

TONG HERR RESOURCES BERHAD

(Company No. 432139-W)

(Incorporated in Malaysia)

Summary of Key Matters Discussed at the Twenty-Second Annual General Meeting (“22nd AGM”) of Tong Herr Resources Berhad (“THR B” or “the Company”) held at No. 2515 Tingkat Perusahaan 4A, Perai Free Trade Zone, 13600 Perai, Penang on Monday, May 27, 2019 at 2.00 p.m.

All resolutions tabled at the 22nd AGM were passed by members as follows:-

Ordinary Resolution No. 1	Approval of the payment of a Final Single-Tier Dividend of 12 sen per share for the year ended 31 December 2018
Ordinary Resolution No. 2	Re-election of Mr. Tan Ban Leong as Director of the Company in accordance with Article 97(1) of the Constitution of the Company
Ordinary Resolution No. 3	Re-election of Encik Megat Abdul Munir as Director of the Company in accordance with Article 97(1) of the Constitution of the Company
Ordinary Resolution No. 4	Re-election of Mr. Teh Eng Hin as Director of the Company in accordance with Article 97(1) of the Constitution of the Company
Ordinary Resolution No. 5	Appointment of Messrs. Crowe Malaysia PLT as Auditors of the Company
Ordinary Resolution No. 6	Approval of Directors’ Fees and Benefits of RM150,000.00 from this AGM up to the date of the next AGM and payment of such fees and benefits to the Directors of the Company
Ordinary Resolution No. 7	Authority to allot and issue shares pursuant to section 76 of the Companies Act 2016
Ordinary Resolution No. 8	Renewal of Authority to Purchase its own Shares
Ordinary Resolution No. 9	Approval for Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature
Ordinary Resolution No. 10	Approval for Encik Megat Abdul Munir to continue to act as Independent Non-Executive Director of the Company
Ordinary Resolution No. 11	Approval for Encik Fazrin Azwar Bin Dato’ Hj. Md. Nor to continue to act as Independent Non-Executive Director of the Company
Ordinary Resolution No. 12	Approval for Mr. Teh Eng Hin to continue to act as Independent Non-Executive Director of the Company
Special Resolution No. 13	Adoption of New Constitution of the Company

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions were voted by poll.

All Board Members were present at the 22nd AGM except Ms. Tsai Pei Chen and Ms. Tsai, Chia-Yen.

Key Matters raised by Members

Members/Proxies raised the following key matters which were duly answered by the Board of the Directors:

(a) Business Environment

Mr. Lee Hoe Choon (LHC) sought clarification from the Board in terms of gross profit, whether the trend in financial results of Quarter 4 2018 and Quarter 1 2019 are alike, as the gross profits seem to be getting lower as compared to the past 2 years.

The Chairman answered that the economy had decelerated and momentum seems to remain on a descending trend in Quarter 1 year 2019. They could not promise the economy recovery period as it would depend on market situation.

Furthermore, LHC sought explanation from the Board on the last paragraph in page 24 of Annual Report 2018 which mentioned “in view of the challenging environment, the Board expects the prospects of the Group’s financial performance for the financial year ending 31 December 2019 to be challenging”. The Chairman replied that the global situation is always changing and unpredictable. Hence, it is challenging when managing the Company in such market conditions. The Company will find new opportunities to look into manufacturing new products and expand to new markets as measures to overcome this.

(b) 3rd Factory in Thailand

LHC enquired on the Capital Expenditure of RM17.18 million incurred in the year 2018. According to the Chairman, it is the Capital Expenditure for the 3rd factory in Thailand which is located at Pinthong, Thailand. At this juncture, he also enquired on the amount of the budget that the Company plans to allocate for Research and Development (R&D) for the 3rd factory in Thailand. The Chairman informed that they did not set any budget for R&D, but will continue to identify such need if so required.

Another Shareholders, Mr. Liew Ying Yoong (LYY) then enquired whether the profit margin of the Group would be affected with the operation of 3rd factory in Thailand. The Chairman explained that the volume is not big enough to impact the results due to current global situation. LYY further enquired on the commencement of operation for the 3rd factory in Thailand. The Chairman informed that the 3rd factory in Thailand will start its operation in Quarter 3 2019 after completing the testing and commissioning of machineries.

(c) US-China Trade War

LHC expressed his concern on the trade war between US and China. The Chairman replied that there have been more enquiries but margins had to be lowered in view of stiff market competition. However, the impact would not be major.