

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your Stockbroker, Bank Manager, Solicitor, Accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad [200301033577 (635998-W)] (“**Bursa Securities**”) has undertaken limited review on the new Recurrent Related Party Transaction pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



TONG HERR RESOURCES BERHAD

[Registration No. 199701016642 (432139-W)]

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE [PROPOSED SHAREHOLDERS' MANDATE]

The resolutions in respect of the above proposal will be tabled at the Twenty-Seventh (27th) Annual General Meeting of the Company, which will be held at No. 2515 Tingkat Perusahaan 4A, Perai Free Trade Zone, 13600 Perai, Penang on Wednesday, 29 May 2024 at 2.00 p.m. Notice of the 27th Annual General Meeting of the Company together with the Form of Proxy are set out in the Annual Report 2023 of the Company.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to vote for and on his behalf. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to vote for and on his behalf. The appointment of a proxy may be made in a hard copy form or by electronic means. In the case of an appointment made in hard copy form, proxy form duly completed must be deposited at the registered office of the Company at Suite S-21-H, 21st Floor, Menara Northam, 55 Jalan Sultan Ahmad Shah, 10050 George Town, Penang not less than forty-eight (48) hours before the time fixed for holding the meeting. In the case of appointment by electronic form, the proxy form must be electronically lodged with the Company's Share Registrar, Tricor via TIIH Online at <https://tiih.online> (applicable to individual shareholders only). Please refer to the Annexure to Proxy Form on the procedures for electronic lodgement of proxy form via TIIH Online attached in Annual Report 2023.

The last day and time for you to lodge the Form of Proxy is on Monday, 27 May 2024 at 2.00 p.m.

This Circular is dated 26 April 2024

CONTENTS

LETTER FROM THE BOARD TO THE SHAREHOLDERS OF THR CONTAINING:

	Page
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE	
2.1 PROVISIONS UNDER THE LISTING REQUIREMENTS	2
2.2 PRINCIPAL ACTIVITIES OF THR GROUP	3
2.3 PRINCIPAL ACTIVITIES OF MANDATED RELATED PARTIES	4
2.4 DETAILS OF RRPT	5
2.5 REVIEW METHODS OR PROCEDURES FOR RRPT	8
2.6 AMOUNT OWING AND DUE UNDER RRPT	9
2.7 AUDIT COMMITTEE'S STATEMENT	9
3. RATIONALE AND BENEFITS OF THE PROPOSED SHAREHOLDERS' MANDATE	10
4. DISCLOSURE IN ANNUAL REPORT 2023	10
5. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE	10
6. APPROVAL REQUIRED	11
7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND / OR PERSONS CONNECTED TO THEM	11
8. DIRECTORS' RECOMMENDATION	12
9. AGM	12
10. FURTHER INFORMATION	12
APPENDICES	
I FURTHER INFORMATION	14
II EXTRACT OF THE NOTICE OF TWENTY-SEVENTH AGM	15 - 16

**NOTICE OF
TWENTY- SEVENTH AGM
AND FORM OF PROXY**

**ENCLOSED
IN THE
ANNUAL REPORT 2023**

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

- “AASB” : Acme Aluminium Sdn. Bhd. [200301034069 (636490-K)]
- “Act” : The Companies Act, 2016 including all amendments made from time to time and any re-enactment thereof
- “AGM” : Annual General Meeting
- “Allrich” : Allrich Corp (73100)
- “Board” : The Board of Directors of THR
- “Bursa Securities” : Bursa Malaysia Securities Berhad [200301033577 (635998-W)]
- “Circular” : This circular dated 21 April 2023
- “Director” : Has the meaning given in Section 2(1) of Capital Markets and Services Act 2007. For the purpose of the Proposed Renewal of Shareholders’ Mandate, this includes any person who is or was within the preceding six (6) months of the date on which the terms of transaction were agreed upon, a Director or Chief Executive Officer of THR Group or its subsidiary or holding company
- “HSI” : Hwang Shin Industrial (M) Sdn. Bhd. [199001013122 (204692-K)]
- “Listing Requirements” : Main Market Listing Requirements of Bursa Securities as amended from time to time and any re-enactment thereof
- “LPD” : 27 March 2023 being the latest practicable date prior to the printing of this Circular
- “Mandated Related Parties” : Tongming Enterprise Co., Ltd. (TME), Tong Win International Co. Ltd. (TWI) and Winlink Fasteners Co. Ltd. (WFC)
- “Major Shareholder” : A person who has an interest or interests in one or more voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:
- (a) 10% or more of the total number of voting shares in the Company; or
 - (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company.

