

TONG HERR RESOURCES BERHAD

(Company No. 432139-W)
(Incorporated in Malaysia)

Summary of Key Matters Discussed at the Twenty-First Annual General Meeting (“21st AGM”) of Tong Herr Resources Berhad (“THRB” or “the Company”) held at No. 2515 Tingkat Perusahaan 4A, Perai Free Trade Zone, 13600 Perai, Penang on Wednesday, May 23, 2018 at 2.00 p.m.

All resolutions tabled at the 21st AGM were passed by members as follows:-

Ordinary Resolution No. 1	Approval of the payment of a Final Dividend of 18 sen per share for the year ended 31 December 2017
Ordinary Resolution No. 2	Re-election of Mr. Tsai Ming Ti 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 Fazrin Azwar Bin Dato’ Hj. Md. Nor as Director of the Company in accordance with Article 97(1) of the Constitution of the Company
Ordinary Resolution No. 4	Re-election of Ms. Tsai Pei Chen as Director of the Company in accordance with Article 103 of the Constitution of the Company
Ordinary Resolution No. 5	Re-election of Ms. Tsai, Chia-Yen as Director of the Company in accordance with Article 103 of the Constitution of the Company
Ordinary Resolution No. 6	Appointment of Messrs. Crowe Horwath as Auditors of the Company
Ordinary Resolution No. 7	Approval of Directors’ Fees and Benefits of RM110,000 for the financial year ended 31 December 2017
Ordinary Resolution No. 8	Approval of Directors’ Fees and Benefits of up to RM150,000 for the period from 1 January 2018 up to the date of the next AGM and payment of such fees and benefits to the Directors of the Company
Ordinary Resolution No. 9	Authority to allot and issue shares pursuant to section 76 of the Companies Act 2016
Ordinary Resolution No. 10	Renewal of Authority to Purchase its own Shares
Ordinary Resolution No. 11	Approval for Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature
Ordinary Resolution No. 12	Approval for Encik Megat Abdul Munir to continue to act as Independent Non-Executive Director of the Company
Ordinary Resolution No. 13	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. 14	Approval for Mr. Teh Eng Hin to continue to act as Independent Non-Executive Director 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 21st AGM except Mr. Tsai, Hung-Chuan and Ms. Tsai Pei Chen.

Key Matters raised by Members

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

(a) Exemption of Import Duty for Tong Heer Fasteners (Thailand) Co. Ltd (THFT)

Mr. Lew Tuck Wai (LTW) sought clarification from the Board on whether the expiry of the import duty exemption had adverse impact on THFT or the Group.

The Chairman informed that the import tariff would be borne by the customers and it would be a fair competition amongst the exporters to US. However, THFT has been granted an extension on the exemption of import duty to December 2019.

(b) 3rd Factory in Thailand

LTW also enquired on the cost of property, plant and equipment for the 3rd factory in Thailand located at Pinthong. According to the Chairman, the estimated cost incurred for the property, plant and equipment would be approximately RM35million in total.

He also sought for the reasons of expanding the factory in Thailand and the progress of the new factory. The Chairman informed that amongst the main reasons for the expansion factory in Thailand was due to shortage of suitable land in Malaysia and the existing Pinthong land still have vacant space for expansion. The factory would commence operation in Quarter 1 2019.

Mr. Lai Chee Siew (LCS) then enquired on the production capacity after expansion of the 3rd factory and the Chairman explained that the production capacity would be steadily increased to 30% of the total production in due course.

(c) Investment by Tong Heer Aluminium Industries Sdn. Bhd. (THA) in Han Tec Precision Industry Co., Ltd. (HTPI)

LTW enquired on the return of investment in HTPI. The Chairman informed that this is a diversification of business for the Group as well as an opportunity to venture into Industrial Revolution 4.0 as that new factory in Thailand would be fully automated.

As the factory is still under construction and there was no profit generated yet, the Company is unable to furnish more detailed information on profitability and commencement of operations. Moreover, THA is just a minority shareholder of HTPI.

(d) Dividend Policy

LTW congratulated the Company for the consistently good dividend payouts but he wanted to know whether there is a dividend policy maintained by the Company. This would be able to give the investors a more solid anticipation of dividends to be declared based on a certain percentage of profits.

In reply, the Chairman explained that the Board currently does not have a dividend policy but will strive to issue more dividends to its members but this would also depend on the Company's performance for the year as well as future planning of the Company.

Key Matters raised by Members (continued...)

(e) Board Composition

KBH enquired whether it was necessary to maintain so many Directors in the Board. The Chairman explained that the board diversity is to align with the Government's initiative to encourage more than 30% women leadership in the boardroom and also for succession planning to enable the younger generation to take over the running of the business.