



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



**ENDURANCE** IN MOTION  
**STRENGTH** IN ACTION

Annual Report 2024

## Cover Rationale

### Endurance in Motion, Strength in Action

Every challenge is an opportunity to build resilience, and every step forward is a testament to our determination. Much like a cyclist ascending a hill, we push through obstacles with unwavering strength, maintaining momentum even when the path becomes steeper. This year, we've demonstrated our commitment to both internal and external growth, driven by the strength of our people and operations. Our progress is beyond reaching new heights, it is about enduring through each phase of change. With each stride, we continue to build a stronger, more dynamic future, rooted in perseverance and action.



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No. 2515 Tingkat Perusahaan 4A,  
Perai Free Trade Zone, 13600 Perai,  
Penang



# 28<sup>th</sup> Annual General Meeting



29 May 2025,  
Thursday  
2.00 p.m.

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# CORPORATE INFORMATION

## Board of Directors

**Tsai Ming Ti**  
Executive Chairman

**Tsai Yi Ting**  
Managing Director

**Tan Ban Leong**  
Executive Director

**Tsai Pei Chen**  
Non-Independent Non-Executive Director

**Tsai, Hung-Chuan**  
Non-Independent Non-Executive Director

**Tsai, Chia-Yen**  
Non-Independent Non-Executive Director

**Rohaiza Binti Mohamed Basir**  
Independent Non-Executive Director

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

**Soon Gim Wooi**  
Independent Non-Executive Director

## Secretaries

**Teo Mee Hui**  
[SSM PC No. 202008001081 (MAICSA 7050642)]

**Lee Mei-Mei**  
[SSM PC No. 202008002962 (MAICSA 7062284)]

## Audit Committee

**Datin Nik Haslinda Binti Nik Mohd Hashim** (Chairperson)  
**Rohaiza Binti Mohamed Basir**  
**Soon Gim Wooi**

## Nominating Committee

**Rohaiza Binti Mohamed Basir** (Chairperson)  
**Tsai, Hung-Chuan**  
**Soon Gim Wooi**

## Remuneration Committee

**Rohaiza Binti Mohamed Basir** (Chairperson)  
**Tsai, Hung-Chuan**  
**Soon Gim Wooi**

## Risk Management and Sustainability Committee

**Datin Nik Haslinda Binti Nik Mohd Hashim** (Chairperson)  
**Rohaiza Binti Mohamed Basir**  
**Soon Gim Wooi**  
**Tsai Yi Ting**

## Auditors

**Crowe Malaysia PLT**  
[201906000005 (LLP0018817-LCA) & AF 1018]

## Bankers

Ambank Berhad  
CIMB Bank Berhad  
Citibank Berhad  
Hong Leong Bank Berhad  
Malayan Banking Berhad  
OCBC Bank (Malaysia) Berhad  
RHB Bank Berhad  
Taichung Commercial Bank Co. Limited  
United Overseas Bank (Malaysia) Berhad

## Registered Office

Suite S-21-H, 21<sup>st</sup> Floor  
Menara Northam  
55 Jalan Sultan Ahmad Shah  
10050 George Town, Penang  
Tel: 04-210 7118/2/3  
Fax: 04-210 7111  
Email: TMFPg\_cosec@tmf-group.com

## Registrar

**Tricor Investor & Issuing House Services Sdn Bhd**  
Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Malaysia  
Tel: 03-2783 9299  
Fax: 03-2783 9222  
Email: is.enquiry@vistra.com

## Mailing Address

No. 2515 Tingkat Perusahaan 4A  
Perai Free Trade Zone  
13600 Perai, Penang  
Tel: 04-390 3970  
Fax: 04-390 0840/1  
Email: tongheer@tong.com.my

## Corporate Website

www.tong.com.my

## Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

## Stock Code/ Stock Name

5010/ TONGHER



# NOTICE OF THE TWENTY-EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Eighth Annual General Meeting ("28<sup>th</sup> AGM") of the Company will be held at No. 2515 Tingkat Perusahaan 4A, Perai Free Trade Zone, 13600 Perai, Penang on 29 May 2025, Thursday, at 2.00 p.m. for the following purposes: -

## AGENDA

- |   |   |
|---|---|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2024 together with the reports of the Directors and Auditors thereon.   | <b>(Please refer to Note A)</b>                                   |
| 2. To approve the payment of a Final Single Tier Dividend of RM0.033 per share for the financial year ended 31 December 2024.   | <b>Resolution 1</b>   |
| 3. To re-elect the following Directors retiring under the provision of Regulation 95(1) of the Constitution of the Company respectively, and who, being eligible had offered themselves for re-election:-<br>i) Mr. Tsai, Hung-Chuan<br>ii) Ms. Tsai Pei Chen<br>iii) Pn. Rohaiza Binti Mohamed Basir | <b>Resolution 2</b><br><b>Resolution 3</b><br><b>Resolution 4</b> |
| 4. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2025 and to authorise the Board of Directors to determine their remuneration.  | <b>Resolution 5</b>   |

## SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modifications, the following ordinary resolutions:-
- 5.1 *Proposed Payment of Directors' Fees and Benefits*
- "To approve the payment of Directors' Fees and Benefits amounting to RM150,000 only from this Annual General Meeting ("AGM") up to the date of the next AGM."
- Resolution 6**
- 5.2 *Proposed Authority to Issue Shares and Waiver of Pre-Emptive Rights*
- "THAT subject always to the Companies Act 2016, the Constitution of the Company and the approvals of the relevant governmental/ regulatory authorities, if applicable, the Board of Directors be and is hereby authorised to issue and allot shares in the Company from time to time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Board of Directors may, in its absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being;
- AND THAT pursuant to Section 85 of the Companies Act 2016 to be read together with Regulation 62 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016;
- THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;
- AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next AGM of the Company."
- Resolution 7**



# NOTICE OF THE TWENTY-EIGHTH ANNUAL GENERAL MEETING

## SPECIAL BUSINESS (CONT'D)

5. To consider and, if thought fit, to pass with or without modifications, the following ordinary resolutions:-  
(Cont'd)

### 5.3 Proposed Renewal of Authority to Purchase its own Shares

"THAT subject to the Act, provisions of the Constitution of the Company and the requirements of the Bursa Securities and other relevant governmental and regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to purchase its own shares through Bursa Securities, subject to the following:-

### Resolution 8

- (a) The maximum number of shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time;
- (b) The maximum fund to be allocated by the Company for the purpose of purchasing the Company's shares shall not exceed the retained profits of the Company based on the latest Audited Financial Statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s);
- (c) The authority conferred by this resolution will be effective immediately upon the passing of this resolution; and shall continue to be in force until the conclusion of the next AGM of the Company, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions or the expiration of the period within which the next AGM is required by law to be held or unless revoked or varied by ordinary resolution passed by the shareholders in a general meeting, whichever occurs first;
- (d) Upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner:-
  - (i) to cancel the shares so purchased; or
  - (ii) to retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities or subsequently cancelled; or
  - (iii) to retain part of the shares so purchased as treasury shares and cancel the remainder; or
  - (iv) in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

The Directors of the Company be and are hereby authorised to take all such steps as are necessary and entering into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, if any, as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of the Company's shares in accordance with the Act, the requirements of the Bursa Securities and any other regulatory authorities, and other relevant approvals."



## NOTICE OF THE TWENTY-EIGHTH ANNUAL GENERAL MEETING

5. To consider and, if thought fit, to pass with or without modifications, the following ordinary resolutions:-  
(Cont'd)

5.4 *Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Cont'd)*

"THAT subject to the Act, provisions of the Constitution of the Company and the requirements of the 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 25 April 2025 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").

**Resolution 9**

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

- (a) the conclusion of the next 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 Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of Act);
- (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."

5.5 *Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature*

"THAT subject to the Act, provisions of the Constitution of the Company and the requirements of the 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 25 April 2025 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").

**Resolution 10**

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

- (a) the conclusion of the next 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 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 authorised 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."



## NOTICE OF THE TWENTY-EIGHTH ANNUAL GENERAL MEETING

### SPECIAL BUSINESS (CONT'D)

6. To transact any other business for which due notice shall have been given in accordance with the Act.

By Order of the Board,

TEO MEE HUI (MAICSA 7050642) / SSM PC No. : 202008001081  
LEE MEI-MEI (MAICSA 7062284) / SSM PC No. : 202008002962  
Secretaries  
Penang

Date: April 25, 2025

### NOTES:

- A. This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act do not require a formal approval of the shareholders and hence, is not put forward for voting.
- B. The profile of the Directors who are standing for re-election (as per Resolutions 2 to 4 stated above) at this AGM are set out in the "Profile of Directors" section from pages 16 to 18 of the Company's Annual Report 2024.

### PROXY

1. In respect of deposited securities, only depositors whose names appear in the Record of Depositors as at 20 May 2025 shall be entitled to attend the Meeting and to speak or vote thereat.
2. A member of the Company who is entitled to attend, participate, speak and vote at a meeting of the Company, may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the meeting. Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. A proxy need not be a member. There shall be no restriction as to the qualification of the proxy.
3. Where a member of the Company who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
6. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the registered office of the Company at Suite S-21-H, 21<sup>st</sup> Floor, Menara Northam, 55 Jalan Sultan Ahmad Shah, 10050 George Town, Penang or alternatively, to submit the proxy form electronically via TIH Online website at <https://tiah.online> not less than forty-eight (48) hours before the time fixed for holding the meeting. Please refer to the Administrative Guide for the 28<sup>th</sup> AGM on the procedure for electronic lodgement of proxy form.

### Explanatory Notes On Ordinary & Special Business:

#### 1. Ordinary Resolution 2, 3 & 4

The proposed resolution is on the re-election of Mr. Tsai Hung-Chuan, Ms. Tsai Pei Chen and Pn. Rohaiza Binti Mohamed Basir who will retire at the 28<sup>th</sup> AGM in accordance with Regulation 95(1) of the Company's Constitution.

The profile of the retiring Directors is set out in the Annual Report 2024.



# NOTICE OF THE TWENTY-EIGHTH ANNUAL GENERAL MEETING

## Explanatory Notes On Resolution & Special Business: (Cont'd)

### 1. Ordinary Resolution 2, 3 & 4 (Cont'd)

The Nominating and Remuneration Committee has taken into account the Board Performance Evaluation including the results of assessment for the retiring Directors and concurred that they have met the Board's expectation in terms of experience, expertise, integrity, competency, commitment and individual contribution by continuously performing their duties diligently as Directors of the Company. The Board recommended them to be re-elected as Directors of the Company.

### 2. Ordinary Resolution 6

The proposed resolution is in accordance with Regulation 103(c) of the Constitution of the Company and Section 230(1) of the Act and if passed, will authorise the payment of Directors' Fees and benefits to the Directors of the Company for their services as Directors from this AGM up to the date of next AGM.

### 3. Ordinary Resolution 7

The proposed Resolution, if approved, will allow the Company to waive the statutory pre-emptive rights of the shareholders of the Company to be offered with the new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares in the Company pursuant to this mandate.

This is also to approve the disapplication of statutory pre-emption rights under the Section 85 of the Act, to allot new shares (or to grant rights over shares) without first offering them to existing shareholders in proportion to their holdings pursuant to the general mandate.

The proposed resolution, if passed, will renew the authority to empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. The renewed mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment, working capital and/or acquisitions. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM of the Company.

As at the date of this notice, no new shares in the Company have been issued pursuant to the mandate granted to the Directors at the 27<sup>th</sup> AGM held on 29 May 2024 which will lapse at the conclusion of the 28<sup>th</sup> AGM.

### 4. Ordinary Resolution 8

The proposed resolution, if passed, will empower the Directors of the Company to purchase the Company's own shares up to ten per cent (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company. Further information on the proposed Resolution is set out in the Share Buy-Back Statement in pages 10 to 14 of this Annual Report 2024.

### 5. Ordinary Resolutions 9 and 10

The proposed resolution, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions of revenue or trading nature. The recurrent related party transactions are in the ordinary course of business and which are not more favorable to the Mandated Related Parties than those generally available to the public. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company. Please refer to the Circular to shareholders dated 25 April 2025.

## Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at this meeting, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for this meeting and the preparation and compilation of the attendance lists, minutes and other documents relating to this meeting, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.





# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

## DETAILS OF INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS (EXCLUDING DIRECTORS STANDING FOR A RE-ELECTION)

Pursuant to Paragraph 8.27(2) of the Bursa Securities Listing Requirements for Main Market, no individual is seeking election as a Director at the Twenty-Eighth Annual General Meeting of the Company.



## NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that a Final Single Tier Dividend of RM0.033 per share for the financial year ended 31 December 2024, if approved, will be paid on June 18, 2025 to depositors registered in the Records of Depositors on June 4, 2025.

A Depositor shall qualify for entitlement to the Dividend in respect of: -

- a) shares transferred into the Depositor's Securities Account before 4.30 p.m. on June 4, 2025 in respect of transfers;
- b) shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Securities.

By Order of the Board,

TEO MEE HUI (MAICSA 7050642) / SSM PC No. : 202008001081  
LEE MEI-MEI (MAICSA 7062284) / SSM PC No. : 202008002962  
Secretaries  
Penang

Date: April 25, 2025



# SHARE BUY-BACK STATEMENT

## 1. Disclaimer Statement

This Share Buy-Back Statement ("Statement") is important and if you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisor immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Statement prior to its issuance, and hence, takes no responsibility for the contents of this Statement, 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 Statement.

## 2. Rationale for the Proposed Purchase by Tong Herr Resources Berhad ("THR" or the "Company") of its own ordinary shares ("Shares") up to a maximum of ten per centum (10%) of the existing total number of share capital of the Company ("Proposed Share Buy-Back")

The potential advantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:-

- (a) allows the Company to take preventive measures against speculation particularly when its Shares are undervalued which would in turn stabilise the market price of the Shares and hence enhance investors' confidence;
- (b) if the Shares bought back by the Company are cancelled, shareholders of the Company are likely to enjoy an increase in the value of their investment in the Company as the net Earnings Per Share ("EPS") of the Company will increase; and
- (c) reduces the liquidity level and stabilise the supply, demand and price of its Shares in the open market, thereby supporting the fundamental value of the Shares.

## 3. Retained Profits

Based on the unaudited financial statements for the financial year ended 31 December 2024, the retained profits of the Company stood at RM18,639,000 (audited as at 31 December 2024: RM18,639,000).

## 4. Source of Funds

The Proposed Share Buy-Back will be financed from both internally generated funds of the Group and/or external borrowings. The portion of which to be utilised will depend on the actual number of Shares bought, the price of Shares and the availability of funds at the time of the purchase(s). If borrowings are used for the Proposed Share Buy-Back, the Company will experience a decline in its net cash flow to the extent of the interest costs associated with such borrowings but the Board does not foresee any difficulty in repaying the borrowings, if any, is used for the Proposed Share Buy-Back. Based on the audited consolidated financial statements as at 31 December 2024, the Group has cash and cash equivalent balance of approximately RM129,797,000.

## 5. Direct and Indirect Interests of Directors and Major Shareholders and/or Persons Connected to Them

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the shareholders in the Company as a consequence of the Proposed Share Buy-Back, none of the Directors and major shareholders of THR nor persons connected to them has any interest, direct or indirect, in the Proposed Share Buy-Back and, if any, the resale of the treasury shares.



## SHARE BUY-BACK STATEMENT

### 5. Direct and Indirect Interests of Directors and Major Shareholders and/or Persons Connected to Them (Cont'd)

The Direct and Indirect Interests of Directors and Substantial Shareholders of THR as at 27 March 2025 are as follows:-

Name	Before proposed buy-back#				After proposed buy-back*			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<u>Directors and major shareholders</u>								
Tsai Ming Ti	2,020,402	1.316	50,178,357	32.686	2,020,402	1.426	50,178,357	35.415
Tsai, Hung-Chuan	-	-	61,191,043	39.859	-	-	61,191,043	43.187
Tsai Yi Ting	198,000	0.129	49,044,307	31.947	198,000	0.140	49,044,307	34.615
Tsai Pei Chen	731,100	0.476	49,044,307	31.947	731,100	0.516	49,044,307	34.615
<u>Directors</u>								
Tsai, Chia-Yen	-	-	-	-	-	-	-	-
Tan Ban Leong	45,000	0.029	-	-	45,000	0.032	-	-
Datin Nik Haslinda Binti Nik Mohd Hashim	-	-	-	-	-	-	-	-
Rohaiza Binti Mohamed Basir	-	-	-	-	-	-	-	-
Soon Gim Wooi	-	-	-	-	-	-	-	-
<u>Person connected to major shareholders</u>								
Tsai Liao Chin Yeh	1,134,050	0.739	51,064,709	33.263	1,134,050	0.800	51,064,709	36.041
Tsai, Jane-Rong	-	-	61,191,043	39.859	-	-	61,191,043	43.187
Tsai Chia Chen	51,300	0.033	-	-	51,300	0.036	-	-
<u>Major shareholders</u>								
Allrich Corp	61,191,043	39.859	-	-	61,191,043	43.187	-	-
Richard Holdings Limited	49,044,307	31.947	-	-	49,044,307	34.615	-	-

# Based on the issued shares of 157,430,000 ordinary shares excluding 3,912,300 treasury shares.

\* Assuming that the maximum number of Shares up to ten per centum (10%) of the total authorised under the Proposed Share Buy-Back are purchased and cancelled.

### 6. Potential Advantages and Disadvantages of the Proposed Share Buy-Back

The potential advantages of the Proposed Share Buy-Back to the Company and its shareholders are disclosed in Section 2 of this Statement.

The potential disadvantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:-

- The Proposed Share Buy-Back will reduce the financial resources of the Group and may result the Group foregoing better investment opportunities that may emerge in future; and
- As the Proposed Share Buy-Back can only be made out of retained profits of the Company, it may result in reduction of financial resources available for distribution to shareholders in the immediate future.

In any event, the Board will be mindful of the interest of THR and its shareholders in undertaking the Proposed Share Buy-Back and in the subsequent cancellation of the Shares purchased, if any.



## SHARE BUY-BACK STATEMENT

### 7. Financial Effects of the Proposed Share Buy-Back

The financial effects of the Proposed Share Buy-Back on the Company and the Group are set out below:-

(a) Share Capital

The effect of the Proposed Share Buy-Back on the issued shares of the Company assuming that the maximum number of Shares up to ten per centum (10%) of the total number of issued shares authorised under the Proposed Share Buy-Back are purchased and cancelled, is as set out below:-

	No. of Shares	RM
Existing share capital of THR as at 27 March 2025	157,430,000	185,930,000
Assuming Shares purchased are cancelled	(15,743,000)	(15,743,000)
	<u>141,687,000</u>	<u>170,187,000</u>

On the other hand, if the Shares purchased are retained as treasury shares, the Proposed Share Buy-Back will not affect the issued shares of THR but the rights attached to them in relation to the voting, dividends and participation in any other distributions or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including calculation of substantial shareholdings, take-overs, notices, the requisitioning of meetings, calculation of quorum for meetings and the result of vote on a resolution at a meeting.