For the purpose of this definition, “interest” shall have meaning of “interest in shares” given in Section 8 of the Act.

This includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company as defined above or any other corporation which is its subsidiary or holding company.

DEFINITIONS (CONTINUED...)

- “Person Connected” : In relation to any person (referred to as “said Person”) means such person who falls under any one of the following categories:-
- (i) a family* member of the said Person;
 - (ii) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary;
 - (iii) a partner# of the said Person;
 - (iv) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;
 - (v) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;
 - (vi) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
 - (vii) a body corporate which is a related corporation of the said Person

Notes: -

* *Family in relation to a person means such person who falls within any one of the following categories: -*

- (i) spouse;*
- (ii) parent;*
- (iii) child including an adopted child and step-child;*
- (iv) brother or sister; and*
- (v) spouse of the persons referred to in subparagraphs (iii) and (iv) above.*

Partner in relation to any person (referred to as “said Person”), means such person who falls within any one of the following categories: -

- (i) a person with whom the said Person, is in or proposes to enter into partnership with. “Partnership” for this purpose refers to a “partnership” as defined in section 3 of the Partnership Act 1961 or “limited liability partnership” as defined in section 2 of the Limited Liability Partnerships Act 2012, as the case may be; or*

DEFINITIONS (CONTINUED...)

“Person Connected” (Continued...)	:	# (ii) a person with whom the said Person has entered or proposes to enter into a joint venture, whether incorporated or not.
“Proposed Shareholders’ Mandate”	:	Proposed Renewal of Existing Shareholders’ Mandate and Proposed New Shareholders Mandate for RRPT to be entered into by THR Group from the date of the forthcoming AGM to the next AGM
“Related Party(ies)”	:	Director(s), Major Shareholder(s) of THR Group or Person(s) Connected with such Director(s) or Major Shareholder(s). For the purpose of this definition, Director and Major Shareholder shall have the same meaning as given in Paragraph 10.02 of the Listing Requirements
“RHL”	:	Richard Holdings Limited (1925083)
“RRPT”	:	Recurrent Related Party Transactions of a revenue or trading nature which are necessary for THR Group’s day-to-day operations and are entered into by THR Group in the ordinary course of business which involves the interest, direct or indirect, of Related Parties
“Share(s)”	:	Ordinary share(s) in THR
“THA”	:	Tong Heer Aluminium Industries Sdn. Bhd. [199001009104 (200675-U)]
“THF”	:	Tong Heer Fasteners Co. Sdn. Bhd. [198801007444 (174801-H)]
“THFT”	:	Tong Heer Fasteners (Thailand) Co. Ltd. (0205547018706)
“THR” or “the Company”	:	Tong Herr Resources Berhad [199701016642 (432139-W)]
“THR Group” or “the Group”	:	THR and its subsidiaries
“TME”	:	Tong Ming Enterprise (JiaXing) Co., Ltd. (2008/0156)
“TMEC”	:	Tong Ming Enterprise Co., Ltd. (233975)
“TWI”	:	Tong Win International Co. Ltd. (54760)
“TLE”	:	Tonglink Enterprise Co., Ltd. (90058811)
“WFC”	:	Winlink Fasteners Co. Ltd. (97046185)

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

Any reference to a time of day shall be a reference to Malaysian time, unless otherwise stated.



TONG HERR RESOURCES BERHAD

[Registration No. 199701016642 (432139-W)]

(Incorporated in Malaysia)

Registered Office: -

Suite S-21-H, 21st Floor

Menara Northam,

55Jalan Sultan Ahmad Shah,

10050 George Town, Penang

Date: 26 April 2024

Board of Directors: -

Mr. Tsai Ming Ti (Executive Chairman)

Mr. Tsai Yi Ting (Managing Director)

Mr. Tan Ban Leong (Executive Director)

Ms. Tsai Pei Chen (Non-Independent Non-Executive Director)

Mr. Tsai, Hung-Chuan (Non-Independent Non-Executive Director)

Ms. Tsai, Chia-Yen (Non-Independent Non-Executive Director)

Datin Nik Haslinda Binti Nik Mohd Hashim (Independent Non-Executive Director)

Pn. Rohaiza Binti Mohamed Basir (Independent Non-Executive Director)

Mr. Soon Gim Wooi (Independent Non-Executive Director)

To : The Shareholders of Tong Herr Resources Berhad

Dear Sir/Madam,

PROPOSED SHAREHOLDERS' MANDATE

1. INTRODUCTION

At the Company's 26th AGM held on 22 May 2023, the Company had obtained the shareholders' mandate to allow THR Group to enter into RRPTs. The aforesaid existing shareholders' mandate shall, in accordance with the Listing Requirements lapse at the conclusion of the forthcoming AGM unless the renewal of the shareholders' mandate is obtained at the forthcoming AGM.

