the Notice of Annual General Meeting.

The NRC has also assessed the independence of all Independent Non-Executive Directors for the financial year ended 31 December 2023 based on criteria set out in paragraph 1.01 of the MMLR and Practice Note 13 of Bursa Securities and concluded that all the Independent Non-Executive Directors have satisfied the independence criteria and each of them is able to provide independent judgement and act in the best interest of the Company.

The Company’s Board Charter provides a limit of a cumulative term of nine (9) years on the tenure of an Independent Non-Executive Director. Thereafter, the Independent Non-Executive Director may be re-designated as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as an Independent Non-Executive Director after the latter has served a cumulative term of nine (9) years, the Board must justify such a decision and seek shareholders’ approval at the AGM.

Dato’ Ng Mann Cheong who had served as an Independent Non-Executive Director for a cumulative term of more than twelve (12) years, was re-designated as a Non-Independent Non-Executive Director with effect from 31 December 2022 to align with the amended MMLR in relation to the tenure of Independent Director.

Salient areas of priority noted from the annual assessment of the Board, Board Committees and individual Directors that require the Board’s focus in 2024 in its quest to create long term-value for stakeholders are:

- (i) 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;
- (ii) Building risk resilience by further strengthening controls on certain core areas; and
- (iii) Digital transformation and cybersecurity.

Having considered the Directors’ Skill Set Matrix and Evaluation, the NRC recognised the following strength areas (in no specific order) of the Board and Board Committees, and a key area for improvement is in human capital leadership development:

- (i) Strategy and entrepreneurship;
- (ii) Legal and regulatory requirements;
- (iii) Corporate governance, sustainability, risk management and internal controls;
- (iv) Audit, accounting, financial reporting and taxation;
- (v) Treasury and banking; and
- (vi) Production and quality assurance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A summary of key activities undertaken by the NRC in discharging its duties during the financial year under review is set out below:

- Reviewed the Policies and Procedures for the Remuneration of Directors and Senior Management;
- Reviewed and recommended the appointment of Dr. Nesadurai Kalanithi as an Independent Non-Executive Director of the Company, and a member of the Audit Committee, NRC and Board Risk Management and Sustainability Committee;
- Reviewed and recommended the re-election of Directors who are due for retirement by rotation for shareholders' approval;
- Reviewed the size and composition of the Board based on the required mix of skills, experience, knowledge and diversity;
- Assessed the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director;
- Assessed the Directors' training needs;
- Reviewed the performance of the Chief Financial Officer and the Company Secretary;
- Reviewed the remuneration of Executive Directors and Senior Management Personnel of the Group;
- Reviewed the proposed renewal of the Service Contracts of Executive Director and Senior Management;
- Reviewed retirement and recognition proposal; and
- Noted the re-election of subsidiaries directors for the forthcoming subsidiaries' AGM.

The Board has formalised a Board Diversity Policy and such policy is contained in the Board Charter. The Board strongly advocates diversity as a truly diverse Board will include and make good use of a myriad of 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, are balanced appropriately. In accordance with the Board Diversity Policy on gender, the Board shall comprise at least a woman Director at any time.

As of 31 December 2023, there were seven (7) Directors in the Board, comprising six (6) male Directors and one (1) woman Director fulfilling the Board Policy on gender diversity. The Company also met the requirements of the amended MMLR by Bursa Securities, which requires all listed issuers to have at least one (1) woman director on its Board, effective 1 June 2023. On 1 February 2024, the Board has appointed an additional woman Director.

III. REMUNERATION

The Nominating and Remuneration Committee 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.

In accordance with Practice 7.1 of the MCCG, the Board has formalised pertinent Policies and Procedures for the Remuneration of Directors and Senior Management to align with the business strategy and long-term objectives of the Group. The remuneration packages for Executive Directors and Senior Management are linked to performance, qualifications, experience, competence, scope of responsibility and geographic locations where the personnel are based and are periodically benchmarked to the market/industry surveys conducted by human resource consultants. The Policies and Procedures for the Remuneration of Directors and Senior Management, which were last reviewed on 27 November 2023, are published on the Company's website at <https://www.tanchonggroup.com>.

As a matter of practice, the Directors concerned abstained from deliberation and voting on their own remuneration at Board Meetings.

The remuneration received by Directors of the Company from the Group and Company for the financial year ended 31 December 2023 amounted to RM21,349,804 and RM15,891,314 respectively. Details of the remuneration for each of the Directors on a named basis are set out under Practice 8.1 of the Corporate Governance Report uploaded on the Company's website at <https://www.tanchonggroup.com>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

To assist its discharge of duties on financial reporting, the Board has established an Audit Committee which comprises five (5) members, four (4) of whom are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, with Mr. Ng Chee Hoong as the Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities as well as a summary of its work and activities conducted in year 2023, are set out in the Audit Committee Report of this Annual Report.

One of the key responsibilities of the Audit Committee in its Terms of Reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia and the provisions of the Companies Act 2016. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements. In line with Practice 9.2 of the MCCG, the Terms of Reference of Audit Committee also include a requirement for a former partner to observe a cooling-off period of at least three (3) years before being appointed a member of the Audit Committee. Partner refers to all former partners of the External Audit Firm and/or its affiliates, including those providing advisory services, tax consulting, etc. There was no appointment of any former key audit partner to the Audit Committee during financial year 2023.