(b) Earnings

The effect of the Proposed Share Buy-Back on the EPS of the Group will depend on the purchase prices of the Shares and the effective funding cost to the Group to finance the purchase of Shares or any loss in interest income to the Group. Assuming the Shares purchased are retained as treasury shares and resold, the effects on the earnings of the THR Group will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings arising from the exercise.

If the Shares so purchased are cancelled, the Proposed Share Buy-Back will increase the EPS of the Group. However, the increase in EPS will be affected to the extent of the quantum of the reduction in the interest income and/or increase in the interest expense incurred in relation to the Proposed Share Buy-Back.

(c) Net Assets ("NA")

The effect of the Proposed Share Buy-Back on the NA of the Group will depend on the purchase price of the Shares and the effective funding cost to the Group to finance the purchase of Shares or any loss in interest income to the Group.

If all the Shares are cancelled, the Proposed Share Buy-Back would reduce the NA of the Group when the purchase price per Share exceeds the NA per Share at the relevant point in time, and vice versa.

The Proposed Share Buy-Back will reduce the working capital of the Group, the quantum of which will depend on the purchase prices of the Shares and the number of Share purchased.

The NA per Share will decrease if the Shares purchased are retained as treasury shares due to the requirement for treasury shares to be carried at cost and offset against equity, resulting in a decrease in the NA by the cost of the treasury shares. If the treasury shares are resold on the Bursa Securities, the NA per Share will increase if the Company realise a gain from the resale, and vice versa. If the treasury shares are distributed as share dividends, the NA per Share will decrease by the cost of the treasury shares.

(d) Dividends

The Board of Directors recommends a Final Single-Tier Dividend of 3.3 sen per share subject to shareholders' approval at the forthcoming Annual General Meeting.

The Proposed Share Buy-Back is not expected to have any material effect on the dividends to be declared by the Company, if any, for the financial year ending 31 December 2025.



## SHARE BUY-BACK STATEMENT

### 8. Implication of the Proposed Share Buy-Back relating to the Malaysian Code on Take-overs and Mergers, 2016

The Proposed Share Buy-Back will not have any implication on the Company and its substantial shareholders in relation to the Malaysian Code on Take-overs and Mergers, 2016.

### 9. Purchases made in Last Financial Year

There was no purchases made by the Company during the preceding 12 months. All the shares purchased earlier were retained as Treasury Shares. As at 27 March 2025, a total of 3,912,300 repurchased Share were held as Treasury Shares.

There was no transfer or cancellation of Treasury Shares in the preceding 12 months.

### 10. Historical Share Prices

The monthly highest and lowest market prices of THR Share traded on Bursa Securities in the preceding twelve (12) months were as follows:-

	Highest (RM)	Lowest (RM)
<b>2024</b>		
April	2.49	2.28
May	2.45	2.31
June	2.35	2.27
July	2.30	2.23
August	2.27	2.00
September	2.05	1.91
October	1.96	1.80
November	1.87	1.69
December	1.73	1.61
<b>2025</b>		
January	1.70	1.56
February	1.60	1.48
March	1.55	1.41

Last transacted market price as at 27 March 2025 was (being the last practical date prior to the printing of this Statement) was RM1.55.

### 11. Proposed Intention of the Directors to deal with the Shares so Purchased

The Proposed Share Buy-Back, if exercised, the Shares shall be dealt with in the following manner:-

- (i) To cancel the Shares so purchased; or
- (ii) To retain the Shares so purchased in treasury for distribution as dividend to shareholders and/or resell on the market of Bursa Securities or subsequently cancelled; or
- (iii) Retain part of the Shares so purchased as treasury shares and cancel the remainder; or
- (iv) In such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

### 12. Public Shareholding Spread

According to the Record of Depositors maintained by Bursa Malaysia Depository Sdn. Bhd. as at 27 March 2025, the public shareholding spread of the Company was approximately 25.47%. In this regard, the Board undertakes to purchase shares only to the extent that the public shareholding spread of THR shall not fall below 25% of the issued shares of the Company at all times pursuant to the Proposed Share Buy-Back, in accordance with Paragraph 12.14 of the Main Market Listing Requirements.



## SHARE BUY-BACK STATEMENT

### 13. Directors' Statement

After taking into consideration all relevant factors, the Board is of the opinion that the Proposed Share Buy-Back described above is in the best interest of the Company.

### 14. Directors' Recommendation

The Board recommends that you vote in favour of the ordinary resolution to be tabled at the forthcoming Twenty-Eighth AGM to give effect to the Proposed Share Buy-Back.

### 15. Responsibility Statement

This Statement 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 facts, the omission of which would make any statement herein misleading.

### 16. Documents Available For Inspection

Copies of the following documents will be available for the registered office of the Company during normal office hours from Monday to Friday (except Public Holidays) from the date of this Statement up to and including the date of the forthcoming AGM:-

- (i) Constitution of the Company; and
- (ii) The audited consolidated financial statements for the past two (2) financial years ended 31 December 2023 and 2024 respectively.

### 17. Other Information

There is no other information concerning the Proposed Share Buy-Back as shareholders and other professional advisers would reasonably require and expect to find in the Statement for the purpose of making informed assessment as to the merits of approving the Proposed Share Buy-Back and the extent of the risks involved in doing so.

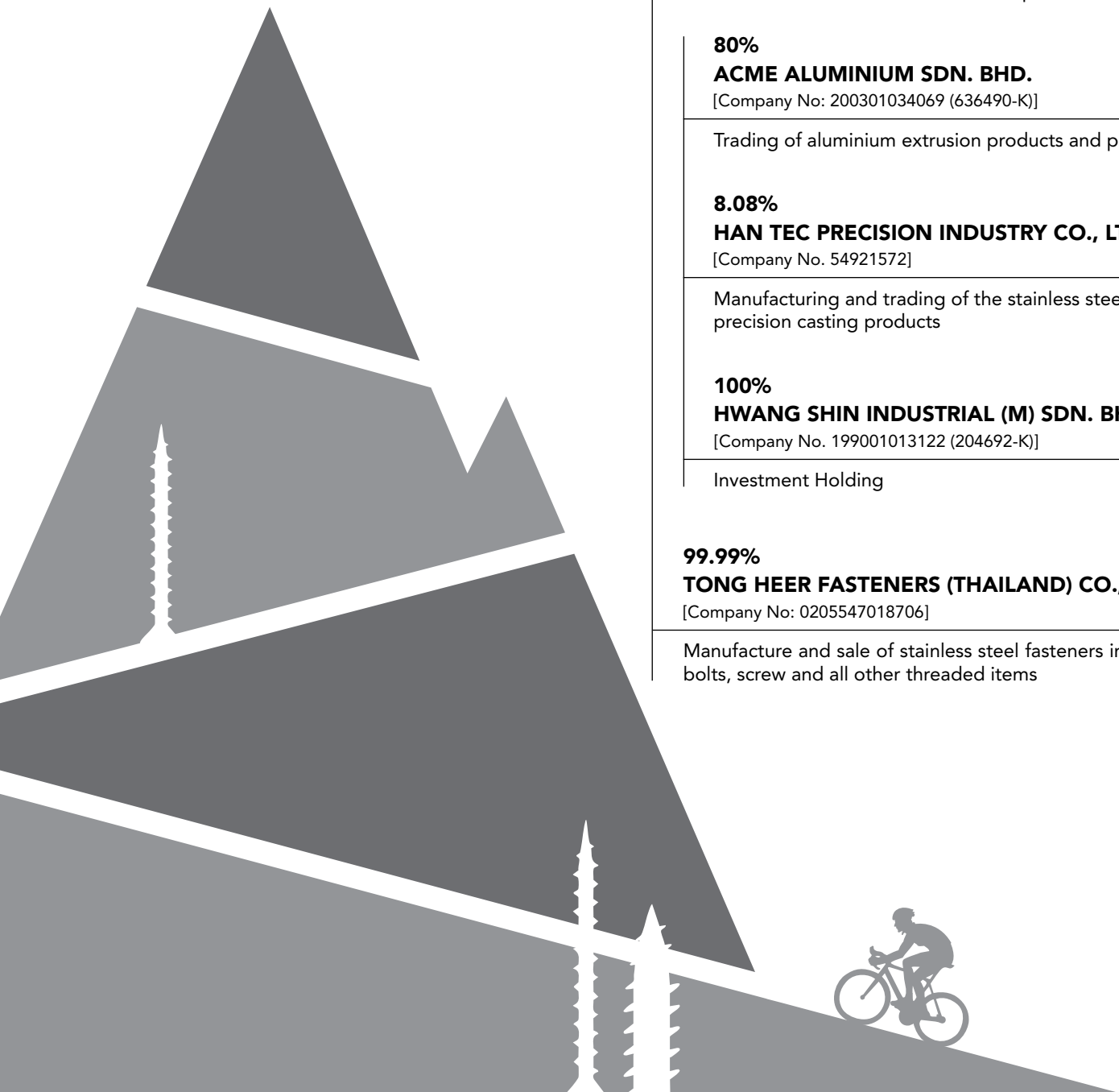


# GROUP STRUCTURE



**TONG HERR RESOURCES BERHAD**  
[Company No. 199701016642 (432139-W)]

Investment Holding



**100%**

**TONG HEER FASTENERS CO. SDN. BHD.**

[Company No. 198801007444 (174801-H)]

Manufacture and sale of stainless steel fasteners including nuts, bolts, screws and all other threaded items

**51%**

**TONG HEER ALUMINIUM INDUSTRIES SDN. BHD.**

[Company No. 199001009104 (200675-U)]

Extrusion and fabrication of aluminium products

**80%**

**ACME ALUMINIUM SDN. BHD.**

[Company No: 200301034069 (636490-K)]

Trading of aluminium extrusion products and parts

**8.08%**

**HAN TEC PRECISION INDUSTRY CO., LTD.**

[Company No. 54921572]

Manufacturing and trading of the stainless steel precision casting products

**100%**

**HWANG SHIN INDUSTRIAL (M) SDN. BHD.**

[Company No. 199001013122 (204692-K)]

Investment Holding

**99.99%**

**TONG HEER FASTENERS (THAILAND) CO., LTD.**

[Company No: 0205547018706]

Manufacture and sale of stainless steel fasteners including bolts, screw and all other threaded items





## DIRECTORS' PROFILE

### TSAI MING TI

Executive Chairman

Taiwanese

Age 65

Male

**Tsai Ming Ti**, was appointed to the Board of THR as Executive Director on 20 July 1999. He has 48 years of working experience in the fasteners industry. He completed his education in Junior High School. Since the establishment of THF in 1988, he has been the Managing Director of the Company. Under his leadership with great emphasis placed on teamwork, quality and service orientated, THF has expanded tremendously to what it is today. He was re-designated as Executive Deputy Chairman of THR on 29 August 2012 and re-designated as Executive Chairman on 27 February 2013.

His son, Tsai Yi Ting, and daughter, Tsai Pei Chen, are also members of the Board. He is also the spouse of Tsai Liao Chin Yeh.

### TSAI YI TING

Managing Director

Taiwanese

Age 36

Male

**Tsai Yi Ting**, joined THF in January 2010 as Assistant to Managing Director and was appointed to the Board of THR as an Executive Director on 26 May 2010. On 19 August 2011, he was appointed as Deputy Managing Director of THR and subsequently was appointed as Managing Director of THR on 29 August 2012. He was also appointed as Director of THF on 13 June 2019. He graduated from the Purdue University, United States with a Bachelor of Science. He was appointed as Managing Director in Tong Heer Fasteners (Thailand) Co., Ltd. (THFT) in April 2013 and General Manager in THF in April 2019.

He is the member of the Risk Management and Sustainability Committee.

He is the son of Tsai Ming Ti and Tsai Liao Chin Yeh, and brother of Tsai Pei Chen.

### TSAI PEI CHEN

Non-Independent,  
Non-Executive Director

Taiwanese

Age 38

Female

**Tsai Pei Chen**, joined THF on 18 January 2010 as General Manager. She was appointed as Director of THF on 26 May 2010. On 29 August 2017, she was appointed as Executive Director of THR and re-designated to Non-Independent Non-Executive Director with effect from 12 April 2019. She holds a Bachelor of Science in Management from Case Western Reserve University, Ohio, USA.

She is the daughter of Tsai Ming Ti and Tsai Liao Chin Yeh and sister of Tsai Yi Ting.

### TAN BAN LEONG

Executive Director

Malaysian

Age 66

Male

**Tan Ban Leong**, was appointed to the Board of THR as an Executive Director on 20 July 1999. He is in charge of the Administration and Corporate Matters of the Group. He joined THF in July 1989 and was appointed as Executive Director of THF in 1993. He obtained a Degree in Economics from Tunghai University (Taiwan) in 1986. He is the pioneer staff who was responsible in the setting up of the factory.

He has no family relationship with any other Director or major shareholder of the Group.



## DIRECTORS' PROFILE

### TSAI, HUNG-CHUAN

Non-Independent, Non-Executive Director

Taiwanese

Age 48

Male

**Tsai Hung Chuan**, was appointed to the Board of THR as a Non-Independent Non-Executive Director and as a member of the Nominating Committee on 27 February 2013. He joined as General Manager of Tongming Enterprise Co., Ltd. (TME) since 2003 and appointed as Director of TME in 2007. He graduated from University of Washington, United States with a Master in Business Administration.

His sister, Tsai, Chia-Yen is on the Board of THR. Whereas, his sister Tsai, Jane-Rong is also major shareholder of THR by virtue of her shareholding in Allrich.

### TSAI, CHIA-YEN

Non-Independent, Non-Executive Director

Taiwanese

Age 45

Female

**Tsai Chia Yen**, was appointed to the Board of THR as a Non-Independent Non-Executive Director on 29 August 2017. She joined as Vice General Manager of TME on May 2013. She graduated from University of Illinois at Urbana-Champaign, United States with a Ph.D in Mathematics.

She is the sister of Tsai, Hung-Chuan. Her sister, Tsai, Jane-Rong, is also major shareholder of THR by virtue of her shareholding in Allrich.

### ROHAIZA BINTI MOHAMED BASIR

Independent, Non-Executive Director

Malaysian

Age 58

Female

**Pn. Rohaiza** was appointed to the Board of THR as Independent Non-Executive Director on 22 May 2023. She is the Chairperson of the Nominating Committee and Remuneration Committee as well as the member of the Audit Committee and Risk Management and Sustainability Committee.

Pn. Rohaiza graduated from University of Malaya with a Bachelor of Law (LLB) Honours Degree in 1990. She is an Advocate and Solicitor and a member of the Malaysian Bar and was previously the Senior Equity Partner of Messrs. Azwar & Associates.

Pn. Rohaiza is an Independent Non-Executive Director of Poh Kong Holdings Berhad.

Pn. Rohaiza is also a chartered member of The Institute of Internal Auditors Malaysia.

She has no family relationship with any other Director or major shareholder of the Group.



## DIRECTORS' PROFILE

### DATIN NIK HASLINDA BINTI NIK MOHD HASHIM

Independent, Non-Executive Director

Malaysian

Age 56

Female

**Datin Nik Haslinda**, was appointed to the Board of THR as an Independent Non-Executive Director on 22 May 2023. She is the Chairperson of Audit Committee and Risk Management and Sustainability Committee.

Datin Nik Haslinda graduated from the International Islamic University with LLB (Hons) in 1993 and was called to the Malaysian Bar in 1994. She joined the legal firm Messrs. Zain Megat & Murad (ZMM) since September 2007. She is currently the senior Legal Associate in ZMM specialising in conveyancing and corporate matters. She is also responsible for the administration and management of the firm.

She has no family relationship with any other Director or major shareholder of the Group.

### SOON GIM WOOL

Independent, Non-Executive Director

Malaysian

Age 58

Male

**Soon Gim Wooli**, was appointed to the Board of THR as Independent Non-Executive Director on 22 May 2023. He is the member of Audit Committee, Nominating Committee, Remuneration Committee and Risk Management and Sustainability Committee. He was the member of ACCA and MIA since 1997. From February 1994 to June 2020, he was attached to KPMG Penang where his last position held was as an audit supervisor.

He is the member of Approved Company Auditor since May 2000. He is the founder of GW Soon & Partners, based in Butterworth and the founder of Soon & Partners, based in Penang Island. Besides, he is active in joining the social participation as a volunteer auditor in local social and charitable organisations and director of school board.

Mr. Soon is also currently an Independent Non-Executive Director of See Hup Consolidated Berhad and an Independent Non-Executive Director of Leader Steel Holdings Berhad.

He has no family relationship with any other Director or major shareholder of the Group.

Notes:

1. Save as disclosed, none of the Directors have:
  - any conflict of interest with the Company,
  - any conviction for offences (other than traffic offences) within the past 5 years, and/or any public sanction or penalty imposed by relevant regulatory bodies during the financial year.
2. The Directors' interests in the Company are detailed in the Financial Statements section and the Analysis of Shareholdings section of this Annual Report.



## KEY SENIOR MANAGEMENT'S PROFILES

### LEE SHIH YAO

General Manager of THAI

**Lee Shih Yao**, was appointed as General Manager of Tong Heer Aluminium Industries Sdn. Bhd. (THAI) since THR acquired THAI in 2010. Prior to this position, he was factory manager of THAI since 20 December 1991. He graduated with a Diploma in Material Engineering from Provincial Taipei Institute of Technology.

Taiwanese

Age 66

Male

### SOO SIO BENG

General Manager of THFT

**Soo Sio Beng**, was appointed as General Manager of THFT in May 2005. He joined THF in 1994 as management trainee and was re-designated as assistant production manager of THF in 2000. He obtained a Diploma of Merit from the Institute of Management Specialists England in 1994. He is the pioneer staff who was responsible in the setting up of THFT.