In connection thereto, the Board has on 8 April 2024 announced that the Company intends to seek shareholders' approval for the Proposed Shareholders' Mandate at the forthcoming AGM to be convened on Wednesday, 29 May 2024. The purpose of this Circular is to provide you with the relevant information on the Proposed Shareholders' Mandate and to seek your approval for the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the Company's forthcoming AGM.

The Ordinary Resolutions in respect of the Proposed Shareholders' Mandate are set out in Appendix II of this Circular.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS TO BE TABLED AT THE FORTHCOMING 27TH AGM OF OUR COMPANY.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Provisions under the Listing Requirements

Pursuant to Paragraph 10.09(2) of the Listing Requirements, the Company may seek a shareholders' mandate subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favorable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where in relation to Company with a share capital of RM60 million and above:
 - (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transactions (RRPT) is RM 1 million or more; or
 - (ii) the percentage ratios of such RRPT is 1% or more,whichever is higher;
- (c) the Company's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities;
- (d) in a meeting to obtain shareholders' or unit holders' mandate, the RRPT must comply with the requirements set out in Paragraph 10.08(7) of the Listing Requirements; and
- (e) the Company to immediately announce to Bursa Securities when the actual value of a RRPT entered into by the Company, exceeds the estimated value of the RRPT disclosed in the Circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Where the Company has procured a shareholders' mandate pursuant to the above, the provision of Paragraph 10.08 of the Listing Requirements shall not apply with regard to transactions as detailed in this section.

The Proposed Shareholders' Mandate, if approved by the shareholders of the Company at the forthcoming AGM, will be subject to annual renewal and shall continue to be in force until: -

- (a) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate is approved, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is earlier.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE (CONTINUED...)

2.1 Provisions under the Listing Requirements (Continued...)

Accordingly, the Company proposes to seek the approval from its shareholders for the Proposed Shareholders' Mandate as set out in Section 2.4 for the THR Group to enter into transactions with Mandated Related Parties which are of a revenue or trading nature and necessary for its day-to-day operations at arms' length and on terms not more favourable to the Mandated Related Parties than those generally available to the public and are not to the detriment of the Company's minority shareholders.

2.2 Principal Activities of THR Group

THR is principally an investment holding company while the details and principal activities of its subsidiaries are as follows: -

No	Name of Companies	Principal Activity	THR's Direct Shareholding (%)
1.	THF	Manufacturing and sale of stainless steel fasteners including nuts, bolts, screws and all other threaded items	100.00
2.	THA	Extrusion and fabrication of aluminium product	51.00
	Subsidiaries of THA		
	-AASB	Trading of aluminium extrusion products and parts	80.00 (Indirect)
	-HSI	Investment holding company	100.00 (Indirect)
3.	THFT	Manufacturing and sale of stainless steel fasteners including nuts, bolts, screws and all other threaded items	99.99

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE (CONTINUED...)

2.3 Principal Activities of Mandated Related Parties

The principal activities of Mandated Related Parties which are not part of THR Group that are involved in the RRPT with the THR Group are set out below: -

Mandated Related Parties	Principal Activity
TME	Manufacture and sale of stainless steel, drawn wire rod, bolts and screws
TWI	Trading of standard stainless steel fasteners
TLE	Trading of standard stainless steel fasteners
WFC	Trading of screws and machinery parts

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2.4 Details of RRPT

The details of the nature and estimated annual value of the RRPT in respect of which THR Group is seeking mandate from its shareholders as contemplated under the Proposed Shareholders' Mandate are as follows: -

