

TONG HERR RESOURCES BERHAD
 [Registration No. 199701016642 (432139-W)]
 (Incorporated in Malaysia)

Summary of Key Matters Discussed at the Twenty-Fourth Annual General Meeting (“24th 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 (Broadcast Venue) and through live streaming on Monday, May 24, 2021 at 2.00 p.m.

All resolutions tabled at the 24th AGM were passed by members as follows: -

Ordinary Resolution No. 1	Approval of the payment of a Final Single Tier Dividend of 15 sen per ordinary share for the year ended December 31, 2020
Ordinary Resolution No. 2	Re-election of Mr. Tsai Ming Ti as Director of the Company in accordance with Article 95(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 95(1) of the Constitution of the Company
Ordinary Resolution No. 4	Re-election of Ms. Tsai, Chia-Yen as Director of the Company in accordance with Article 95(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

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 24th AGM except Mr. Tsai, Hung-Chuan 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 & Development

The Company's investment in Han Tec Precision Industry Co., Ltd. (HTP) was purely for investment and to allow THR Group to have business diversification with lower investment risk while concentrating on the Group's similar core business. HTP is still developing and the Group hoped to gain better performance in future.

The Group also has no plans to increase its shareholding in Tong Heer Aluminium Industries Sdn. Bhd. (THA) which currently stood at 51%.

The revenue of the Company has declined for two consecutive years since 2018 due to lower sales volume caused by the uncertainties in the global economy and geopolitical environment including the adverse impact on US/China trade war. Meanwhile, the Group always seek for opportunities that would improve any gain in market share by retaining existing customers, attracting new customers and trying to produce new items to increase revenue.

In reply to another enquiry on the percentage of foreign workers in Malaysia & Thailand factories, Mr. Richard explained that the Group is not labour intensive as the Malaysian factory has an average of 50% foreign workers and less than 1% in Thailand. Besides that, the Company was also considering automatizing some of the mobilization of semi-products processes, hence the workers could be re-assigned to other productive jobs.

The Group was also aware of sanctions over labour practices and the management has been complying with the rules and regulations of local/foreign authorities on labour practices.

In reply to an enquiry on capital expansion plan in the pipeline, Mr. Richard stated that the current utilization of the factories in term of percentage were 75% for Tong Heer Fasteners Co. Sdn. Bhd. (THF), 85% for THA and 75% for Tong Heer Fasteners (Thailand) Co Ltd. (THFT) and there was no expansion plan at the moment except for THFT's 3rd factory. Even though the 3rd factory was actually ready for use, due to the Covid-19 pandemic, the management decided to delay the commencement of the operation until the pandemic waves become more stabilized.

It was mentioned in the Annual Report 2020 that RM5.9 million was spent on CAPEX to improve the effectiveness and efficiency. Mr. Richard explained that the CAPEX was mainly expenditure on Solar Panel project. However, the Group did invest in plant and machinery in order to increase the facilities of machinery which would improve the smooth running of production.

On another question on whether there were plans to increase the output volume and whether aluminium price increase would affect profitability, Mr. Richard explained that the output level depended on sales order instead of the commodity price and profitability has to take into consideration of the raw material costs as well as the relevant distribution costs.

With reference to the acquisition of 100% equity interest in Hwang Shin Industrial (M) Sdn. Bhd. (HSI) by THA, Mr. Richard updated that HSI has been an investment holding company mainly holding landed property. The land owned by HSI is next to THA's plant and since THA's current land has been fully utilized, the land owned by HSI would enable THA to expand its manufacturing plant in future.

Key Matters raised by Members (Continued...)

(b) Solar Panels

The Company had intended to install solar panels on the roof of THA but unfortunately this could not be done as the roof structure could not support this. As for installation of solar panels at HSI, the management would need to evaluate this suggestion.

(c) Dividend Reinvestment Plan

On a suggestion to have a Dividend Reinvestment Plan to reward shareholders, Mr. Richard informed that tentatively there was no plan for this. The Company would consider rewarding shareholders based on the Company's performance as well as subject to future plans such as CAPEX is needed.

(d) Covid-19 Pandemic

Mr. Richard said that the Group expected the future economic outlook to remain challenging due to the global economy outlook which was expected to remain below pre-pandemic trends for a prolonged period.

Taking into consideration of the challenging circumstances, the Group will maintain a cautious outlook for the financial year 2021.

(e) Virtual Annual General Meeting (AGM)

In response to the request to organize virtual AGMs in future as well to allow those members who were not residing in Penang to attend, Mr. Richard replied that tentatively the Company did not intend to do so and the expenses incurred for holding the virtual AGM was approximately RM10,000. However, the management would take this proposal into consideration.