Malaysian

Age 56

Male

#### Notes:

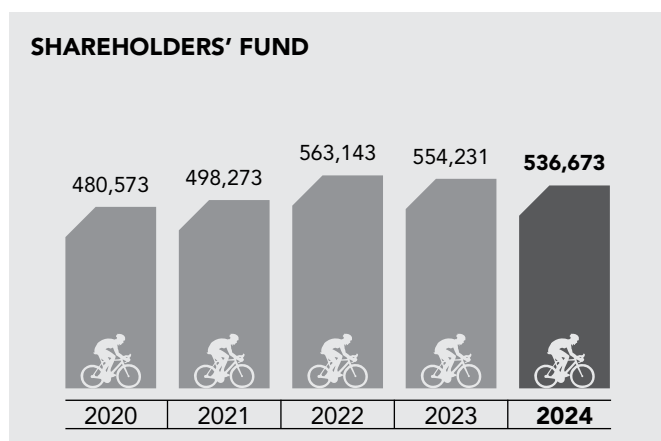
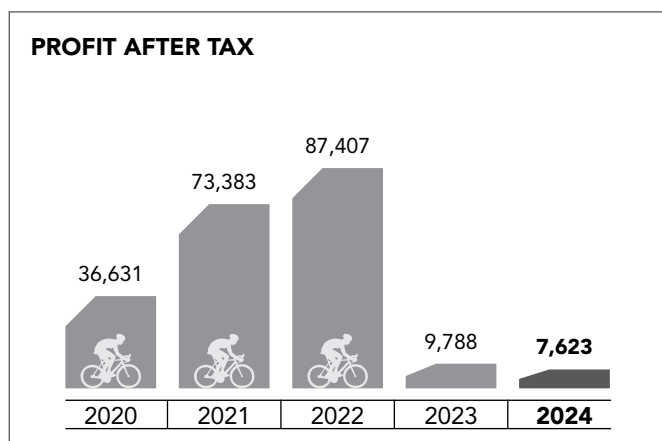
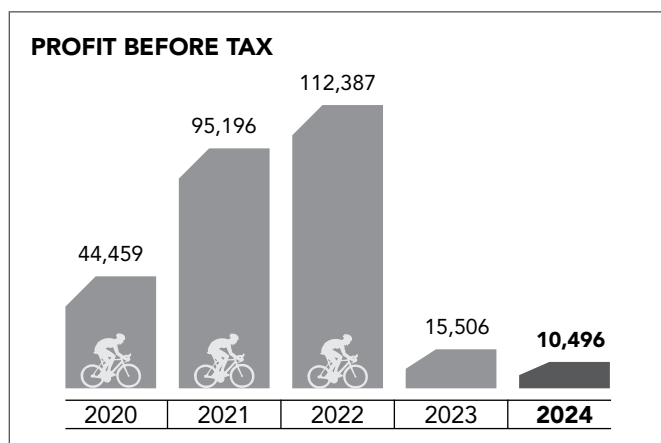
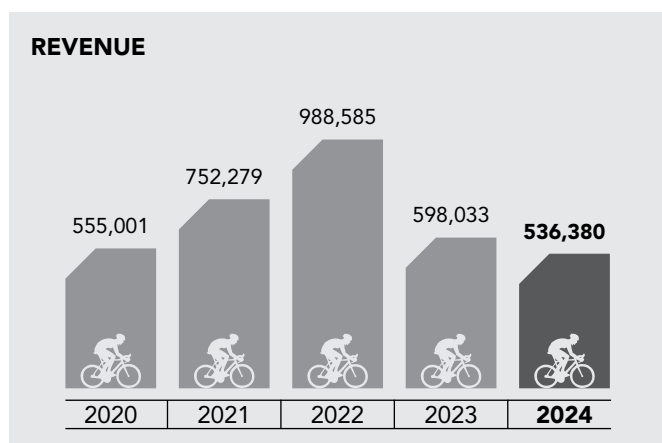
Save as disclosed, none of the Key Senior Management have:

- any directorship in public companies and listed issuers,
- any family relationship with any Directors and/or substantial shareholders of the Company,
- any conflict of interest with the Company,
- any conviction for offences (other than traffic offences) within the past 5 years, and/or any public sanction or penalty imposed by relevant regulatory bodies during the financial year.



# 5-YEAR GROUP FINANCIAL HIGHLIGHTS

	2020	2021	2022	2023	2024
<b>FINANCIAL RESULTS (RM'000)</b>					
Revenue	555,001	752,279	988,585	598,033	<b>536,380</b>
Profit Before Tax	44,459	95,196	112,387	15,506	<b>10,496</b>
Profit After Tax	36,631	73,383	87,407	9,788	<b>7,623</b>
Profit/(Loss) attributable to:					
- Owners of the Company	30,684	64,133	82,537	6,422	<b>1,682</b>
- Non-controlling Interest	5,947	9,250	4,870	3,366	<b>5,941</b>
<b>FINANCED BY (RM'000)</b>					
Paid-Up Capital	185,930	185,930	185,930	185,930	<b>185,930</b>
Shareholders' Fund	480,573	498,273	563,143	554,231	<b>536,673</b>
Total Assets Employed	654,750	825,073	700,921	664,686	<b>684,354</b>
Net Assets	528,159	550,049	617,099	609,003	<b>592,246</b>
<b>STATISTICS</b>					
Net Assets Per Share attributable to owners of the Company (RM)	3.13	3.25	3.67	3.61	<b>3.5</b>
Basic Earnings/(Loss) Per Share (Sen)	19.99	41.78	53.76	4.18	<b>1.1</b>
Gross Dividend Paid Per Share (Sen)	10.00	20.00	15.00	7.50	<b>3.30</b>





# MANAGEMENT DISCUSSION AND ANALYSIS

## **Company Profile and Background**

Tong Herr Resources Berhad and its subsidiaries (the “Group”) are involved in the manufacturing and sales of stainless steel fasteners including nuts, bolts, screws and all other threaded items and also manufacture of aluminium extrusion and its related products. The Group’s objective is to be one of the market leaders in fasteners and aluminium extrusion production, pursuing a consistent and sustainable organic growth and to produce high-quality products and enthusiasm of service in helping invaluable customers. Thus, in driving sustainability of business and profitability, the Group will continue to pursue its strategy in both fasteners and aluminium business by concentrating in the products quality precision and accuracy through quality upgrades by keeping abreast with all new technologies. While the broad strategic direction remains, the Group is always mindful to adjust the approach of its operations to respond to changes in the market place.

The fasteners segment has two (2) manufacturing operations, which are located in Malaysia and Thailand respectively. Both operations mainly focus on export market. The operations in Malaysia and Thailand export approximately 95% and 90% to the other countries respectively, which includes Germany, Italy, United States, Netherlands, Japan and etc. Meanwhile the aluminium segment only has one (1) manufacturing operation which is located in Malaysia and almost 70% of its turnover is generated from the domestic market.

## **Overview of Business Environment**

Fasteners industry which includes screws, bolts and nuts are used to join two or more objects together. Demand of fasteners markets was subjected to global economy expansion and fixed investment expenditures. The volatility of commodity price, impact from geopolitical tensions and uncertainties of the advanced countries’ policy will also impact the demand for fasteners.

The aluminium industry, on the other hand, is facing challenges such as increase in competition from substitutes and fluctuations in prices of raw materials. These factors are limiting the growth of aluminium market. The socio-economic growth such as GDP and growth in end-user industries may also affect the demand for aluminium extrusions. Based on the media released by International Monetary Fund (IMF) in March 2025, it expects Malaysia to sustain its strong growth momentum in the near term and has projected a Gross Domestic Production (GDP) growth of 4.7 percent in 2025.

The financial year ended 31 December 2024 (“FYE 2024”) proved to be a challenging year for the global economy, as we faced an increasingly complex landscape. The fasteners market’s recovery was slower than expected, influenced by ongoing global economic uncertainties. Demand for fasteners components remained weak due to supply chain disruptions and shifting consumers’ behaviour, affecting overall demand. As a result, we experienced a decline in both its revenue and earnings during FYE 2024.

The fastener industry was not spared, as demand decelerated alongside a sluggish broader market. This downturn was further exacerbated by the prior build-up of inventory during the supply chain shortage, thus steering our business towards challenging waters. This is reflected in our results since 2023, which saw softer performance.

To be competitive, the Group continues to emphasise the importance of quality improvement, as well as operational efficiency and cost control, in order to reduce overall costs. We continue to strengthen our downstream operations by providing more high-quality products.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Review of Financial Performance

### Profitability

	FYE 31.12.2024 RM'000	FYE 31.12.2023 RM'000	Variance %
Revenue	<b>536,380</b>	598,033	-10.31
Gross profit ("GP")	<b>29,455</b>	31,663	-6.97
Profit before tax ("PBT")	<b>10,496</b>	15,506	-32.31
Profit after tax	<b>7,623</b>	9,788	-22.12
Net profit attributable to owners of the Company	<b>1,682</b>	6,422	-73.81
Earnings per share (sen)	<b>1.10</b>	4.18	
GP margin	<b>5.49%</b>	5.30%	
PBT margin	<b>1.96%</b>	2.60%	
Net profit margin	<b>1.42%</b>	1.64%	

The revenue for both Fasteners and Aluminium segment can be further analysed as below:

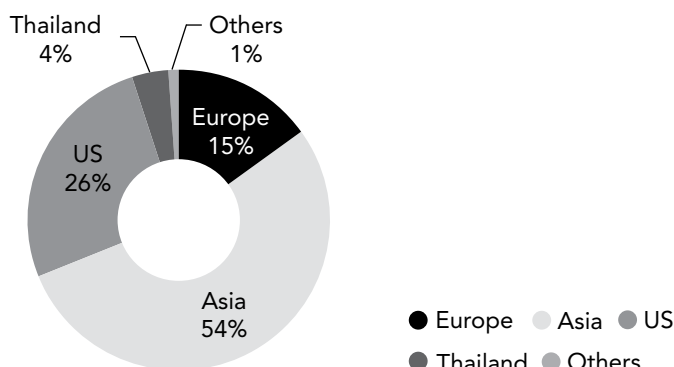
	FY 2024 RM'000	FY 2023 RM'000	Variance %
Fasteners	<b>373,915</b>	452,260	-17.32
Aluminium	<b>162,465</b>	145,773	11.45
<b>Total Revenue</b>	<b>536,380</b>	<b>598,033</b>	

For the financial year ended 31 December 2024, the Group had recorded revenue of RM536 million, which had decreased by 10.31% as compared to RM598 million in FY 2023. The decrease in revenue was mainly due to overall decrease in average selling prices for fasteners.

Both fasteners and aluminium segments are continuously affected by the competitive environment which exerted the pressure on the product demand and pricing. Nevertheless, the total revenue of fasteners segment recorded a decrease of 17.32% while aluminium segment recorded an increase of 11.45% as compared to FY 2023.

During FY 2024, revenue generated from aluminium segment was mainly from local sales, while the revenue contribution from fasteners segment by countries can be analysed as below:

**Revenue Contribution by Countries (Fasteners Segment)**





## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of Financial Performance (Cont'd)

#### Financial Position

	FYE 31.12.2024 RM'000	FYE 31.12.2023 RM'000	Variance
Total asset	<b>684,354</b>	664,686	2.96%
Total liabilities	<b>92,108</b>	55,683	65.41%
Equity attributable to owners of the Company	<b>536,673</b>	554,231	-3.17%
Net assets per share attributable to owners of the Company (sen)	<b>350</b>	361	-3.05%
Current ratio	<b>6.25</b>	10.30	
Debt-to-equity	<b>0.07:1</b>	0.03:1	

The Group was able to maintain a healthy Financial Position as at 31 December 2024. The equity attributable to owners of the Company has decreased by RM17.56 million to RM536.67 million as compared with previous financial year.

The Group incurred RM9.25 million capital expenditure ("CAPEX") in FY2024 compared with RM12.84 million in FY2023. The CAPEX was used to improve the effectiveness and efficiency of the Group current business line.

Besides, total loans and borrowings as at 31 December 2024 was recorded at RM41.18 million, which has increased by RM21.37 million as compared to previous financial year.

The net assets per share attributable to owners of the Company stood at 350 sen per share while the cash and cash equivalents of the Group stood at RM129.80 million as at 31 December 2024 (2023: RM127.73 million).

The Group is confident that its existing financial standing is sufficient to finance its capital expenditures and working capital requirements.

### Risks Analysis and Strategic Business Direction

The Group manages its capital to maximise shareholders' long-term value to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to achieve this, the Group manages its debt and equity by maintaining an optimal capital structure to reduce the cost of capital and sustain its business development. The Group monitors capital using a debt-to-equity ratio, which is calculated as total loans and borrowings divided by total equity. The Group's strategy is to maintain the ratio at below 1:1. As at 31 December 2024, the Group had maintained a debt-to-equity ratio of 0.07:1.

The Group is currently exposed to several business risks such as volatility of commodity price, market competition, uncertainties of major economies as well as financial risk which include the credit risk, liquidity risk and currency risk. The overall financial risk management objective of the Group is to ensure adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flow; while the overall business risk management objective is to minimise penalties from unexpected incidents by keeping them on track.

#### Volatility of commodity price

The Group's main raw materials are wire rod (fasteners segment), billet and ingot (aluminium segment). The volatility of prices in these main raw materials will affect the Group's product cost as well as short term profit margin. The Group monitors the raw materials' prices constantly and the selling price will be adjusted accordingly. We also practice to source our raw materials from other alternate suppliers thus we do not rely only on one single supplier.

#### Market competition

The Group strives to remain competitive by focusing on product developments to ensure good quality products and also on time delivery in order to fulfill customers' satisfaction in dealing with market competition. Nevertheless, the Group will continue to seek for opportunities in order to broaden our customer base and expand the existing markets.





## MANAGEMENT DISCUSSION AND ANALYSIS

### **Risks Analysis and Strategic Business Direction (Cont'd)**

#### Uncertainties of major economies

The uncertainties of the major economies' development policy which includes the geopolitical crisis and ongoing US China trade war may dampen consumers' confidence and affect the Group's performance since the Group's main revenue is dependent on the export demand. In order to mitigate the risk, the Group will continue to explore for more opportunities in other region as well as broaden the customer base. Besides, the management will also always keep abreast with the new changes and effect, if any.

#### Credit risk

Credit risk is the risk of a financial loss to the Company. The Group's exposure to credit risk arises mainly from receivables, derivatives, financial assets and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position. As the Group only deals with reputable financial institutions, the credit risk associated with derivative financial assets and deposits placed with them is minimal. The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms.

#### Liquidity risk

Liquidity risk management relates to how the Company manages sufficient cash to meet the obligations as and when they fall due. The management of liquidity is important to ensure a healthy level of cash and cash equivalents appropriate to the operating environment and expected cash flows of the Company. The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due, without suffering any catastrophic losses. In order to mitigate the risk, the Group always practice prudent liquidity risk management and cash flow planning to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

#### Currency risk

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currencies. The major functional currencies within the Group are Ringgit Malaysia and Thai Baht whereas the major foreign currencies transacted are US Dollar and Euro. The Group's sales and purchases in foreign currencies provided a natural hedge against fluctuations in foreign currencies. The Group also observes the movements in exchange rates and acts accordingly to ensure that the exposures are kept at an acceptable level. Where necessary, the Group enters into derivative contracts to hedge the exposure.

#### Dividend Payout

During the year, The Company paid a final single- tier dividend of 7.5 sen per share amounting to RM11,513,828 in respect of the financial year ended 31 December 2023.

The Directors have also recommended a final single tier dividend of 3.3 sen per share for shareholders' approval at the Company's Twenty-Eighth Annual General Meeting on 29 May 2025.

### **Outlook**

According to the World Bank's latest Global Economic Outlook, global growth is projected to expand by 2.7% in both 2025 and 2026, the same pace as in 2024, as inflation and interest rates decline gradually. Growth in developing economies is also expected to hold steady at about 4% over the next two years. This, however, would be a weaker performance than before the pandemic.

The Group is mindful of the challenges ahead due to the intense competition, supply chain disruption, prices increase and the uncertainty in economic situation. The Group however remains optimistic of the prospect in the business as it will continue to grow due to the expected commencement of high profiled construction projects.

Based on the various initiatives undertaken to mitigate the risks and the combined expertise and experience, financial resources and technical strength, we are optimistic to secure more contracts, and regain our market share and leadership position in the industry.



## MANAGEMENT DISCUSSION AND ANALYSIS

### **Outlook (Cont'd)**

The Group continues to strengthen the team and business strategies particularly in its system integration and project management work in order to build a strong order book. The Group also continues taking various measures to enhance operational efficiency and effective cost management in order to improve the financial performance of the Group.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of THR (“the Board”) recognises the importance of strong corporate governance and has in place sound practices with integrity, transparency and professionalism throughout the Group, in order to safeguard and enhance the long-term value of the shareholders and protect the interest of all relevant stakeholders.

The Board will constantly review its corporate governance practices in response to develop best practices and the changing needs of the Group. The Board hereby provides the following Corporate Governance Overview Statement, which outlines the practices adopted by the Company in compliance with the Principles and Recommendations set in the (“MCCG”) as well as the Main Market Listing Requirement of Bursa Securities (“MMLR”).

The detailed application for each practice as set out in the Code is disclosed in the Corporate Governance Report (“CG Report”) which is available on the Company’s website at [www.tong.com.my](http://www.tong.com.my) as well as via the Company’s announcement made to Bursa Securities. The CG Report is prepared in compliance the MMLR.

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

### I. BOARD RESPONSIBILITIES

#### Roles and Responsibilities of the Board

In order to deliver sustainable value to stakeholders, the Board provides entrepreneurial leadership and sets vision and objectives as well as strategic direction in order to ensure long term success of the Group. The Board also assesses the performance, review the systems of risk management and internal control of the Group, and ensure effective strategies and management are in place. The Board responsibilities are defined in the Board Charter and are available in the Company’s website at [www.tong.com.my](http://www.tong.com.my) with delegated specific responsibilities to the Audit Committee and Nominating Committee.

The key responsibilities of the Board amongst others include the following:-

- a) Formulate and review corporate strategic plans and policies.
- b) Identifying principal risks and establish the appropriate systems of risk management.
- c) Ensure that succession plan for senior management is in place.
- d) Oversee the conduct of Company’s business.
- e) Maintain a good system of internal control and management information systems.
- f) Maintaining an effective investors’ and shareholders’ communication policy for the Company.
- g) Provide a balanced, clear and comprehensible assessment of the financial performance and prospects of the Company’s position.

The Board together with the management takes responsibility for the governance of sustainability in the Group including setting the sustainability strategies, priorities and targets. Further details on the Company’s multi-pronged approach to address sustainability risks and opportunities can be found in the Sustainability Statement.

#### The Board Chairman

The Group Executive Chairman, Mr. Tsai Ming Ti (“Mr. Tsai”) is responsible for providing leadership for the Board and ensures that the Board can perform its responsibilities effectively. Mr. Tsai ensures that all Directors receive accurate, timely and clear information on financial and non-financial matters to enable them to participate actively in Board discussions. The Board is mindful that Chairman position held by an executive member of the Board is not in compliance with the best practice but taking into consideration the fact that Mr. Tsai is one of the major shareholders, there is the advantage of shareholder leadership and a natural alignment of interests. In respect of potential conflict of interests, the Board is comfortable that there is no undue risk involved as all related party transactions are disclosed and strictly dealt with in accordance with the MMLR. In addition, the presence of Independent Directors with distinguished records and credentials ensures that there is independence of judgement.