(a) Proposed Renewal of Existing Shareholders' Mandate							
Nature of transaction	Company in THR Group	Mandated Related Parties	Interested Related Parties	2024 Proposed Mandate	2023 Mandate		
				(A) Estimated value of transactions pursuant to 2024 Mandate * (RM)	(B) Estimated value of transaction disclosed in 2024 Mandate (RM)	(C) Actual value of transaction conducted pursuant to 2024 Mandate to 29 March 2024 (RM)	Deviation between values in (B) and (C) (RM & %)
Purchase of goods ⁽¹⁾ by THF from TME	THF	TME	Tsai, Ching-Tung ^(d) Tsai, Hung-Chuan ^(a) Tsai, Chia-Yen ^(g) Tsai, Jane-Rong ^(h) Tsai Ming Ti ^(c) Tsai Liao Chin Yeh ^(e) Tsai Yi Ting ^(b) Tsai Pei Chen ^(f) Allrich ⁽ⁱ⁾ RHL ⁽ⁱ⁾	2,500,000	2,500,000	-	-
Purchase of goods ⁽²⁾ by THF from WFC	THF	WFC		7,000,000	7,000,000	2,517,656	-
Sales of goods ⁽³⁾ by THF to TWI	THF	TWI		100,000,000	100,000,000	4,429,178	-
Purchase of goods ⁽²⁾ by THFT from WFC	THFT	WFC		5,000,000	5,000,000	1,881,149	-
Sales of goods ⁽³⁾ by THFT to TWI	THFT	TWI		200,000,000	200,000,000	47,233,486	-
Purchase of goods ⁽¹⁾ by THFT from TME	THFT	TME		3,000,000	3,000,000	495,430	-

(a) Proposed New Shareholders' Mandate

Nature of transaction	Company in THR Group	Mandated Related Parties	Interested Related Parties	2024 Proposed Mandate
				Estimated value of transactions from the forthcoming 27 th AGM to the next AGM * (RM)
Provision of consultation services ⁽⁴⁾ by TLE to THF	THF	TLE	Tsai, Ching-Tung ^(d) Tsai, Hung-Chuan ^(a) Tsai, Chia-Yen ^(g) Tsai, Jane-Rong ^(h) Tsai Ming Ti ^(c) Tsai Liao Chin Yeh ^(e) Tsai Yi Ting ^(b) Tsai Pei Chen ^(f) Allrich ⁽ⁱ⁾ RHL ⁽ⁱ⁾	300,000
Sales of goods ⁽³⁾ by THF to TLE	THF	TLE		1,000,000
Provision of consultation services ⁽⁴⁾ by TLE to THFT	THFT	TLE		300,000
Sales of goods ⁽³⁾ by THFT to TLE	THFT	TLE		1,000,000

Notes: -

- (1) *Raw material which is drawn wire rod.*
- (2) *Packing materials and indirect materials, which are moulds and tools and machinery parts for manufacture of nuts, bolts, screws and threaded items.*
- (3) *Finished goods which are nuts, bolts, screws and threaded items.*
- (4) *Provision of Consultation services on software development in Qlik Business Intelligence, Manufacturing Execution System (MES) deployment, and other IT projects within the period.*
- (a) *Tsai, Hung-Chuan is a major shareholder of THR by virtue of his interest in Allrich. He is the Director of THR, THF and Mandated Related Parties. He is the son of Tsai Ching-Tung, a Director of TME.*
- (b) *Tsai Yi Ting is the Managing Director of THR and a Major Shareholder of THR by virtue of his interest in RHL. He is also a major shareholder of TMEC, the holding company of Mandated Related Parties. He is a Director of WFC, the subsidiary of TMEC. He is the son of Tsai Ming Ti and Tsai Liao Chin Yeh, and brother of Tsai Pei Chen.*
- (c) *Tsai Ming Ti is a Director of THR and Major Shareholder of THR by virtue of his interest in RHL. He has direct interest of 9.51% in TMEC, the holding company of Mandated Related Parties and a Director of TME. He is the brother of Tsai, Ching-Tung.*
- (d) *Tsai Ching-Tung is a Director of TME. He is also the brother of Tsai Ming Ti.*
- (e) *Tsai Liao Chin Yeh is the spouse of Tsai Ming Ti.*
- (f) *Tsai Pei Chen is a Director and Major Shareholder of THR by virtue of her interest in RHL. She is the daughter of Tsai Ming Ti and Tsai Liao Chin Yeh, and sister of Tsai Yi Ting.*
- (g) *Tsai, Chia-Yen is a Director and sister of Tsai, Hung-Chuan. She is also a Director of TLE, a subsidiary of TMEC.*
- (h) *Major Shareholder of THR Group by virtue of her interest in Allrich, a Major Shareholder of THR, and also sister of Tsai, Hung-Chuan and Tsai, Chia-Yen.*
- (i) *Allrich and RHL are the Major Shareholders of THR.*