The Board understands its role in upholding the integrity of financial reporting by the Company. Accordingly, the Audit Committee, which assists the Board in overseeing the financial reporting process of the Company, has adopted a policy for the types of non-audit/assurance services permitted to be provided by the external auditors and/or their affiliates, including the need for obtaining the Audit Committee's approval for such services before such services are provided. In 2021, the Company adopted an External Auditor Assessment Policy to set out guidelines and procedures to be undertaken by the Audit Committee in ensuring the suitability, objectivity and independence of the auditors in substance as well as in form in line with the MCCG Practices and Guidance.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has the overall responsibility for maintaining a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets.

To assist the Board in the discharge of this responsibility, the Board has established a Board Risk Management and Sustainability Committee ("BRMSC") which comprises the following members, a majority of whom are Independent Non-Executive Directors for reviewing the adequacy and effectiveness of the risk management and internal control system of the Group:

Chairman

Lee Min On (Senior Independent Non-Executive Director)

Members

Dato' Tan Heng Chew (Executive Director)
 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)

The BRMSC oversees the implementation of the Group's risk management and sustainability frameworks, reviews risk management policies which set out the risk governance, risk management processes and control responsibilities formulated by Management, and makes relevant recommendations to the Board for approval.

The Risk Management and Sustainability Committee ("RMSC"), a Management Committee which comprises heads of major business unit of the Group as its members, assists the BRMSC in the Group's risk management activities.

During the financial year under review, four (4) BRMSC meetings were held to review the principal business risks faced by the Group and the remedial measures to address the risks within the risk appetite of the Group. The Chairman of RMSC, Head of Group Risk Management and Sustainability, representative from Group Integrity Office, Group Internal Audit and major business units attended the BRMSC meeting as invitees. More details of the risk management framework and its associated initiatives undertaken by the BRMSC and RMSC during the financial year under review are set out in the Statement on Risk Management and Internal Control on pages 87 to 93 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In line with the MCCG and MMLR of Bursa Securities, the Company has in place an in-house internal audit department, i.e., the Group Internal Audit (“GIA”), which reports directly to the Audit Committee on the adequacy and effectiveness of the Group’s system of internal control and risk management. All internal audits carried out are guided by the International Professional Practices Framework (“IPPF”) of Internal Auditing and Code of Ethics of the Institute of Internal Auditors Inc., a globally recognised professional body for internal auditors. The GIA is independent of the activities it audits, and the scope of work covered by the GIA during the financial year under review is set out in the Audit Committee Report included in this Annual Report. In 2019, a full scope of Quality Assurance Review (“QAR”) was conducted by an independent reviewer engaged by the Company to conduct an assessment on GIA to ensure that the quality of the Company’s internal audit conformed to The International Standards for the Professional Practice of Internal Auditing enshrined in the IPPF. The results of the QAR assessment were found to be satisfactory.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of being transparent and accountable to the Company’s shareholders and other stakeholders as well as prospective investors. The various channels of communications are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, the Annual and Extraordinary General Meetings and through the Group’s website at <https://www.tanchonggroup.com> where shareholders, other stakeholders and prospective investors can access corporate information, annual reports, press releases, financial information, company announcements and share prices of the Company. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated an electronic mail address, i.e., tcmh@tanchonggroup.com to which stakeholders can direct their queries or concerns.

II. CONDUCT OF GENERAL MEETINGS

The AGM, which is the principal forum for shareholder dialogue, allows shareholders to review the Group’s performance via the Company’s Annual Report and pose questions to the Board for clarification.

In line with the MCCG, the Company despatched the notice of the 51st AGM to its shareholders at least 28 days before the AGM.

At the last AGM, which was held virtually at the broadcast venue at Tricor Business Centre, Kuala Lumpur, Malaysia, all the Directors and the external auditors were available to engage with, and to be accountable to, the shareholders for their stewardship of the Company. The members of Senior Management of the Company were also available to respond to any enquiries from the shareholders.

During the AGM, the Chairman of the meeting ensured that the meeting was conducted in an orderly manner. The Group’s strategic business direction, its financial performance and key initiatives, including an overview of market outlook and the Group’s strategies and actions going forward were presented at the meeting. Shareholders were given the opportunity to submit their questions prior to, and during the AGM via e-query box. All questions received prior to the day of the AGM were addressed during the AGM. For questions received on the day of the AGM and those not dealt with during the AGM, the Company had responded to them by posting the questions and answers on the Company’s website after the AGM. The minutes of AGM together with a summary of key matters discussed at the AGM were made available on the Company’s website within 30 days after the AGM.

All resolutions set out in the notice of the 51st AGM were voted on by poll in accordance with the MMLR of Bursa Securities. The Board adopted electronic voting at the AGM to facilitate the voting process in a more efficient manner, as well as ensuring transparency and accuracy of the voting results.

This Statement is dated 18 April 2024.