The Chairman of the Board is not a member of both the Audit Committee and Nominating Committee thus ensuring that there is check and balance as well as objective review by the Board.

#### The Managing Director

There is a clear division of responsibility between the Chairman and the Group Managing Director to ensure that there is a balance of power and authority to the Board’s dynamics, such that no one individual dominates the decision-making process and powers.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### I. BOARD RESPONSIBILITIES (CONT'D)

##### The Managing Director (Cont'd)

The Managing Director is responsible for the implementation of Board decisions, leads the Senior Management of the Company in the day-to-day management and running of the Group as well as an audience of the management team and employees.

##### Roles and Responsibilities of the Company Secretary

The Board is supported by professionally qualified and competent Company Secretaries who are experienced and competent to provide sound governance advice, ensure adherence to applicable policy and procedures, laws and regulatory requirements, and advocate adoption of corporate governance best practices. The Company has outsourced the company secretary services to TMF Administrative Services Malaysia Sdn. Bhd., which has specialist knowledge and professional ability to function more efficiently to the Board. Both the Company Secretaries are qualified to act as company secretaries under Section 235(2) of the Companies Act 2016 and both of them are Associate members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").

The key responsibilities of the Company Secretary are outlined as below:-

- a) Monitor corporate governance developments and assist the Board in applying best corporate governance practices.
- b) Ensure adherence to the Board's and Board committees' policies and procedures.
- c) Provide updates and assist the Board with interpreting regulatory requirements related to company and securities regulations as well as listing requirements.
- d) Circulates notice of the meeting(s) and attend meetings of the Board, Board Committees and shareholders to record the proceedings of the meetings.
- e) Ensure the deliberations at Board and Board Committee meetings are well documented and maintained at the registered office of the Company.

The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and development by regularly attending continuous development programmes and seminars conducted by various professional bodies and authorities like MAICSA, Bursa Securities and Companies Commission of Malaysia.

##### Access to Information and Advice

The agenda and board papers for Board and Board Committees meeting are circulated to the Directors at least seven (7) days prior to each meeting to enable them to participate actively during the meetings. The Directors meet, review related matters and approve all corporate announcements, including the announcement of the quarterly financial results, prior to releasing the information to Bursa Securities.

To ensure the Board's effectiveness, Directors are entitled to comprehensive and unrestricted access to any information related to the Group and also to the advice and dedicated support services of the Company Secretaries. Additionally, the Board may obtain independent professional's advice at the cost of the Group on matters which are deemed necessary, facilitating informed decision making and enabling Directors to discharge their responsibilities effectively.

##### Board Charter

The Board Charter sets out the roles, responsibilities, processes and functions of the Board is published on the Company's website at [www.tong.com.my](http://www.tong.com.my), and it would be subject to periodic review and update to ensure compliance with regulatory requirements. The Board has formalised and adopted the Board Charter with clear functions, which forms an integral part to guide the conduct of the Board.

The Board Charter was designed to achieve the following objectives:-

- To enable the Board to provide strategic guidance and effective oversight of Management;
- To clearly define the roles and responsibilities of members of the Board and Management to facilitate accountability to the Company and its shareholders; and
- To ensure balance of authority so that no single individual or group of Directors has unfettered powers.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

#### Directors' Code of Conduct and Ethics (Code)

The Board has adopted this Code to carry out their oversight responsibility in the best interest of the Company within the scope of their authority and fiduciary duties. This Code is to provide the fundamental guiding principles and standards applicable to the Directors where they are expected to adhere to, comply with and uphold the provisions of the Code.

The purpose of this Code is to enhance the standard of corporate governance and corporate behaviour with the aim to achieve the following objectives:-

- Raise the standards of honesty, integrity, ethical and law abiding behaviour expected of Directors;
- Encourage the observance of those standards to protect and promote the interests of shareholders and all stakeholders;
- Provide guidance to the Board to maintain the confidence of shareholders and other stakeholders in the Company's integrity; and
- Promote good business conduct and maintain a healthy corporate culture that engenders transparency and fairness.

#### Whistleblowing Policy

The Board is satisfied that an adequate framework on whistleblowing is in place during the financial year ended 31 December 2024. The Whistleblowing Policy is designed to encourage employees and third parties to raise genuine concerns and to disclose information which the employee has, or is preparing to engage in anything improper.

These concerns could include indications of:-

- Financial malfeasance, wrongdoing or fraud;
- Failure to comply with legal obligations;
- Expansion of an individual's health & safety of the environment;
- Criminal activity;
- Improper conduct or unethical behaviour; and/or
- Concealment of any of the above or a combination.

If any of the above conducts are suspected, the reporting party may raise their concerns via email to [whistleblower@tong.com.my](mailto:whistleblower@tong.com.my) which will be channeled to the Chairman of the Audit Committee. The protection of the whistle-blower's identity is guaranteed under this Policy, unless with the whistle-blower's consent or where required by law.

There were no incidents reported via this channel for the financial year ended 31 December 2024.

#### Anti-Bribery and Anti-Corruption Policy

With the introduction of the corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 (Amendment 2018), effective from 1 June 2020, the Board has implemented and conducted annual review on the Group's Anti-Bribery and Anti-Corruption Policy in accordance with the compliance objective. The Company's Anti-Bribery and Anti-Corruption Policy is accessible on the Company's website at [www.tong.com.my](http://www.tong.com.my).

## II. BOARD COMPOSITION

### Composition of the Board

The Board of Directors is from various backgrounds of professionals, which allow a mix of qualifications, skills, integrity, competence, experience and gender. The current Board consists of nine (9) members, which includes three (3) Executive Directors, three (3) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors. The profile of each Director is set out in the Annual Report from page 16 to 18.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

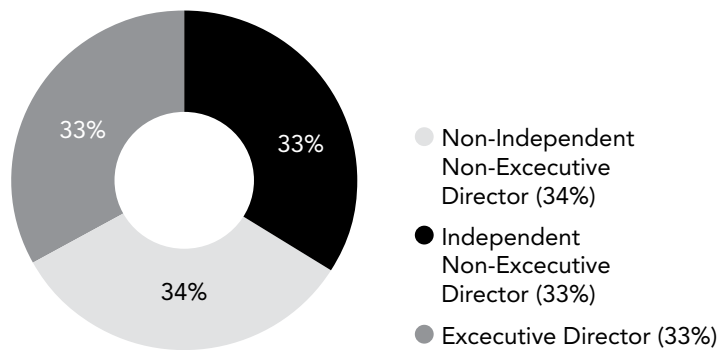
### II. BOARD COMPOSITION (CONT'D)

#### Composition of the Board (Cont'd)

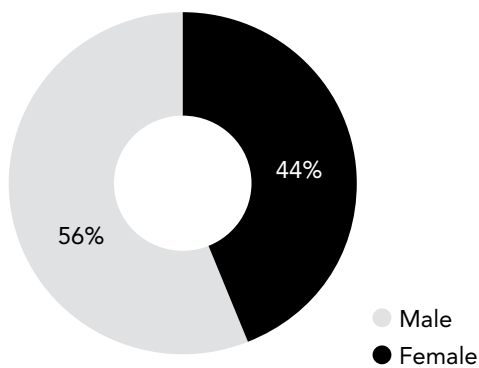
The number of Independent Non-Executive Directors in the Board complies with the MMLR which stipulates that at least two (2) Directors or one third (1/3) of the Board, whichever is higher, to be Independent Directors. The Independent Non-Executive Directors bring independent view, advice and fairness to the decision making of the Board and which could help to ensure that interest of shareholders and stakeholders of the Company are safeguarded. The Independent Non-Executive Directors are independent of management and also free from any business dealing or other relationship that could materially interfere with the exercise of their independent judgement.

The Nominating Committee and the Board does not set any gender diversity policy in the composition of the Board. However, the Board will remain mindful of the MCCG’s Principle on the gender diversity policy for boardroom. In relation to the Group’s diversity, there are 4 female Directors who are 2 Non-Independent Non-Executive Directors and 2 Independent Non-Executive Directors, which accounted for 44% of the overall Board members.

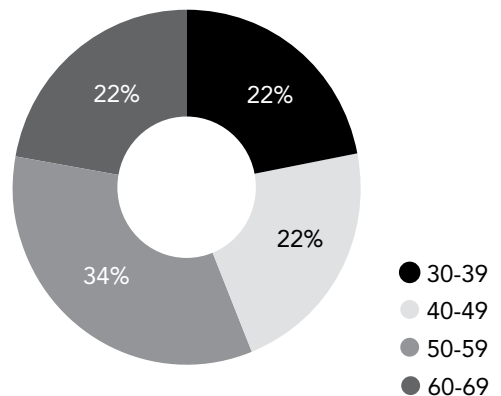
**Board Composition**



**Gender Composition**



**Age Composition**





## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### II. BOARD COMPOSITION (CONT'D)

##### Tenure Limit of Independent Directors

With reference to Bursa's latest amendment of Main Market Listing Requirements ("LR") on the 12-year tenure limit for Independent Director ("ID"), all long-serving ID of more than 12 years must resign or be re-designated as a Non-Independent Director. Currently, none ID of the Company has a cumulative tenure of 12 years.

##### Fit and Proper Policy

The Board has adopted the Directors' Fit and Proper Policy on 27 May 2022 for the appointment and re-election of Directors of the Company. This policy will enhance the governance of the Group in relation to the Board's quality and integrity, as well as ensure that each of its directors has the character, experience, integrity, competence, time and commitment to effectively discharge his/her role as a Director. The Nominating Committee shall conduct the fit and proper assessment prior to the appointment of any candidates as a Director or making a recommendation for the re-election of an existing Director of the Group.

##### Nominating Committee

The Board has established the Nominating Committee on 27 February 2013 which comprised entirely of Non-Executive Directors. The detailed Terms of Reference ("TOR") can be found in the Company's website at [www.tong.com.my](http://www.tong.com.my). The present members and record of attendance are as follows:-

		No. of Meetings Attended
Chairman:	Rohaiza Binti Mohamed Basir <i>Independent Non-Executive Director</i>	1/1
Member:	Tsai, Hung-Chuan <i>Non-Independent Non-Executive Director</i>	1/1
	Soon Gim Wooi <i>Independent Non-Executive Director</i>	1/1

The Nominating Committee's function is to assist the Board in assessing existing Directors and identifying, nominating, and recruiting new Directors in compliance with the Fit and Proper Policy. In making these assessments and recommendation, the Nominating Committee will consider the required mix of skills, character, competence, caliber, knowledge, experience, professionalism, integrity, time and other qualities of the individual to fulfill the duties of a director appropriately. In the case of candidate for the position of Independent Non-Executive Director, the Nominating Committee will also evaluate the candidate's ability to discharge such responsibilities/functions as expected from an Independent Non-Executive Director. The final decision on the appointment of any directors of the Company shall be determined by the Board. Meanwhile, the Company Secretaries will ensure that all appointments comply fully with relevant legal and regulatory requirements.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### Nominating Committee (Cont'd)

The Nominating Committee is also responsible for the evaluation of the effectiveness of the Board as a whole by assessing the contribution of each individual director as well as ensuring that its assessments and evaluations are properly documented. The Board Effectiveness Evaluations exercise will be carried out annually by focusing on the following key areas:-

Matters Considered	Outcome
Performance evaluation on the Board as a whole, the Committees of the Board, each of the individual Board Member and the independence of the Independent Directors	<p>The Nominating Committee carried out Board and committee assessments by individual directors, self and peer assessments together with an assessment of directors for the purposes of evaluating the performance of the Board as a whole, the Committees of the Board, the individual Board member, and the independence of the Independent Directors.</p> <p>The key evaluation criteria have been carefully reviewed during the assessments, which include:</p> <ul style="list-style-type: none"> <li>• Performance of the Board and Board Committees - composition, structure, processes and principal responsibilities</li> <li>• Performance of each individual Board member, and independence of Independent Directors - competence, integrity, skills, experience, commitment, contribution, conflict of interest and independence as guided by the MMLR.</li> </ul> <p>No major concerns were identified in the evaluation results and the Nominating Committee was satisfied with the overall performance of the parties under review.</p>
Re-election, re-appointment and retention of Board members	<p>Pursuant to the Company’s Constitution, all Directors, including the Managing Director, shall retire from office at least once in every three (3) years but shall be eligible for re-election.</p> <p>As such, those Directors retiring by rotation and who are eligible for re-election undergo a detailed assessment on the quality and contribution of such Directors and the Nominating Committee gave its full support to the retiring Directors to be re-elected at the Company’s Annual General Meeting.</p>

The Nominating Committee will also assess as to whether the candidate proposed for new directorship would be able to spend sufficient time to carry out his duties adequately prior to their recommendation to the Board for appointment as a board member of the Company. Orientation programme will also be provided for new Directors, including, where appropriate, visits to the Group’s premises and meetings with senior management to facilitate their understanding of the Group’s business and operations.

#### Overall Board Effectiveness

All the Directors were given self-assessment checklist on annual basis, and to confirm as to whether he has any family relationship with any director and/or major shareholder of the Company. This is one of the criteria to enable the Board and the Nominating Committee to assess the Directors’ Independence as and when any new interest or relationship develops. The concept of independence adopted by the Board is in tandem with the definition of “Independent Director” in the Paragraph 1.01 and Practice Note 13 of MMLR, whereby the Independent Director must be independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.





## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### II. BOARD COMPOSITION (CONT'D)

##### Time commitment

The Board is satisfied with the level of commitment and dedication given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. All the Directors have allocated sufficient time and commitment in discharging their responsibility. During the current financial year, the Directors' meeting attendance record has scored full attendance. In the event where Directors who were unable to attend a meeting were also encouraged giving the Chairman their views and comments on matters to be discussed in advance.

During the financial year ended 31 December 2024, the Company held four (4) scheduled meetings. The meetings concentrated mainly on major investments and strategy decisions, operational & financial performances, business plan and direction of the Group. All issues discussed and the conclusions in discharging its duties and responsibilities have been properly recorded by the Company Secretary.

The attendance record of each Director during the year 2024 was as follows:-

Name of Director	No. of Meetings Attended
<b>Executive Directors</b>	
Tsai Ming Ti	4/4
Tan Ban Leong	4/4
Tsai Yi Ting	4/4
<b>Non-Independent Non-Executive Director</b>	
Tsai, Hung-Chuan	3/4
Tsai, Chia-Yen	4/4
Tsai Pei Chen	3/4
<b>Independent Non-Executive Directors</b>	
Datin Nik Haslinda Binti Nik Mohd Hashim	4/4
Rohaiza Binti Mohamed Basir	4/4
Soon Gim Wooi	4/4

In line with the MMLR, none of the existing Directors hold more than five (5) directorships in public listed companies, thus enabling them to carry out their duties officially for the tenure of their appointments with the Company.

##### Continuing Education Program

All the Directors have attended the Mandatory Accreditation Program in compliance with the MMLR. Board members also keep abreast with general economic, industry and technical developments by attending relevant seminar and training programs annually in order to equip themselves to effectively discharge their duties as Directors.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### II. BOARD COMPOSITION (CONT'D)

##### Continuing Education Program (Cont'd)

Details of seminar/training attended by the Directors during the financial year were as follows:

Name of Directors	Date	Seminar / Training Course Title
1. Tsai Ming Ti	12 November 2024	Code of Business Integrity
2. Tsai Yi Ting	22 August 2024	Analysis of International IFRS Standard on Sustainability report disclosure and Corporate Strategy
	12 November 2024	Code of Business Integrity
3. Tsai Pei Chen	21 October 2024	RHB Market Outlook: New Growth Cycle Brings Fresh Opportunities
4. Tsai, Hung-Chuan	22 August 2024	Analysis of International IFRS Standard on Sustainability report disclosure and Corporate Strategy
	12 November 2024	Code of Business Integrity
5. Tsai, Chia-Yen	12 November 2024	Code of Business Integrity
6. Tan Ban Leong	8 March 2024	UOB Economic Outlook
	17-18 July 2024	Effective Termination Process & Foreign Workers Hostel Management
	13 August 2024	Invalidity Scheme for Foreign Workers
	22 August 2024	Mastering Foreign Worker Management In Malaysia
	11 December 2024	Fostering Economic Growth the Madani Way
7. Rohaiza Binti Mohamed Basir	2 February 2024	AMLA Awareness Webinar
	6 May 2024	Directors' Training Session on Recent Developments on Listing Requirements Including Conflict of Interest Amendments
	9 July 2024	Share Buyback-A Regulatory Perspective Webinar
	17 July 2024	Webinar on Navigating Bursa Malaysia's Enhanced Sustainability Reporting Framework
	27-28 August 2024	SSM National Conference 2024 – Enhancing Corporate Transparency
	24 October 2024	Whistleblowing Webinar
	18 November 2024	Understanding the New National Sustainability Reporting Framework
	19 November 2024	Understanding the Challenging Role of an Independent Director
8. Datin Nik Haslinda Binti Nik Mohd Hashim	27-28 August 2024	SSM National Conference 2024 – Enhancing Corporate Transparency
	18-19 September 2024	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
9. Soon Gim Wooi	10 October 2024	MIA Webinar – Audit Procedures (Part 2)
	24 October 2024	MIA Webinar – Budget 2025
	5 November 2024	MIA Seminar – MPERS – Issues in Financial Instruments



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### III. REMUNERATION

##### Remuneration Committee

The Board has established the Remuneration Committee on 27 November 2024 which comprised entirely of Non-Executive Directors. The detailed Terms of Reference ("TOR") can be found in the Company's website at [www.tong.com.my](http://www.tong.com.my). The present members and record of attendance are as follows:-

		No. of Meetings Attended
Chairman:	Rohaiza Binti Mohamed Basir <i>Independent Non-Executive Director</i>	-
Member:	Tsai, Hung-Chuan <i>Non-Independent Non-Executive Director</i>	-
	Soon Gim Wooi <i>Independent Non-Executive Director</i>	-

The MCCG recommends that it is a good practice for the Board to establish a Remuneration Committee, to recommend to the Board the remuneration of the Executive Directors in all its forms.

The Remuneration Committee will review and recommend the Executive and Independent Non-Executive Directors' remuneration packages to the Board. The Board will decide the remuneration packages but the interested Director does not participate in decisions on his/her own remuneration packages. In doing so, the component of the remuneration packages are linked to performance, commitment and responsibilities, and are periodically reviewed to reflect and ensure the level of remuneration is sufficient to attract and retain calibre Directors to run the Company successfully.