* *The estimated value of the transactions for the period from the date of the 26th AGM to the date of the next AGM in year 2024 are based on information available at the point of estimation. Due to the nature of the transactions, the actual value of the transactions may vary from the estimated aggregate value disclosed above.*

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2.5 Review methods or procedures for RRPT

There are procedures established by the THR Group to ensure that RRPT are undertaken on an arm's length basis and on the THR Group's normal commercial terms and on terms not more favorable to the related parties than those generally available to the public and not to the detriment of the minority shareholders, consistent with the THR Group's usual business practices and policies, which are generally no more favorable to the Mandated Related Parties than those extended to unrelated third parties and are not to the detriment of the minority shareholders.

THR Group will observe the following procedures to supplement existing internal procedures for general transactions to ensure that the RRPT are undertaken on an arm's length basis and on normal commercial terms and on terms not more favorable to the related parties than those generally available to the public and not to the detriment of the minority shareholders.

- (i) An approved list of related parties will be circulated to the THR Group and each related party to notify that all RRPT are required to be undertaken on an arm's length basis and on normal commercial terms and on terms not more favorable to the related parties than those generally available to the public and not to the detriment of the minority shareholders;
- (ii) All RRPT will be reviewed by one (1) senior management and the Managing Director. Senior Management consists of Manager/Assistant Manager;
- (iii) Record all RRPT which are entered into pursuant to the Proposed Shareholders' Mandate in a register maintained by the Company;
- (iv) The annual internal audit plan shall incorporate a review of all RRPT entered into pursuant to the Proposed Shareholders' Mandate to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to;
- (v) The Audit Committee and the Board shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor RRPT have been complied with and the review shall be done at every quarter together with the review of quarterly results;
- (vi) The Audit Committee and the Board have reviewed the procedures and shall continue to review the procedures as and when required, with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate. If a member of the Board or Audit Committee has an interest in the transaction to be reviewed by the Board or the Audit Committee as the case may be, he will abstain from any decision making by the Board or the Audit Committee in respect of that transaction;

2.5 Review methods or procedures for RRPT (Continued...)

- (vii) Surveys will be undertaken to gather information to compare the price quoted by third parties and related parties for the purpose of determining the competitive market price of materials and goods. It is our policy to purchase materials or goods from related parties when the prices are competitive with prices obtained from third parties. Other factors such as reliability of supply, delivery, services and quality of material or goods will also be taken into consideration for evaluation purpose;
- (vii) The cost-plus method will be used to determine the transaction price. This method determines the arm's length price by adding an appropriate mark-up to the cost of production. The appropriate mark-up is the percentage earned by the Company on the RRPT/sales. Sales to related parties will not be on more favorable terms than those extended to unrelated third parties;
- (ix) At least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Mandated Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities;
- (x) In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be based on the cost-plus method as described in item 2.5(viii). Otherwise, they are subject to the approval of the Board of the transaction entities;
- (xi) There is no specific threshold for approval of the RRPT within the Group.

2.6 Amount Owing and Due under RRPT

As at the LPD, there were no amounts due and owing to our Group under the RRPT which exceeded the credit term.

The outstanding amounts under the Group as at 31 December 2023 were as below:

Due from TWI	RM1,732,621
Due to WFC	RM800,262
Due to TME	RM-

2.7 Audit Committee's Statement

The Audit Committee of the Company has considered the procedures mentioned in Section 2.5 above and is satisfied that: -

- (a) THR Group has in place adequate procedures and processes to monitor, track and identify RRPT on a quarterly basis and in a timely and orderly manner and these procedures and processes are reviewed as and when required; and
- (b) the procedures above are sufficient to ensure the terms of the RRPT are fair, reasonable and on normal commercial terms, are not more favorable to the related parties than those generally available to the public and the RRPT are not detrimental to the minority shareholders and are in the best interest of the THR Group.