##### Details of Directors' Remuneration

The aggregate remuneration paid to the Directors for the financial year ended 31 December 2024 were categorised into appropriate components as below:-

Category	Fees	Salaries and other emoluments	Benefits in kind	Total
Executive Directors	RM'000	RM'000	RM'000	RM'000
Tsai Ming Ti	130	537	28	695
Tsai Yi Ting	30	453	8	491
Tan Ban Leong	30	162	10	202
	190	1,152	46	1,388
<b>Non-Executive Directors</b>				
Tsai Pei Chen	30	-	-	30
Tsai, Hung-Chuan	30	-	-	30
Tsai, Chia-Yen	30	-	-	30
Rohaiza Binti Mohamed Basir	30	2	-	32
Datin Nik Haslinda Binti Nik Mohd Hashim	30	2	-	32
Soon Gim Wooi	30	1	-	31
	180	5	-	185



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### III. REMUNERATION (CONT'D)

##### Details of Directors' Remuneration (Cont'd)

The number of Directors whose total remuneration falls into the following bands are as follows:-

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Up to RM50,000	-	6
RM200,001 – RM250,000	1	-
RM450,001 – RM500,000	1	-
RM650,001 – RM700,000	1	-

##### Details of Key Senior Management' Remuneration

Our Board has determined that disclosing the Senior Management's remuneration components on a named basis would not be in the best interest of our Company. Doing so may have a negative impact on our Company's ability to attract and retain talent within the competitive financial services industry.

Our Board also took into consideration the issue of sensitivity and security of the remuneration package of the Senior Management and therefore opted not to disclose on a named basis the remuneration or in bands of RM50,000.00. Instead, our Board is of the view that disclosing the Senior Management's aggregated remuneration on an unnamed basis in the bands of RM50,000.00 in this Annual Report is adequate.

The aggregate remuneration paid to the Key Senior Management for the financial year ended 31 December 2024 were categorised into appropriate components as below:-

Range of Remuneration	Number of Senior Management
RM300,001 – RM400,000	1
RM800,001 – RM900,000	1

### PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I. AUDIT COMMITTEE

The Audit Committee comprises three (3) members, who are Independent Non-Executive Directors. One of the members of the Audit Committee is a Chartered Accountant with the Malaysian Institute of Accountants, having qualified under the Association of Chartered Certified Accountants (ACCA) United Kingdom and company auditors license from Ministry of Finance of Malaysia.

The key role of the Audit Committee is to provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations through the Board delegation via approved Terms of Reference ("TOR"). The detailed TOR can be found in the Company's website at [www.tong.com.my](http://www.tong.com.my). Further information of the Audit Committee is outlined under the Audit Committee Report in this Annual Report.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### **PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)**

#### **II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK**

The Board acknowledges the importance and their responsibility of maintaining a sound system of internal control covering not only financial control but also operational and compliance control. The Board takes necessary steps to identify, assess and monitor principal business risk in order for the Group to achieve its corporate objectives within an acceptable risk profile and to safeguard the shareholders' investments and the Group's assets.

The Statement on Risk Management and Internal Control Statement from page 83 to 84 in this Annual Report provide an overview on the risk management and internal controls within the Group.

### **PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

#### **I. COMMUNICATION WITH STAKEHOLDERS**

The Board recognises the importance of ongoing engagement and communication with stakeholders, which they believe would build the trust and understanding between the Company and its stakeholders and also provide stakeholders a better appreciation of the Company's objectives and the quality of the management. This in turn will assist stakeholders in evaluating the Company and facilitate shareholders to determine how their votes should be exercised.

The Board provides stakeholders with quarterly results and Audited Financial Statements as well as corporate announcements on significant developments affecting the Company through announcement in Bursa Securities in accordance with the MMLR.

The investor relation details published in the Company's website would enable the stakeholders to seek clarification or raise queries via email or phone.

#### **II. CONDUCT OF GENERAL MEETING**

The AGM is held once in every calendar year. Notice of the AGM and Annual Report are sent out to shareholders at least 28 days before the date of the meeting. Extraordinary General Meeting is held as and when required. All the resolutions set out in the notice of the forthcoming AGM shall be voted by poll.

At the meeting, the Chairman and the Board members are in attendance to provide explanations to all shareholders' enquiries on matters relating to the Group's business activities. There is an open question and answer session on the resolutions being proposed or about the Group's operations in general. The Chairman will undertake to furnish any shareholder with a written answer after the AGM in the event if the Board is unable to provide an immediate answer to any significant issues or questions raised. The outcome of the AGM will be released to Bursa Securities on the same day.

Each item of special business included in the notice of the meeting is accompanied by an explanation for the proposed resolution to facilitate full understanding and evaluation of relevant issues.

#### **COMPLIANCE STATEMENT**

Please refer to Corporate Governance Report for further disclosure.

This statement was made in accordance with the resolution of the Board of Directors dated 9 April 2025.



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors ("the Board") are required by the Companies Act 2016 to prepare audited financial statements that give a true and fair view of the state of affairs, including the cash flows and results, of the Group and of the Company as at the end of each financial year end in accordance with applicable approved accounting standards in Malaysia, the provisions of the Companies Act 2016 and the MMLR.

In preparing the annual financial statements for the financial year ended 31 December 2024, the Board has:

- adopted suitable accounting standards and applied the appropriate accounting policies on a consistent basis;
- made judgements and estimates that are reasonable and prudent; and
- prepared financial statements on a going concern basis.

The Board is also responsible for ensuring that the Group and the Company maintain a proper accounting and the relevant records are kept to sufficiently explain the transactions and the financial position and also ensure that the financial statements comply with the regulatory bodies. The Board also had taken steps that are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement was made in accordance with a Board of Directors' Resolution dated 9 April 2025.



# SUSTAINABILITY STATEMENT

## INTRODUCTION

### ABOUT THIS REPORT

Tong Herr Resources Berhad (“Tong Herr” or the “Company”) and its affiliated companies (the “Group”) reaffirm their steadfast commitment to environmental, social, and governance (ESG) principles, emphasizing the integration of sustainability into every facet of their business strategy and operations. Recognizing the interconnected nature of ESG factors, the Group prioritizes a balanced approach to environmental stewardship, social responsibility, and robust governance, aiming to deliver long-term value to stakeholders and enhance resilience in an evolving global landscape.

This Sustainability Report has been meticulously prepared with reference to recognized global and local sustainability standards, including the Global Reporting Initiative (GRI) Standards and the Sustainability Accounting Standards Board (SASB) Framework. Additionally, the report adheres to the updated Sustainability Reporting Guide (3rd Edition) issued by Bursa Malaysia, ensuring compliance with local regulatory expectations and alignment with international best practices.

<p><b>Purpose of the Report:</b> The report serves as a transparent and comprehensive disclosure of Tong Herr’s sustainability efforts, outlining the Group’s strategies, governance frameworks, and performance metrics across key ESG dimensions. The primary purpose is to:</p> <ul style="list-style-type: none"> <li>• Highlight Tong Herr’s strategic approach to managing material sustainability issues.</li> <li>• Communicate measurable goals and targets established to track progress and foster accountability.</li> <li>• Provide stakeholders, including employees, investors, customers, suppliers, and the community, with a detailed understanding of the Group’s impact, progress, and future.</li> </ul>	<p><b>Focus Areas of the Report:</b> This report emphasizes the Group’s commitment to:</p> <ul style="list-style-type: none"> <li>• Mitigating climate-related risks and reducing environmental impact through efficient energy and waste management practices.</li> <li>• Promoting a diverse, inclusive, and safe workplace while fostering community engagement and social equity.</li> <li>• Strengthening governance structures to enhance ethical practices, risk management, and stakeholder trust.</li> </ul>
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By embracing the principles of inclusivity, materiality, responsiveness, and impact as advocated in the updated guide, Tong Herr fosters engagement with its stakeholders, including employees, investors, suppliers, customers, and community partners. Through this document, the Group underscores its dedication to sustainable growth, promoting positive contributions to society and the environment, and aligning its practices with the evolving regulatory and market expectations.



# SUSTAINABILITY STATEMENT


## ORGANISATIONAL PROFILE

Tong Herr Resources Berhad (“Tong Herr” or the “Company”) is a leading manufacturer specializing in the production of stainless-steel fasteners and aluminum components, headquartered in Penang, Malaysia. Established in 1988, Tong Herr has evolved into a globally recognized player in the industrial fasteners sector, serving clients across Asia, Europe, and the Americas.

### Core Business Activities:



Manufacturing and distribution of high-quality **stainless-steel fasteners, bolts, and nuts.**



Offering **innovative and customized threaded components** for diverse industries, including automotive, construction, and electronics.

**Global Reach:** Tong Herr operates across multiple regions, distributing its products to Africa, the Americas, Asia, Europe, and Oceania. This extensive reach reflects the company's strong supply chain network and commitment to upholding international quality standards.



## Vision

To be a prominent name in the fasteners and aluminum sector, celebrated for our commitment to balance growth with responsibility. We envision a future where we excel in our industry while being mindful of our environmental and social impact.



## Mission

We strive for steady, sustainable growth in the fasteners and aluminum sector, emphasizing responsible practices and to be responsible stewards of the environment and support the well-being of our community. We aim to practice corporate social responsibility that makes a meaningful local impact.

**Commitment to ESG Principles:** Tong Herr’s corporate strategy is deeply rooted in ESG principles, ensuring alignment with global and local sustainability standards, including the GRI Standards and SASB Framework. The Company’s focus on ethical practices, environmental stewardship, and community engagement reflects its dedication to long-term resilience and stakeholder trust.

**Workforce and Stakeholders:** Tong Herr employs a diverse workforce, fostering a culture of inclusivity and innovation. The Company maintains strong relationships with stakeholders, including employees, customers, suppliers, regulators, and the communities in which it operates, reinforcing its commitment to shared value creation.







# SUSTAINABILITY STATEMENT

## SCOPE AND BOUNDARIES

The report covers the operations and activities of Tong Herr Resources Berhad and its subsidiaries for the reporting period of 1 January 2024 to 31 December 2024. It encompasses the Group’s key manufacturing facilities, supply chain activities, and associated corporate offices. The boundaries of the report extend to material topics identified as having significant environmental, social, and governance impacts on Tong Herr’s business and stakeholders. Where applicable, performance data from prior years has been restated to reflect changes in measurement methodologies. These restatements support consistency in reporting, facilitate meaningful year-on-year comparisons, and provide a clearer view of the Group’s sustainability progress over time.

**SUSTAINABILITY STANDARDS AND GUIDELINES:** TONG HERR ADOPTS A STRUCTURED AND ROBUST APPROACH TO SUSTAINABILITY REPORTING BY ALIGNING ITS DISCLOSURES WITH:

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**Bursa Malaysia Sustainability Reporting Guide (3rd Edition):**  
Ensuring compliance with local regulatory guidelines for ESG disclosures.

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**Climate Disclosure Requirements:**  
Focusing on climate-related financial risks and opportunities, governance, and strategy, in line with globally recognized sustainability disclosure practices to enhance transparency and resilience in addressing climate-related challenges.

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**GRI Standards:**  
Providing a framework for transparent and globally accepted sustainability disclosures.

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**SASB Standards:**  
Addressing industry-specific sustainability disclosures for the industrial sector.

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**United Nations Sustainable Development Goals (SDGs):**  
Aligning sustainability initiatives with global priorities to drive social, environmental, and economic progress.

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**GHG Protocol:**  
Establishing a standardized framework for measuring and managing greenhouse gas (GHG) emissions across the value chain.

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For a deeper understanding of key topics such as corporate governance, operational practices, and business activities, we invite stakeholders to refer to the relevant sections of Tong Herr’s Annual Report 2024. Additionally, supplementary information on specific initiatives and metrics can be accessed through other related reports and resources, offering a holistic view of our commitment to sustainability.

## PERIOD AND CYCLE

This report encompasses the financial year from 1 January 2024 to 31 December 2024 and is prepared on an annual basis. Where relevant, data and insights from previous years are included to provide historical context and highlight performance trends.



# SUSTAINABILITY STATEMENT

## FRAMEWORKS AND STANDARDS

Tong Herr Resources Berhad’s Sustainability Report reflects its commitment to aligning with both international and local reporting frameworks. These frameworks ensure robust disclosures and compliance with evolving ESG requirements. The key frameworks and their details are outlined below:

FRAMEWORK	DEFINITION	BENEFITS
1. Bursa Malaysia Sustainability Reporting Guidelines (3 <sup>rd</sup> Edition)	Issued by Malaysia’s Stock Exchange, these guidelines require public listed companies to disclose sustainability practices under three main categories: Economic, Environmental, and Social (EES). It covers material ESG topics, stakeholder engagement, and management approaches to sustainability.	<ul style="list-style-type: none"> <li>a) Align operations with local regulatory requirements.</li> <li>b) Identify and manage key ESG issues in Malaysia, ensuring compliance with Bursa’s requirements.</li> <li>c) Strengthening transparency and investor confidence.</li> </ul>
2. Climate-Related Financial Disclosure Framework	Provides a structured approach for disclosing the financial impact of climate-related risks and opportunities, covering key areas such as Governance, Strategy, Risk Management, and Metrics/Targets.	<ul style="list-style-type: none"> <li>a) Integrate climate-related risk assessments into business planning and strategies.</li> <li>b) Attract climate-conscious investors by demonstrating resilience in the face of climate change.</li> <li>c) Enhance long-term risk management practices and sustainability efforts.</li> </ul>
3. Global Reporting Initiative (GRI) Standards	GRI offers internationally recognized standards for sustainability reporting, focusing on an organization’s economic, environmental, and social impacts. It promotes accountability and transparency, fostering meaningful engagement with stakeholders.	<ul style="list-style-type: none"> <li>a) Ensure globally comparable disclosures for stakeholders.</li> <li>b) Facilitate effective communication of sustainability efforts with employees, customers, and investors.</li> <li>c) Enhance reputation and credibility by aligning with international best practices.</li> </ul>
4. Sustainability Accounting Standards Board (SASB) Standards	SASB develops industry-specific standards to help organizations disclose financially material sustainability information. These standards focus on ESG issues relevant to operational performance and long-term value creation.	<ul style="list-style-type: none"> <li>a) Help identify and report ESG issues most relevant to the company’s industry.</li> <li>b) Connect sustainability performance to financial performance for investors.</li> <li>c) Streamline disclosures with industry-specific focus areas.</li> </ul>
5. United Nations Sustainable Development Goals (UN SDGs)	The SDGs are a set of 17 global goals adopted by the United Nations to address pressing global challenges by 2030. The goals focus on areas such as climate action, clean water, economic growth, and sustainable communities.	<ul style="list-style-type: none"> <li>a) Align the company’s ESG efforts with global sustainability objectives.</li> <li>b) Enhance collaboration opportunities with international partners and stakeholders.</li> <li>c) Promote long-term sustainable development and value creation.</li> </ul>
6. Greenhouse Gas (GHG) Emissions	Greenhouse gases (GHG) refer to emissions that contribute to global warming and climate change, including CO <sub>2</sub> , CH <sub>4</sub> , and N <sub>2</sub> O, measured in carbon dioxide equivalent (CO <sub>2</sub> e).	<ul style="list-style-type: none"> <li>a) Minimizes the environmental impact of business operations by reducing carbon emissions.</li> <li>b) Supports Malaysia’s environmental conservation and climate action goals.</li> <li>c) Enhances sustainability performance by tracking and reducing carbon footprint through energy efficiency and renewable energy initiatives.</li> </ul>



# SUSTAINABILITY STATEMENT

## ASSURANCE READINESS

Tong Herr Resources Berhad is committed to transparency, accountability, and credibility in its sustainability reporting. Although this statement has not been externally assured, it has undergone an internal review process with input from senior management and key stakeholders within the Company.

To further enhance the accuracy and reliability of disclosed data, the Group is exploring the possibility of obtaining independent external assurance for key ESG disclosures in future reporting cycles. This initiative aims to align with global best practices, strengthen stakeholder confidence, and meet evolving regulatory expectations.

## FEEDBACK

The digital version of this report is available on our website at <http://www.tong.com.my/>. We highly value the opinions and perspectives of our stakeholders and invite you to share your views on our sustainability practices. Your constructive feedback is essential in helping us refine and enhance our sustainability initiatives, ensuring alignment with global and local standards, including the principles outlined in the Sustainability Reporting Guide (3rd Edition) by Bursa Malaysia.

To provide feedback, you may contact us through the following channels:

<p><b>Email:</b> chtan@tong.com.my</p>	<p><b>Mailing Address:</b> Tong Heer Fasteners Co. Sdn. Bhd. No. 2515, Tingkat Perusahaan 4A, Perai Free Trade Zone, 13600 Perai, Penang, Malaysia.</p>
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We deeply appreciate your insights as they contribute to our continuous improvement and support our commitment to creating a sustainable future for all.

# ABOUT THE COMPANY



## COMPANY DESCRIPTION

Tong Herr Resources Berhad is a leading Malaysian investment holding company renowned for its expertise in manufacturing stainless steel fasteners and aluminum products. Established with a vision to deliver high-quality industrial solutions, the company operates through two primary business segments: stainless steel fasteners and aluminum-related products. Its fasteners include bolts, nuts, screws, and other components used in various industries. The aluminum segment complements the company's core offerings by providing products essential for diverse industrial applications.

Tong Heer, founded by the Tong Group in 1989 and expanding to Thailand in 2005, specializes in producing stainless steel fasteners that are crucial across a variety of sectors, including solar energy, petrochemicals, machinery assembly, food processing, telecommunications, and construction. Our dedication goes beyond delivering high-quality fasteners; we are committed to embedding sustainability into every facet of our operations. By prioritizing responsible manufacturing practices and evaluating our environmental impact, we aim to make a positive contribution to the industries we serve and help foster a more sustainable future.

Through its subsidiaries, Tong Herr Resources Berhad has built a robust presence in both domestic and international markets. Tong Heer Fasteners Co. Sdn. Bhd., Tong Heer Fasteners (Thailand) Co., Ltd., and Tong Heer Aluminum Industries Sdn. Bhd. plays pivotal roles in enhancing its market reach and capabilities. By leveraging advanced manufacturing technologies, these subsidiaries ensure that the company's products meet stringent quality standards and industry-specific requirements.



## SUSTAINABILITY STATEMENT

Tong Herr Resources Berhad, a Malaysian-based investment holding company specializing in stainless steel fasteners and aluminium products. Its stainless-steel fasteners and aluminum products are essential components for critical infrastructure and industrial operations worldwide. Quality and environmental stewardship are integral to Tong Herr's operations. The company holds ISO 9001 certification, reflecting its dedication to minimizing environmental impact while delivering exceptional products. Its sustainability efforts include well-established waste management practices such as re-selling (reuse), recycling, and waste segregation. Additionally, Tong Herr continuously optimizes production processes to reduce waste and integrate eco-friendly practices. These initiatives align with the company's commitment to sustainability and its objective of contributing positively to global environmental goals while maintaining operational excellence.