3. RATIONALE AND BENEFITS OF THE PROPOSED SHAREHOLDERS' MANDATE

THR Group has a long-standing business relationship with the Mandated Related Parties. The Mandated Related Parties are good customers of THR Group as well as reliable suppliers of raw materials, goods and consultancy services required by THR Group for its business. The raw materials, goods and consultancy services provided by the Mandated Related Parties are priced competitively and all transactions between THR Group and the Mandated Related Parties are carried out on an arms-length basis and on terms not more favorable to the related parties than those generally available to the public and not to the detriment of the minority shareholders. The raw materials, goods and consultancy services can also be obtained from the Mandated Related Parties even when short notice is given to them, in order to meet the tight orders of the Group's customers. THR Group can also obtain various products, which are out of the product range of the Group, from the Mandated Related Parties, to meet the order of its customers.

Although THR Group also sources similar raw materials, goods and consultancy services from third parties, THR would like to seek approval for the Proposed Shareholders' Mandate as the close cooperation between THR Group and the Mandated Related Parties has reaped mutual benefits and has been and is expected to continue to be of benefit to the business of THR Group. The Mandated Related Parties are engaged in the same activity with THR Group, hence the Group can enjoy the lowest cost through bulk purchases arrangement and obtain the materials at short notice while maintaining at prevailing market prices, in order to meet customers' tight orders. Also, due to the orders from customers of various range of product which is out of the product range of the Group, the Group entered into transactions with the Mandated Related Parties and hence will be able to supply additional range of products when required. Therefore, the Group will reap additional profit.

Shareholders' approval on an annual basis would eliminate the need to convene separate general meeting from time to time to seek shareholders' approval as and when potential RRPT with Related Parties arise, thereby reducing substantial administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the THR Group.

The Proposed Shareholders' Mandate is intended to facilitate transactions in the normal course of business of the THR Group which are transacted from time to time with the Mandated Related Parties.

4. DISCLOSURE IN ANNUAL REPORT 2023

Disclosure is made in the annual report of the Company on the breakdown of the aggregate value of RRPT made pursuant to the existing shareholders' mandate during the financial year ended 31 December 2023.

5. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate is not expected to have any effect on the share capital and is not expected to have any material effect on the earnings per share, net assets per share and gearing of the THR Group.

6. APPROVAL REQUIRED

The Proposed Shareholders' Mandate is subject to the approval of the shareholders of the Company at the forthcoming AGM to be convened or at any adjournment thereof.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND / OR PERSONS CONNECTED TO THEM

As at LPD, the direct and indirect interests of the Interested Directors, Major Shareholders of THR and Person Connected with them, in respect of the Proposed Shareholders' Mandate, are as follows:

	No. of Ordinary Shares held in THR			
	Direct	% [^]	Indirect	% [^]
Interested Directors and/or Major Shareholders				
Tsai Ming Ti	2,020,402	1.32	50,178,357 ^(a)	32.69
Tsai Yi Ting	198,000	0.13	49,044,307 ^(c)	31.95
Tsai, Hung-Chuan	-	-	61,191,043 ^(b)	39.86
Tsai Pei Chen	731,100	0.48	49,044,307 ^(c)	31.95
Tsai, Chia-Yen	-	-	-	-
Allrich	61,191,043	39.86	-	-
RHL	49,044,307	31.95	-	-
Person Connected with Interested Directors and/or Major Shareholders				
Tsai Liao Chin Yeh	1,134,050	0.74	51,064,709 ^(d)	33.26
Tsai Chia Chen	51,300	0.03	-	-
Tsai, Jane-Rong	-	-	61,191,043 ^(b)	39.86

Notes:

(a) Deemed interested by virtue of his interest in RHL and Shares held by his spouse, Tsai Liao Chin Yeh

(b) Deemed interested by virtue of his/her interest in Allrich

(c) Deemed interested by virtue of his/her interest in RHL

(d) Deemed interested by virtue of her indirect interest in RHL and Shares held by her spouse, Tsai Ming Ti

[^] Based on the total paid-up capital of RM185,930,000.00 divided into 157,430,000 Shares excluding 3,912,300 Shares held as treasury shares as at LPD.

.7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND / OR PERSONS CONNECTED TO THEM (CONTINUED...)

The abovenamed Directors, who are interested in the Proposed Shareholders' Mandate have abstained and will continue to abstain from all deliberations and voting on the RRPT involving them, as set out in the Proposed Shareholders' Mandate, at the relevant Board meetings and will also abstain from voting on the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM to be convened or at any adjournment thereof.

Accordingly, the interested Major Shareholders will also abstain from voting on the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM. The abovenamed Interested Directors and interested Major Shareholders have undertaken to ensure that the Person(s) Connected with them will abstain from voting, deliberating, or approving the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM to be convened or at any adjournment thereof.