Looking ahead, Tong Herr Resources Berhad is focused on expanding its product offerings and global presence to meet the dynamic demands of its customers. By fostering innovation, maintaining stringent quality assurance practices, and upholding sustainability principles, the company continues to position itself as a trusted leader in the manufacturing sector. With a clear vision for growth and a steadfast commitment to excellence, Tong Herr remains a driving force in the global industrial landscape.

### WHERE THE COMPANY OPERATES

Tong Herr is a regional company with operations extending across Malaysia and Thailand. Its fasteners division is active in both countries, providing a range of fastener products and services. Meanwhile, the aluminium division is exclusively based in Malaysia, focusing on the production and distribution of aluminium products within the Malaysian market. Both divisions primarily cater to the export market, with the Malaysian facility exporting a significant portion of its output, alongside the Thailand operation. These exports are directed to countries such as Germany, Italy, the United States, the Netherlands, and Japan, among others.

### GROUP STRUCTURE AND OPERATING ENTITIES

Tong Herr Resources Berhad is a regional entity with a well-defined group structure, operating through multiple divisions and subsidiaries in both Malaysia and Thailand. The company is organized into different segments to streamline its operations and cater to specific markets, the details of the subsidiaries are as follows:

Name of Subsidiary	Abbreviation	Principal Place of Business / Country of Incorporation	Principal Activity
Tong Heer Fasteners Co. Sdn. Bhd.	THF	Malaysia	Manufacture and sale of stainless-steel fasteners, including nuts, bolts, screws, and all other threaded items
Tong Heer Fasteners (Thailand) Co., Ltd.	THFT	Thailand	Manufacture and sale of stainless-steel fasteners, including bolts, screws, and all other threaded items
Tong Heer Aluminum Industries Sdn. Bhd.	THAI	Malaysia	Extrusion and fabrication of aluminum products
<b>Subsidiaries of THAI</b>			
Acme Aluminum Sdn. Bhd.	Acme	Malaysia	Trading of aluminum extrusion products and parts



# SUSTAINABILITY STATEMENT

**Fasteners Division:** Active in both Malaysia and Thailand, this division focuses on manufacturing and distributing fastener products for a wide range of industries, such as automotive, construction, and industrial sectors.

**Aluminum Division:** This division operates exclusively in Malaysia, specializing in the production and supply of high-quality aluminum products for various applications, including construction and manufacturing industries.

**Group Structure:** The group is composed of several subsidiaries and business units, each focused on specific product lines and geographic markets, ensuring a robust operational presence across Southeast Asia.

This structure allows Tong Herr to efficiently oversee its operations and maintain a strong foothold in the fasteners and aluminum markets within the region. For the purposes of this Sustainability Report, the data presented focuses specifically on the Fasteners and Aluminum divisions, where Tong Herr Resources Berhad holds direct shareholding interests. Tong Heer Aluminum Industries Sdn. Bhd. also owns shares in three additional entities. Notably, data from one of these entities, Acme Aluminum Sdn. Bhd. has been included in the report to highlight its contributions to carbon emissions.

Tong Herr Group acknowledges the importance of comprehensive sustainability reporting. Moving forward, we are committed to collaborating with all entities within our corporate structure to ensure the delivery of accurate and meaningful data for future sustainability reports.

## SUSTAINABILITY HIGHLIGHTS - OUR CONTRIBUTION TO THE UN SDGS

### SUSTAINABLE DEVELOPMENT GOALS

Tong Herr remains committed to aligning our business practices with the United Nations Sustainable Development Goals (SDGs). In 2024, we continued enhancing our sustainability efforts through proactive environmental, social, and governance (ESG) initiatives. These efforts reflect our ongoing commitment to responsible business practices, innovation, and continuous improvement.



### SDG 3: Good Health & Well-Being – Promoting Workplace Safety and Employee Well-Being

Ensuring a safe and healthy work environment remains a top priority at Tong Herr. In 2024, we strengthened our workplace safety policies, leading to a record of zero major workplace incidents throughout the year. Regular safety training sessions, emergency preparedness drills, and hazard identification initiatives have helped cultivate a strong safety culture among employees. Beyond physical safety, we expanded our employee wellness programs to include mental health support, ergonomic workplace enhancements, and access to healthcare resources. These initiatives reflect our holistic approach to employee well-being, recognizing that a healthy workforce is essential for sustainable growth.



# SUSTAINABILITY STATEMENT

## SDG 6: Clean Water & Sanitation – Advancing Water Conservation and Responsible Wastewater Management

Water efficiency has been a major focus of our sustainability strategy. This year, we implemented enhanced water conservation initiatives, resulting in a measurable reduction in overall water consumption across our facilities. By optimizing production processes and installing advanced water-saving technologies, we have improved resource efficiency while minimizing environmental impact. Additionally, we upgraded our wastewater treatment systems to ensure higher compliance with regulatory standards and stricter control over water discharge quality. Our efforts align with our long-term vision of sustainable water management and environmental stewardship.

## SDG 7: Affordable & Clean Energy – Expanding Renewable Energy and Energy Efficiency

As part of our commitment to reducing our carbon footprint, we have significantly increased our solar energy capacity, with renewable sources now contributing a greater share of our total energy consumption. We continue to invest in solar panel installations across our facilities, further reducing reliance on conventional energy sources. In parallel, we introduced various energy efficiency measures within our manufacturing processes, leading to a substantial decrease in electricity consumption. These initiatives not only contribute to cost savings but also reinforce our role in promoting clean and affordable energy solutions.

## SDG 8: Decent Work & Economic Growth – Fostering Economic Growth and Workforce Development

Our dedication to sustainable economic growth is evident in our ongoing efforts to create job opportunities, enhance workforce skills, and support local communities. For the second consecutive year, we maintained a zero-fatality workplace, demonstrating our commitment to stringent safety standards. Recognizing the importance of upskilling, we increased investments in employee training programs, with a particular focus on digital skills, automation, and sustainable manufacturing practices. Additionally, we strengthened our partnerships with local suppliers and businesses, ensuring that our growth contributes positively to the broader economic landscape.

## SDG 12: Responsible Consumption & Production – Enhancing Waste Management and Sustainable Production Practices

Tong Herr continues to adopt a circular economic approach by optimizing waste management and promoting responsible consumption. In 2024, we successfully increased our recycling rates across operations, minimizing landfill waste and repurpose materials wherever possible. Our production waste is now being repurposed into reusable materials, reducing overall resource depletion and contributing to more sustainable manufacturing cycles. Through continuous improvement in our production processes, we are advancing towards a more resource-efficient and environmentally responsible operation.

## SDG 13: Climate Action – Taking Action Against Climate Change

Recognizing the urgency of climate action, we conducted a comprehensive carbon footprint assessment across all operations to establish clear reduction targets for 2030. This initiative will guide our sustainability roadmap in the years ahead, ensuring that our strategies are data-driven and impactful. Additionally, we have expanded our use of low-carbon materials in production, reducing overall emissions while maintaining product quality and performance. By integrating climate considerations into our decision-making processes, we are strengthening our commitment to long-term environmental resilience.

## SDG 16: Peace, Justice & Strong Institutions – Strengthening Governance, Ethics, and Diversity

Integrity and ethical business practices remain fundamental to Tong Herr’s corporate culture. In 2024, we reinforced our governance framework through enhanced compliance training, stricter anti-bribery policies, and updated codes of conduct. To promote diversity and inclusion, we introduced initiatives aimed at increasing female representation in leadership roles, ensuring a more balanced and inclusive workplace. Upholding human rights principles and fostering an equitable work environment continue to be key priorities in our sustainability journey.



# SUSTAINABILITY STATEMENT

## JOINT STATEMENT OF LEADERSHIP

At Tong Herr Resources, we recognize that sustainability is fundamental to our long-term success and value creation. As a responsible corporate entity, we are committed to embedding environmental, social, and governance (ESG) principles into our operations, ensuring resilience and continued growth in an evolving global landscape.

As leaders of Tong Herr Resources, we take a proactive stance in addressing sustainability challenges and opportunities. We acknowledge our role in contributing to a greener and more equitable future by implementing responsible business practices that align with global sustainability standards. Our dedication to sustainable development is reflected in our policies, strategic initiatives, and operational efficiencies across all divisions, including Fasteners and Aluminum.

### Environmental Stewardship

We remain committed to minimizing our environmental footprint through resource efficiency, responsible waste management, and sustainable production processes. Our Fasteners and Aluminum Divisions continuously explore innovative approaches to reduce energy consumption, carbon emissions, and water usage while maintaining high product quality.

As the majority of our products are shipped overseas, we actively comply with international environmental and emission regulations. This includes fulfilling requirements such as the quarterly submission of the CBAM report to our EU customers. Additionally, we continuously study and implement strategies for emission reduction, reinforcing our dedication to sustainability and global environmental standards.

### Social Responsibility

Our people are our greatest assets, and we prioritize their well-being, safety, and professional growth. We uphold fair labor practices, foster diversity and inclusion, and cultivate a work environment that supports employee engagement and development. Additionally, we contributed to the communities in which we operate by supporting social initiatives to create a positive societal impact.

### Governance & Ethical Business Practices

Strong governance is the foundation of our sustainability commitment. We maintain rigorous ethical standards, uphold transparency, and adhere to robust risk management frameworks to safeguard the interests of our stakeholders. Our corporate governance structure ensures accountability and fosters a culture of integrity, compliance, and responsible decision-making throughout our organization.

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Moving forward, we remain steadfast in our mission to integrate sustainability into every facet of our business. We recognize that collaboration with stakeholders, including employees, customers, investors, and regulators— is crucial to achieving our sustainability goals. By continuously improving our ESG performance, we aim to drive long-term economic, environmental, and social value for all.

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This report reaffirms our commitment to sustainable leadership and responsible business practices. Together, we will build a more resilient and sustainable future for Tong Herr Resources and the communities we serve.

# CLIMATE-RELATED DISCLOSURES

## Governance

Tong Herr Resources Berhad integrates climate-related risks and opportunities into its corporate governance structure, ensuring that these factors are considered at every level of decision-making. The Board of Directors plays a crucial role in overseeing climate-related risks, ensuring that sustainability strategies align with the company's long-term business objectives. The Board Risk Management & Sustainability Committee (RMSC) is responsible for evaluating sustainability risks, including climate change, and providing strategic recommendations to the Board. This committee continuously monitors the regulatory landscape, stakeholder expectations, and industry trends to ensure compliance and best practices. Additionally, the Management Sustainability Committee (MSC) executes climate-related strategies at the operational level, embedding sustainability into daily business practices through rigorous monitoring and data-driven decision-making. By integrating climate considerations into governance structures, Tong Herr ensures a resilient and forward-looking business model that is well-positioned to address climate-related challenges and opportunities.



# SUSTAINABILITY STATEMENT

## Strategy

Tong Herr recognizes climate change as a critical business risk and an opportunity to drive innovation and operational efficiency. The company continuously evaluates potential impacts on its operations, supply chain, and market demand due to climate-related changes, ensuring that it remains agile in responding to emerging threats and opportunities. Transition risks such as changes in regulatory frameworks, carbon pricing, and shifting investor preferences are carefully assessed to mitigate financial and operational disruptions. Additionally, physical risks—including increased frequency of extreme weather events that can impact manufacturing and logistics—are analyzed through scenario planning and risk management strategies. At the same time, Tong Herr sees opportunities in expanding low-carbon product lines, improving energy efficiency, and transitioning to renewable energy sources. These proactive measures not only enhance the company’s resilience but also position it as a leader in sustainable manufacturing.

## Risk Management

Tong Herr recognizes the importance of addressing climate-related risks and their potential impact on business operations. While the company is in the early stages of integrating climate considerations into its risk management approach, it remains committed to strengthening supply chain resilience by fostering strong partnerships with suppliers and monitoring potential climate-related disruptions. Through these ongoing efforts, Tong Herr aims to enhance its long-term business sustainability and align with global ESG expectations.

# SUSTAINABILITY GOALS FOR FY2024

Our sustainability strategy was developed by the end of December 2024, with Key Performance Indicators (KPIs) set to achieve targets for the 2025 financial year (FY2025). As part of our efforts, we have reported on progress made before the targets were finalized in FY2024.

By doing so, we provide an overview of the steps taken and the developments made along the way. This allows us to track our journey while making adjustments where necessary to support our sustainability goals.

### Strategy 1: Implement comprehensive hazard identification and risk assessment programs (HIRARC).

Related Material Topics	Target	Timeline	FY2024 Performance
Safety and Health	To reduce workplace incidents by 10% within the first year.	2025	24 cases

### Strategy 2: Energy Efficiency Improvements - Enhance energy efficiency across all operations.

Related Material Topics	Target	Timeline	FY2024 Performance
Emission Management (Scope 1 & Scope 2)	To maintain 100% compliance with all relevant emission standards and regulations.	Yearly	100%





# SUSTAINABILITY STATEMENT

### Strategy 3: Emission Monitoring and Compliance - Regular monitoring and inspections of emissions.

Related Material Topics	Target	Timeline	FY2024 Performance
Emission Management (Scope 1 & Scope 2)	Achieve a 1% annual reduction in total greenhouse gas (GHG) emissions, including both Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased electricity) from the base year of 2024, by 2027 through improvements in energy efficiency and the adoption of renewable energy sources.	2025 - 2027	<ul style="list-style-type: none"> <li>Scope 1: 4,350.59 tCO2e.</li> <li>Scope 2: 9,771.98 tCO2e.</li> </ul>
	1% annual reduction of Scope 1 + Scope 2 carbon emission per tonne of product from the base year of 2024.	2025 - 2027	Total Scope 1 and Scope 2 tonnes of carbon emissions per tonne of good (tCO2e/t) = 0.3483.
	Achieve a 5% reduction by 2030 with specific projects like transitioning to renewable energy.	2030	<ul style="list-style-type: none"> <li>Scope 1: 0.1073 tCO2e/t.</li> <li>Scope 2: 0.2410 tCO2e/t.</li> </ul>
	Commit to carbon neutrality by 2050 by implementing comprehensive offset programs or energy efficiency strategies.	2050	

### Strategy 4: Minimize the environmental impact of waste disposal through efficient segregation and increased recycling.

Related Material Topics	Target	Timeline	FY2024 Performance
Scope 3 & Waste Management	Conduct a minimum of 3 training sessions per year for production staff, with a participation rate of at least 75% per session.	Yearly	29.4%

### Strategy 5: Career advancement and development.

Related Material Topics	Target	Timeline	FY2024 Performance
Employee Management	100% compliance with CA (Collective Agreement) between Tong Herr and the Metal industries Employee Union for the annual minimum increment for general workers, technicians, shift leaders and assistant supervisor.	Yearly	100%

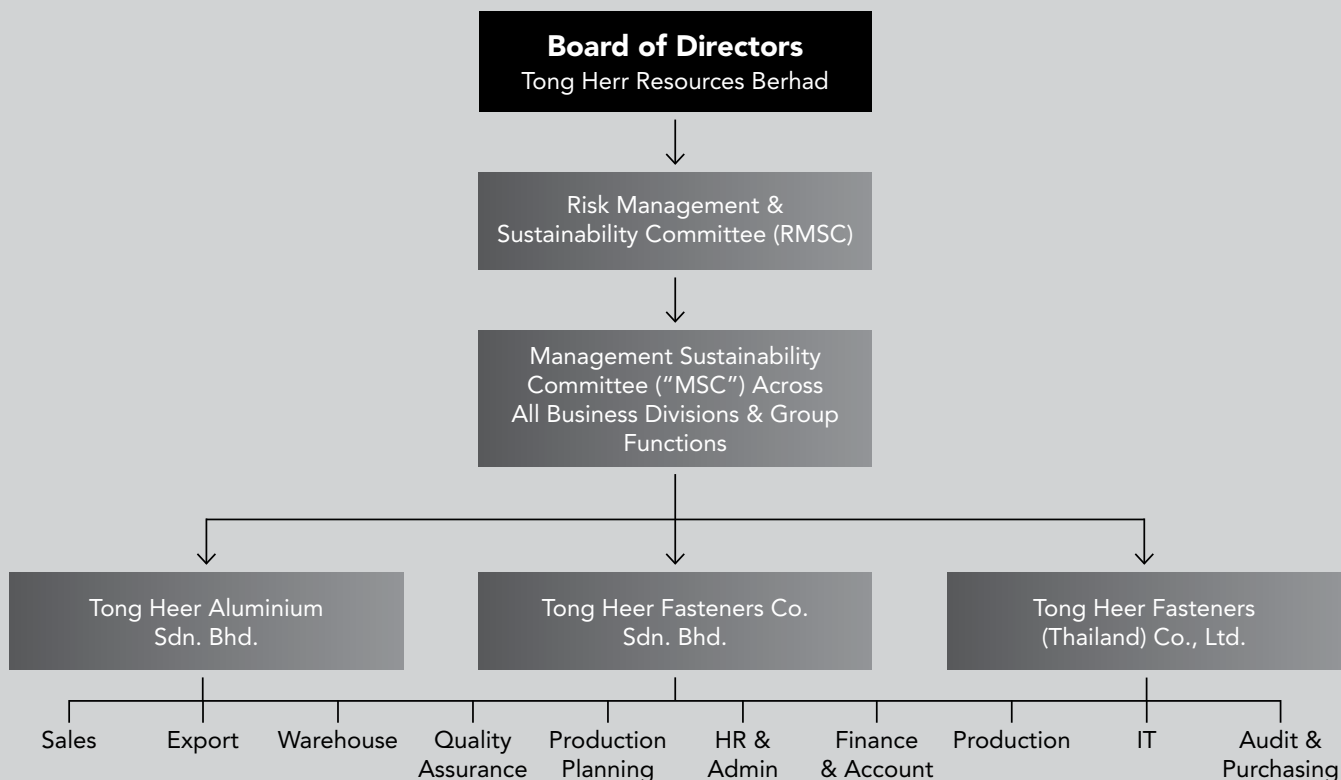
### Strategy 6: Establish a framework for compliance with global labor and sustainability standards.

Related Material Topics	Target	Timeline	FY2024 Performance
Labor Practice	Ensure compliance with local labor law or standards and sustainability guidelines, aiming for 100% adherence to ethical labor practices and worker welfare policies annually.	Yearly	100%



SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE



GOVERNANCE STRUCTURE

At Tong Herr, transparency and accountability remain foundational pillars that guide our decision-making and operational strategies. As part of our commitment to sustainability and forward-thinking governance, we have taken significant strides in enhancing our ESG (Environmental, Social, and Governance) framework.