Save as disclosed above, none of the other Directors and/or Major Shareholder or Person Connected with them have any interest, directly or indirectly in the Proposed Shareholders' Mandate.

8. DIRECTORS' RECOMMENDATION

The Board (save and except for Tsai Ming Ti, Tsai, Hung-Chuan, Tsai Yi Ting, Tsai Pei Chen and Tsai, Chia-Yen who are deemed interested in the Proposed Shareholders' Mandate), having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Company and accordingly, recommends that you vote in favor of the resolution pertaining to the Proposed Shareholders' Mandate under Special Business to be tabled at the forthcoming AGM.

9. AGM

The 27th AGM, the Notice of which is enclosed in Annual Report 2023, will be held at No. 2515 Tingkat Perusahaan 4A, Perai Free Trade Zone, 13600 Perai, Penang on Wednesday, 29 May 2024 at 2.00 p.m., for the purpose of considering and, if thought fit, passing the ordinary resolution so as to give effect to the Proposed Shareholders' Mandate.

If you are unable to attend and vote in person at the 27th AGM, you are requested to complete, sign and return the Form of Proxy enclosed in the Annual Report 2023 in accordance with the instructions printed therein. The Form of Proxy must be lodged at the Registered Office of the Company not less than forty-eight (48) hours before the time fixed for the AGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

10. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix I contained in this Circular for further information.

Yours faithfully
For and on behalf of the Board of
Tong Herr Resources Berhad

Datin Nik Haslinda Binti Nik Mohd Hashim
Independent Non-Executive Director

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that after making all reasonable enquiries, and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by THR and/or its subsidiaries within the past two (2) years preceding the LPD of this Circular.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Neither THR nor any of its subsidiary companies are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Board is not aware and do not have any knowledge of any preceding pending or threatened against the Company and/or its subsidiaries or of any facts likely to give rise to any proceeding which may materially or affect the financial position or business of THR Group.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal office hours (except public holidays) at the Registered Office of THR at Suite S-21-H, 21st Floor, Menara Northam, 55 Jalan Sultan Ahmad Shah, 10050 George Town, Penang from the date of this Circular up to and including the date of the forthcoming AGM:

- (a) the Constitution of THR; and
- (b) the Audited Financial Statements of THR for the past two (2) financial years ended 31 December 2022 and 2023 respectively.

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

EXTRACT OF NOTICE OF TWENTY- SEVENTH AGM

ORDINARY RESOLUTION 12

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

“THAT subject to the Companies Act 2016, provisions of the Constitution of the Company and the requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and other relevant governmental and regulatory authorities where such authority shall be necessary, approval be and is hereby given to the Company and/or its subsidiaries (“the Group”) to enter into and to give effect to the recurrent related party transactions as specified in Section 2.4 (a) of the Circular to the shareholders dated 26 April 2024 provided that such transactions which are necessary for the Group’s day to day operations are undertaken in the ordinary course of business, at arm’s length basis, on normal commercial terms which are not more favorable to the Mandated Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company (“Proposed Shareholders’ Mandate”).

AND THAT the Proposed Shareholders’ Mandate shall continue to be in force until: -

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it will lapse, unless by a resolution passed at the said AGM, the authority is renewed; or
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (“Act”) (but must not extend to such extension as may be allowed pursuant to Section 340(4) of Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier.

AND FURTHER THAT the Directors of the Company be authorized to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders’ Mandate.”

ORDINARY RESOLUTION 13

PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

“THAT subject to the Companies Act 2016, provisions of the Constitution of the Company and the requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and other relevant governmental and regulatory authorities where such authority shall be necessary, approval be and is hereby given to the Company and/or its subsidiaries (“the Group”) to enter into and to give effect to the recurrent related party transactions as specified in Section 2.4 (b) of the Circular to the shareholders dated 26 April 2024 provided that such transactions which are necessary for the Group’s day to day operations are undertaken in the ordinary course of business, at arm’s length basis, on normal commercial terms which are not more favorable to the Mandated Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company (“Proposed Shareholders’ Mandate”).

AND THAT the Proposed Shareholders’ Mandate shall continue to be in force until: -

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it will lapse, unless by a resolution passed at the said AGM, the authority is renewed; or
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (“Act”) (but must not extend to such extension as may be allowed pursuant to Section 340(4) of Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier.

AND FURTHER THAT the Directors of the Company be authorized to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders’ Mandate.”

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