The Sustainability Committee operates as a dynamic, cross-functional body responsible for steering our ESG efforts. Its primary mandate includes setting ambitious sustainability goals, monitoring progress, and ensuring alignment with globally recognized standards. The committee's structure and responsibilities have been optimized to address the evolving complexities of sustainability in today's business landscape. This committee works diligently to embed sustainability into the organization's core processes, creating robust frameworks that define measurable objectives and deliver long-term value.

Tong Herr's commitment to sustainable development extends beyond internal improvements; it is also about leading by example within industry. The Sustainability Committee is tasked with maintaining the credibility and accuracy of our sustainability disclosures. It ensures that all reporting aligns with the best international practices, including the Global Reporting Initiative (GRI), and adheres to high standards of transparency.

By continually advancing our governance structures, Tong Herr positions itself as a leader in sustainable business practices. We strive not only to meet but to set benchmarks in the industry, showcasing our dedication to building a more responsible and resilient future. Through these ongoing efforts, we reaffirm our commitment to delivering long-term value for all stakeholders while staying adaptable to the ever-changing global sustainability landscape.



# SUSTAINABILITY STATEMENT

## Sustainability Management Committee

### Board of Directors – Strategic Oversight and Direction

At the helm of our sustainability governance lies the Board of Directors, which remains the ultimate authority in defining the Group’s long-term sustainability strategy. This includes setting ambitious goals, approving policies, and ensuring that sustainability initiatives are fully aligned with Tong Herr’s corporate vision. The Board continues to play a pivotal role in integrating sustainability into the Group’s broader strategic direction, reinforcing its importance as a business imperative.

### Board Risk Management & Sustainability Committee

The Board Risk Management & Sustainability Committee (RMSC) serves as the cornerstone for connecting sustainability with risk management. Tasked with evaluating both risks and opportunities arising from sustainability issues, this committee provides strategic recommendations to the Board, ensuring sustainability considerations are embedded into the Group’s risk management framework. By assessing evolving global sustainability trends, the RMSC ensures Tong Herr proactively addresses emerging challenges and leverages opportunities.

### Group Sustainability Committee

The Group Sustainability Department operates as the central hub of expertise, driving sustainability across all facets of the organization. Key responsibilities include:

- a) Lead working committee business & operations unit.
- b) Update the RMSC on materials issues and decision arising from Working Committee meetings.
- c) Ensuring resources and process are in place to enable the organisation to achieve its sustainability commitments.
- d) To oversee the overall management of stakeholder engagement.

### Working Committee Business & Operations Unit

The Management Sustainability Committee (MSC) is tasked with translating the Group’s sustainability strategies into actionable plans at the operational level. Its responsibilities include:

- a) Integrate sustainability considerations smoothly into daily operations.
- b) Discover and put into action sustainable practices and initiatives within business units.
- c) Keep a watchful eye on and report sustainability performance indicators.
- d) Work in partnership with stakeholders to enforce the adoption of best sustainability practices.

## A ROBUST AND INTEGRATED FRAMEWORK

The sustainability governance structure at Tong Herr is designed to function as a cohesive, interconnected system. Each governance layer—from the Board of Directors to operational committees—works collaboratively to ensure sustainability is prioritized at every level. This approach ensures sustainability is not only a strategic directive but also a deeply ingrained operational practice.

Through these enhancements, Tong Herr reaffirms its commitment to responsible governance, positioning itself as a leader in sustainable business practices. This governance framework is integral to achieving long-term value creation for all stakeholders while contributing meaningfully to global sustainability goals.



# SUSTAINABILITY STATEMENT

## STAKEHOLDER ENGAGEMENT

At Tong Herr, we are steadfast in our commitment to fostering meaningful relationships with our diverse stakeholder groups. These stakeholders play a critical role in shaping our operations and strategic direction, as their interests, concerns, and feedback significantly influence our sustainability and business performance. Our key stakeholder groups include customers, employees, government agencies, regulators, community members, shareholders, investors, and suppliers.

To ensure inclusiveness, the identification of stakeholders is based on their level of influence on the Group’s activities and their reliance on our operations. This allows us to prioritize and address the needs of these groups effectively while creating value for all parties involved. This robust engagement framework enables Tong Herr to align its objectives with the expectations of its stakeholders, driving sustainable growth and creating mutual value for the long term.

The following table outlines our stakeholder engagement approach, highlighting key risks and opportunities, primary areas of interest, engagement methods, and frequency of engagement. This structured approach ensures effective communication, strengthens relationships, and aligns our business practices with stakeholder expectations.

Key Stakeholder Group	
<p>1. Customers</p> <ul style="list-style-type: none"> <li>• <b>Potential Risks</b> <ol style="list-style-type: none"> <li>a) Loss of market share due to poor customer experience.</li> <li>b) Negative brand reputation from quality issues.</li> <li>c) Pricing concerns affecting customer retention.</li> </ol> </li> <li>• <b>Potential Opportunities</b> <ol style="list-style-type: none"> <li>a) Increased trust and loyalty through customer engagement.</li> <li>b) Strengthening brand reputation with consistent service excellence.</li> <li>c) Competitive pricing strategies to improve market positioning.</li> </ol> </li> </ul>	<p><b>Key Interests, Engagement Methods and Frequency of Engagement</b></p> <ul style="list-style-type: none"> <li>• Product and service quality → Customer feedback forums (Ongoing).</li> <li>• Customer satisfaction (e.g., response time) → Customer service hotlines &amp; surveys (As required).</li> <li>• Fair pricing and value-for-money → Pricing strategy reviews (Quarterly).</li> <li>• Timely delivery → Supplier collaboration and logistics optimization (Ongoing).</li> </ul> <p><b>Our Goal</b></p> <ul style="list-style-type: none"> <li>• Enhance customer experience and satisfaction through:                         <ul style="list-style-type: none"> <li>o High product quality.</li> <li>o Fair pricing.</li> <li>o Efficient delivery service.</li> </ul> </li> </ul>
<p>2. Employees</p> <ul style="list-style-type: none"> <li>• <b>Potential Risks</b> <ol style="list-style-type: none"> <li>a) High turnover rate leading to talent drain.</li> <li>b) Decreased productivity and morale.</li> <li>c) Workplace dissatisfaction.</li> </ol> </li> <li>• <b>Potential Opportunities</b> <ol style="list-style-type: none"> <li>a) Higher retention of experienced staff.</li> <li>b) Improved overall productivity and efficiency.</li> <li>c) Better teamwork and collaboration.</li> </ol> </li> </ul>	<p><b>Key Interests, Engagement Methods and Frequency of Engagement</b></p> <ul style="list-style-type: none"> <li>• Employee well-being → Employee engagement activities (Ongoing).</li> <li>• Training and professional development → Internal training programs &amp; workshops (As required).</li> <li>• Occupational health and safety → Safety awareness campaigns (Ongoing).</li> </ul> <p><b>Our Goal</b></p> <ul style="list-style-type: none"> <li>• Enhance workplace safety and promote a culture of health and well-being.</li> <li>• Provide continuous training and career development opportunities.</li> </ul>



# SUSTAINABILITY STATEMENT

Key Stakeholder Group	
<p>3. Government &amp; Regulators</p> <ul style="list-style-type: none"> <li>• <b>Potential Risks:</b> <ol style="list-style-type: none"> <li>Non-compliance leads to legal penalties.</li> <li>Increased operational costs due to regulatory changes.</li> <li>Reputational damage from regulatory issues.</li> </ol> </li> <li>• <b>Potential Opportunities:</b> <ol style="list-style-type: none"> <li>Strengthened relationships with regulatory bodies.</li> <li>Improved operational efficiency through compliance.</li> <li>Business sustainability and industry leadership.</li> </ol> </li> </ul>	<p><b>Key Interests, Engagement Methods and Frequency of Engagement</b></p> <ul style="list-style-type: none"> <li>• Regulatory compliance → Compliance audits &amp; materiality assessments (Annually).</li> <li>• Environmental impact → Collaboration with environmental agencies (As required).</li> <li>• Legal and ethical business practices → Regular updates and compliance training (Ongoing).</li> </ul> <p><b>Our Goal</b></p> <ul style="list-style-type: none"> <li>• Maintain full compliance with laws and environmental policies.</li> <li>• Ethical business practices while building strong relationships with regulatory authorities.</li> </ul>
<p>4. Local Communities</p> <ul style="list-style-type: none"> <li>• <b>Potential Risks:</b> <ol style="list-style-type: none"> <li>Negative public perception due to lack of engagement.</li> <li>Environmental concerns affect community trust.</li> <li>Reduced access to skilled local workforce.</li> </ol> </li> <li>• <b>Potential Opportunities:</b> <ol style="list-style-type: none"> <li>Strengthened corporate reputation.</li> <li>Increased local support for operations.</li> <li>Better integration with local economies.</li> </ol> </li> </ul>	<p><b>Key Interests, Engagement Methods and Frequency of Engagement</b></p> <ul style="list-style-type: none"> <li>• Community development → CSR programs and sponsorships (Annually).</li> <li>• Job creation → Local hiring initiatives (Ongoing).</li> <li>• Environmental sustainability → Compliance with environmental regulations (As required).</li> </ul> <p><b>Our Goal</b></p> <ul style="list-style-type: none"> <li>• Support and uplift local communities by investing in job creation.</li> <li>• Sustainable development, and corporate social responsibility initiatives.</li> </ul>
<p>5. Shareholders &amp; Investors</p> <ul style="list-style-type: none"> <li>• <b>Potential Risks:</b> <ol style="list-style-type: none"> <li>Loss of investor confidence due to poor financial performance.</li> <li>Market instability affecting business valuation.</li> <li>Non-compliance with governance standards.</li> </ol> </li> <li>• <b>Potential Opportunities:</b> <ol style="list-style-type: none"> <li>Strengthened investor trust through transparency.</li> <li>Increased investment through strategic growth plans.</li> <li>Enhanced reputation with strong corporate governance.</li> </ol> </li> </ul>	<p><b>Key Interests, Engagement Methods and Frequency of Engagement</b></p> <ul style="list-style-type: none"> <li>• Financial performance → Quarterly and annual financial reporting (Quarterly/Annually).</li> <li>• Corporate governance → Annual general meetings (AGMs) (Annually).</li> <li>• Business strategy &amp; growth → Investor briefings and market updates (As required).</li> </ul> <p><b>Our Goal</b></p> <ul style="list-style-type: none"> <li>• Maintain investor confidence through financial transparency, governance excellence, and strategic business growth.</li> </ul>
<p>6. Suppliers</p> <ul style="list-style-type: none"> <li>• <b>Potential Risks:</b> <ol style="list-style-type: none"> <li>Supply chain disruptions impacting production.</li> <li>Quality issues affect customer satisfaction.</li> <li>Ethical concerns are damaging brand reputation.</li> </ol> </li> <li>• <b>Potential Opportunities:</b> <ol style="list-style-type: none"> <li>Strengthening partnerships with key suppliers.</li> <li>Improved product quality through supplier collaboration.</li> <li>Competitive advantage through ethical sourcing.</li> </ol> </li> </ul>	<p><b>Key Interests, Engagement Methods and Frequency of Engagement</b></p> <ul style="list-style-type: none"> <li>• Supply chain management → Supplier performance evaluations (Ongoing).</li> <li>• Ethical sourcing → Supplier code of conduct compliance (As required).</li> <li>• Product and service quality → Regular supplier meetings and audits (Quarterly).</li> </ul> <p><b>Our Goal</b></p> <ul style="list-style-type: none"> <li>• Build strong and sustainable supplier relationships by ensuring ethical sourcing, supply chain efficiency, and consistent product quality.</li> </ul>



# SUSTAINABILITY STATEMENT

## MATERIALITY ASSESSMENT

At Tong Herr, our Materiality Assessment process serves as a cornerstone in aligning sustainability efforts with both stakeholder expectations and strategic business objectives. This comprehensive and iterative approach enables the Group to identify, prioritize, and integrate the most pressing environmental, social, and governance (ESG) topics into our operations. Our methodology is structured around three primary stages: Stakeholder Engagement, Identification of Material Topics, Prioritization, and Integration.

### 1 Stakeholder Engagement and Inclusivity

With reference to GRI 2-29 and GRI 3-1, Tong Herr actively engages with a diverse spectrum of stakeholder groups to ensure inclusivity and transparency in sustainability decision-making. Key stakeholders include shareholders, regulators, investors, employees, suppliers, customers, and community members. These stakeholders are identified based on their influence on or reliance on Tong Herr’s activities. Engagement occurs through formal discussions, surveys and audits, informal interactions, and community programs, allowing the Group to capture diverse perspectives and insights.

This dialogue facilitates a mutual understanding of critical ESG issues, highlights stakeholder priorities, and identifies risks and opportunities. For instance, stakeholder feedback has shaped initiatives such as enhanced occupational health and safety programs, more robust environmental compliance measures, and product quality improvements.

### 2 Identification of Material Topics

The identification phase, guided by GRI 3-2, focuses on discerning material ESG topics that hold strategic significance. Tong Herr employs globally recognized frameworks such as the GRI Standards and UN Sustainable Development Goals (SDGs), alongside industry-specific benchmarks. This ensures our process is aligned with best practices and emerging global trends.

Material topics are evaluated based on their relevance to stakeholders, impact on the environment, alignment with corporate values, and their potential to influence long-term business performance. For example, environmental concerns such as waste management and carbon emissions have emerged as priorities due to their critical importance to regulators and investors alike.

### 3 Prioritization and Analysis

In line with GRI 3-3, Tong Herr has developed a clear and systematic prioritization framework. This involves:

- Scoring and Ranking: Material topics are scored on criteria such as stakeholder significance, financial implications, and environmental and social impact.
- Materiality Matrix Development: The results are visually represented in a materiality matrix, categorizing issues into “high,” “medium,” and “low” priority areas. This matrix helps Tong Herr focus on the most critical topics for immediate action while addressing less urgent but emerging issues over time.

### 4 Integration into Business Strategy

Integration is the final and most critical phase, wherein the prioritized material topics are seamlessly incorporated into Tong Herr’s sustainability and corporate strategies. The Group embeds these topics into its reporting framework, sustainability policies, and action plans. Each material issue is linked to specific strategic objectives, operational initiatives, and performance indicators. For instance:

- Environmental Priorities: Initiatives to reduce energy consumption and adopt renewable energy sources.
- Social Priorities: Investments in employee training programs and local community engagement.
- Governance Priorities: Strengthening corporate governance and ensuring ethical business practices.

Through this integration, Tong Herr not only aligns with stakeholder expectations but also reinforces its commitment to transparency, accountability, and long-term value creation. This alignment ensures compliance with GRI Standards and international best practices, further solidifying the Group’s position as a leader in sustainable business practices.

### 5 Continuous Improvement and Monitoring

Materiality assessments are not static; they evolve with changing business landscapes, stakeholder priorities, and emerging risks. Tong Herr conducts regular reviews of its materiality matrix, integrating feedback from ongoing stakeholder engagements and adapting to global and local developments. This continuous improvement ensures that the Group remains responsive and proactive in addressing critical sustainability issues.



# SUSTAINABILITY STATEMENT

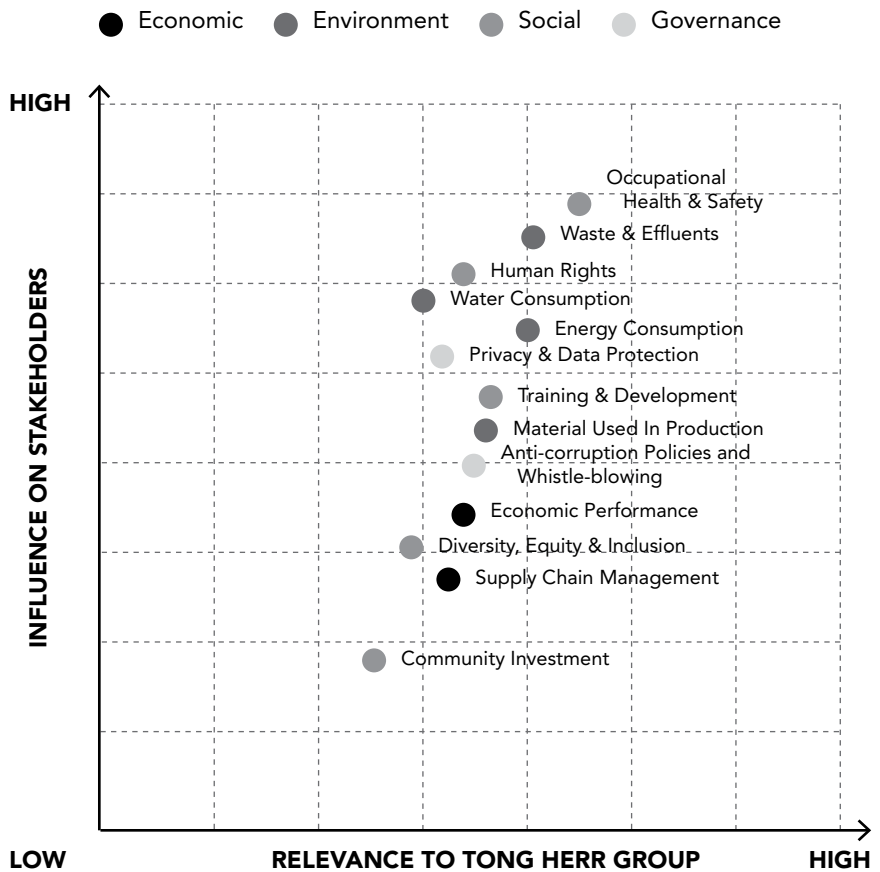
## MATERIALITY MATRIX

At Tong Herr, our approach to materiality assessment is built on a foundation of continuous stakeholder engagement. We actively seek input from a wide range of stakeholders, including customers, suppliers, employees, and local communities, ensuring that their perspectives are reflected in our sustainability strategy. By fostering an open dialogue, we create a materiality matrix that is grounded in the concerns and expectations of those we serve, allowing us to prioritize the sustainability factors that truly matter. This inclusive process not only strengthens our relationship with stakeholders but also ensures our sustainability initiatives are relevant and impactful.

Our materiality matrix is not a static tool but a dynamic framework that evolves alongside changing business and environmental conditions. We regularly review and update the matrix to account for new challenges, trends, and opportunities in the ESG landscape. This agility allows us to remain responsive to emerging sustainability issues, such as shifts in regulatory requirements or changing market demands, and ensures our strategy stays ahead of the curve. By embracing this adaptability, we are better positioned to address both current needs and future risks.

In addition to identifying key sustainability factors, our materiality matrix emphasizes the potential impact of each issue on both business and the environment. We assess each factor through the lens of its ability to drive meaningful change, ensuring that our efforts are not just about compliance but about creating measurable positive outcomes. This impact-based prioritization allows us to focus on areas where we can make the greatest difference, ultimately enhancing the long-term resilience of our operations and the communities we serve.

Finally, the insights derived from our materiality matrix are directly linked to our strategic objectives for the year. The matrix guides our decision-making, ensuring that our sustainability initiatives are aligned with both immediate and long-term goals. By translating these priorities into clear actions, we can track our progress and measure the success of our sustainability efforts. This approach reinforces our commitment to responsible practices, ensuring we contribute to lasting value creation for all stakeholders while driving positive change across our operations.



Our Sustainability Report for the financial year 2024 highlights the key points identified through our materiality matrix. Featuring 13 sustainability considerations, this matrix guides our unwavering commitment to responsible and sustainable practices. These priorities shape our actions and report efforts for the year, reinforcing our dedication to addressing the most relevant sustainability issues.



# SUSTAINABILITY STATEMENT



## ECONOMIC PERFORMANCE

Tong Herr’s financial performance is fundamental to creating lasting value and advancing our sustainability goals. We recognize our duty to foster meaningful employment and promote economic growth in the communities where we operate.

### Why It Matters

At Tong Herr Resources Berhad, economic performance is at the core of our strategic vision, driving sustainable growth and value creation for all stakeholders. By prioritizing profitability, operational efficiency, and supply chain stability, we ensure long-term business sustainability while contributing to economic growth in the communities where we operate.

### Our Approach

To sustain long-term economic growth, Tong Herr prioritizes innovation and strategic investments. Our commitment to continuous improvement allows us to stay ahead of industry advancements and enhance product quality. Additionally, we recognize our responsibility to foster meaningful employment and contribute to economic prosperity in the regions where we operate. By maximizing our assets and ensuring fair wealth distribution, we strengthen long-term resilience and create shared value for all stakeholders.

### Our Performance

Our financial health is demonstrated through key performance metrics such as:

- Revenue Growth – Reflecting our success in capturing new markets and expanding our customer base.
- Profitability Measures – Including net profit margin and return on equity, highlighting our efficiency in managing costs and maximizing shareholder value.
- Operational Efficiency – Focused on optimizing production processes, reducing waste, and enhancing productivity to strengthen our competitive advantage.
- Supply Chain Resilience – Ensuring we can meet customer demands while mitigating risks associated with global supply chain disruptions.

### Economic Performance - Financial Strength & Stability

Tong Herr consistently secures solid economic outcomes by effectively executing our detailed business plan. This plan emphasizes staying aligned with market developments, preserving a stable financial position, ensuring steady cash flow, leading in technological progress, addressing identified business risks, and exploring growth opportunities through expansion into new regions.

	2022 (RM'000)	2023 (RM'000)	2024 (RM'000)
Economic value generated (i.e., revenue and other income)	993,154	608,723	542,106
Economic value distributed:			
- Operating costs	835,104	553,752	489,083
- Employee wages and benefits	42,593	38,338	41,615
- Payment to providers of capital. (i.e., dividend and financing cost)	26,089	31,801	12,403
- Payment to government (i.e., tax)	24,980	5,718	2,873
- Community investment	10	30	2
<b>Economic value retained</b>	<b>64,378</b>	<b>(20,916)</b>	<b>(3,870)</b>





# SUSTAINABILITY STATEMENT

## Supply Chain Management

Tong Herr acknowledges the challenges in ensuring full compliance with environmental and social standards across our supply chain. We remain committed to engaging with our suppliers to encourage improvements in responsible sourcing practices. We recognize that sustainable procurement is an ongoing process and will continue exploring ways to enhance supply chain transparency and sustainability over time.

### Why It Matters

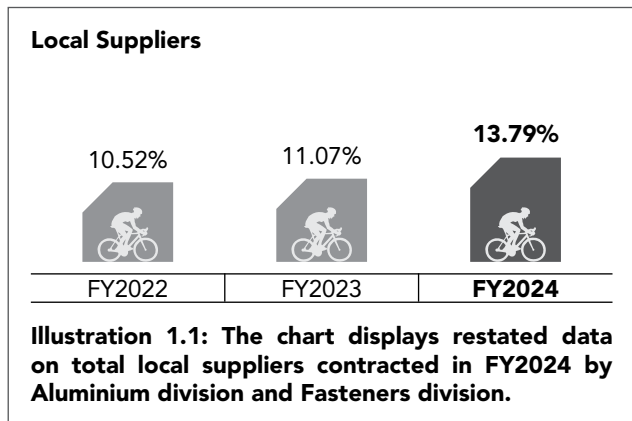
Effective supply chain management is crucial for Tong Herr because it ensures a resilient and sustainable flow of goods and services. By integrating ethical procurement practices and environmental considerations, Tong Herr strengthens its commitment to sustainability, reduces risks associated with supply chain disruptions, and enhances its reputation. Additionally, prioritizing local suppliers supports economic development within the communities where Tong Herr operates, fostering long-term partnerships and contributing to local prosperity.

## Our Approach

Tong Herr takes a structured approach to supply chain management, integrating sustainability principles into procurement, supplier engagement, and risk assessment. The company prioritizes suppliers that comply with ethical, environmental, and regulatory standards. New and existing suppliers undergo annual performance assessments, where they are categorized based on compliance maturity, and targeted improvement plans are implemented as necessary.

## Our Performance

In 2023, we allocated approximately RM55 million, or 11% of our procurement spending, to local suppliers. This increased to 13.79% in FY2024, reflecting our commitment to supporting local businesses. However, due to resource limitations among local suppliers, a significant portion of our procurement remains sourced from overseas.



# GOVERNANCE & COMPLIANCE

## Ethical Integrity & Compliance

Tong Herr Resources Berhad continues to uphold its commitment to ethical integrity and compliance. The company has established a comprehensive framework of policies and procedures to ensure high standards of corporate governance. These include the Board Charter, Directors’ Code of Conduct and Ethics, Whistleblowing Policy, Anti-Corruption and Bribery Policy, and Vendors’ Code of Ethics.

At Tong Herr, we uphold the highest standards of business ethics and compliance across the Group, embodying our core values of Integrity, Dedication, and Innovation. This unwavering commitment continues to safeguard the interests of our business and stakeholders, fostering trust and reinforcing confidence in Tong Herr’s integrity. In 2024, Tong Herr remains resolute in recognizing the critical importance of a robust whistleblowing mechanism. Our enhanced system empowers employees to confidentially report any instances of unethical conduct or compliance breaches. By prioritizing transparency and accountability, Tong Herr strengthens its position as a trusted and responsible organization dedicated to sustainable growth and stakeholder confidence. For the financial year 2024, there were no reported whistleblowing cases.



# SUSTAINABILITY STATEMENT

## Transparency & Accountability

At Tong Herr, transparency and accountability are key pillars of our corporate governance. We uphold these principles through sustainability governance and compliance initiatives. Our engagement with stakeholders, including employees, investors, and suppliers—is facilitated through regular meetings, site visits, and structured dialogue sessions to address concerns and foster trust.

Tong Herr continues to enhance its sustainability disclosures by aligning with global ESG standards, integrating sustainability tracking into its operations, and maintaining transparency in governance. Looking ahead, Tong Herr remains dedicated to advancing transparency and accountability through continuous innovation, ensuring that our practices not only meet but exceed the expectations of our stakeholders in an ever-evolving business environment.

## Proactive Training for Ethical Excellence

Tong Herr Resources Berhad is committed to fostering a corporate culture grounded in integrity and ethical conduct. All employees undergo comprehensive induction training upon joining the company, which covers the Code of Conduct (CoC), Anti-Bribery and Anti-Corruption (ABAC) Policy, and corporate governance frameworks. To reinforce ethical standards, annual refresher training sessions are conducted, ensuring employees remain up to date with evolving regulations and compliance expectations.

At the heart of our ethical commitment is our Code of Conduct (CoC), which sets clear expectations for all employees, including Directors, and serves as a foundation for ethical decision-making and accountability. Tong Herr’s zero-tolerance approach to corruption is reflected in its Anti-Bribery and Anti-Corruption (ABAC) Policy, which is reviewed annually in accordance with the Malaysian Anti-Corruption Commission (MACC) Act 2009.

To promote accountability and transparency, Tong Herr has a dedicated whistleblowing channel, allowing employees and external stakeholders to confidentially report unethical behavior via email to [whistleblower@tong.com.my](mailto:whistleblower@tong.com.my). Reports are directed to the Chairman of the Audit Committee, ensuring an impartial and independent review. The whistleblower’s identity remains confidential unless disclosure is required by law.

Furthermore, Tong Herr maintains transparency through its Annual Report, which details key governance achievements, compliance initiatives, and ethical performance metrics. Moving forward, the company remains committed to enhancing governance and ethical excellence through regular policy reviews and continuous improvement initiatives.

## Corruption Related Training

The corruption-related training program was initiated in 2023. All employee categories, including management, executives, and non-executives, attended the training in both 2023 and 2024. Detailed attendee numbers are provided on the table below:

Employee Category	Completion rate (%)		
	2022 (No. of attendees)	2023 (No. of attendees)	2024 (No. of attendees)
Management	N/A	100%	100%
Executive	N/A	100%	100%
Non-executive	N/A	100%	100%

**Table 1.1: The training completion rates reported above cover only THF. Moving forward, we will expand our disclosure to include additional entities.**

In addition, there were no reported incidents related to Anti-Bribery and Anti-Corruption (ABAC) or whistleblowing during FY2024.



# SUSTAINABILITY STATEMENT

## Privacy and Data Protection

As technology advances, Tong Herr remains committed to safeguarding sensitive data and ensuring compliance with global privacy regulations. Our Data Privacy Policy, aligned with the Personal Data Protection Act (PDPA) 2010, provides a structured approach to cybersecurity, minimizing risks and ensuring regulatory adherence across all operational regions.

Led by our IT Team, we continuously enhance cybersecurity protocols to mitigate cyber threats and prevent unauthorized access. These measures are crucial in maintaining operational integrity and protecting business-critical information. In 2024, a total of 849 employee declaration forms and 55 supplier/vendor forms were submitted, reinforcing our commitment to compliance.

Transparency remains a core value in our data protection approach. Tong Herr provides clear and accessible information regarding the collection, processing, and usage of personal data, empowering stakeholders to make informed decisions.

As of 31 December 2024, there have been zero substantiated complaints regarding data breaches or privacy violations, demonstrating our proactive risk management efforts. Moving forward, we continue to refine our cybersecurity framework, ensuring that our data protection measures remain resilient and future ready.

## Transparent Data Practices

At Tong Herr, we are dedicated to safeguarding personal information into every aspect of our operations. Developed in line with the Personal Data Protection Act (PDPA) 2010, this policy ensures our cybersecurity framework is seamlessly integrated into daily processes, enabling us to meet regulatory standards across all regions where we operate.

We place great importance on clarity and openness in our data practices. By offering straightforward and easily understandable information about how personal data is gathered, stored, and utilized, we empower our stakeholders to stay informed and confident in how their information is handled. This proactive approach reinforces our commitment to trust and accountability.

As of 31 December 2024, Tong Herr Group has not reported any confirmed incidents of data breaches or customer privacy violations. This reflects the Group’s commitment to robust data protection and cybersecurity measures.

	2022	2023	2024
Number of substantiated complaints concerning breaches in customer privacy or data loss	0	0	0



# ENVIRONMENTAL STEWARDSHIP

## Energy Management

### Why It Matters

At Tong Herr, energy management is more than cost savings—it is a critical factor in environmental responsibility and long-term business resilience. Our commitment to reducing our carbon footprint aligns with global sustainability goals, ensuring that we minimize the impact of energy consumption and greenhouse gas (GHG) emissions on climate change.

Recognizing our role in climate action, Tong Herr has implemented solar energy solutions and continues to optimize production efficiency. The company is committed to achieving a 5% reduction in GHG emissions by 2030 and strives toward carbon neutrality by 2050 through sustainable energy adoption and operational improvements.

As part of our broader strategy, we have implemented a Solar Photovoltaic (PV) System, which harnesses renewable energy to help us reduce our reliance on conventional energy sources. This initiative reflects our dedication to renewable energy solutions and is a critical step toward ensuring that we remain responsible corporate citizens while fostering a sustainable future for generations to come.



implemented a **Solar Photovoltaic (PV) System**, which harnesses renewable energy



# SUSTAINABILITY STATEMENT

## Our Approach



Our energy strategy is rooted in responsible resource management, ensuring that sustainability is integrated into every facet of our operations. Our key focus areas include:

<p><b>Optimizing Energy Consumption</b></p> <p>Actively reducing energy use through operational improvements and process optimizations.</p>	<p><b>Investing in Renewable Energy</b></p> <p>Expanding our solar PV system to further reduce dependence on conventional energy sources.</p>	<p><b>Embracing Innovation</b></p> <p>Continuously exploring new technologies that drive better energy management and efficiency.</p>
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By implementing these measures, Tong Herr remains ahead of industry standards, demonstrating a strong commitment to sustainability, innovation, and responsible corporate practices.

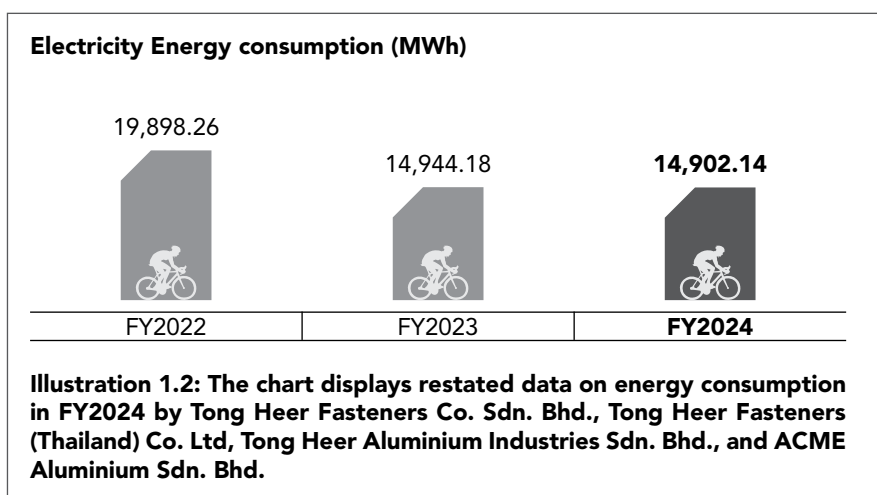
## Our Performance

Over the past few years, Tong Herr has taken proactive steps to integrate renewable energy sources into our operations. Key achievements include:

 <p><b>Solar Photovoltaic (PV) System Implementation</b></p> <p>– We have gradually installed solar panels across our facilities, reducing reliance on fossil fuel-based electricity.</p>	 <p><b>Energy Efficiency Improvements</b></p> <p>– Tong Herr enhances operational effectiveness and reduces overall energy consumption through the adoption of energy-efficient technologies, including energy-efficient motors, motor inverters, LED lighting, and lighting sensors in stores and offices.</p>
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These initiatives reflect our commitment to reducing our environmental footprint while aligning with global sustainability goals. By leveraging solar energy and efficiency-driven solutions, we are building a cleaner, more sustainable energy model for the future.

## Energy Consumption & Renewable Integration

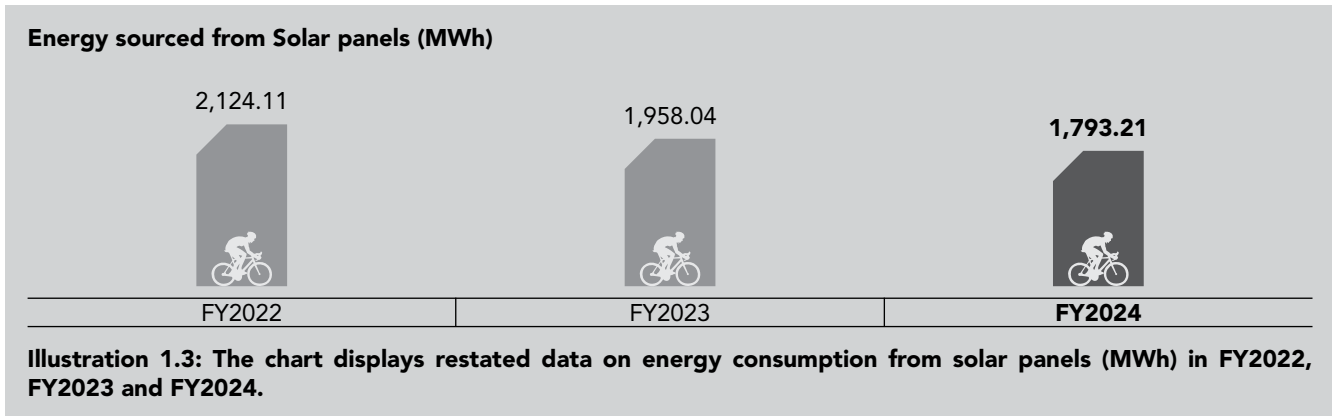


Over the past three years, Tong Herr has made significant strides in optimizing energy efficiency, reflecting our commitment to sustainable operations and responsible resource management. Total electricity consumption has consistently declined from 19,898.26 MWh in 2022 to 14,944.18 MWh in 2023, and further to 14,902.14 MWh in 2024.



# SUSTAINABILITY STATEMENT

## Solar Photovoltaic (PV) System



In FY2024, Tong Herr generated a total of 1,793.21 MWh of renewable energy from solar panels, contributing to our ongoing efforts to reduce carbon emissions. We continue to explore opportunities to enhance our renewable energy initiatives and further optimize energy efficiency across our operations.

By leveraging smart energy management, renewable integration, and sustainability-driven investments, we are not only reducing our environmental impact but also building a more resilient and future-proof energy ecosystem.

## Emissions Management

### Why It Matters

Tong Herr remains committed to reducing greenhouse gas (GHG) emissions as part of its sustainability vision. As climate change challenges intensify, responsible emissions management is critical to minimizing environmental impact, ensuring regulatory compliance, and securing long-term business resilience. Recognizing the substantial role of Scope 1, 2, and 3 emissions, Tong Herr integrates energy efficiency improvements, renewable energy adoption, and carbon reduction strategies into its operations. This commitment reflects the company's dedication to sustainability and responsible corporate citizenship.

### Our Approach

Tong Herr integrates structured emissions management across its operations, focusing on:

- **Optimizing Energy Consumption:** Continuous efforts to reduce electricity use through efficiency measures.
- **Expanding Renewable Energy Usage:** Further investments in solar PV systems to enhance clean energy reliance.
- **Developing Scope 3 Reduction Strategies:** Setting future measurable targets for non-direct emissions.

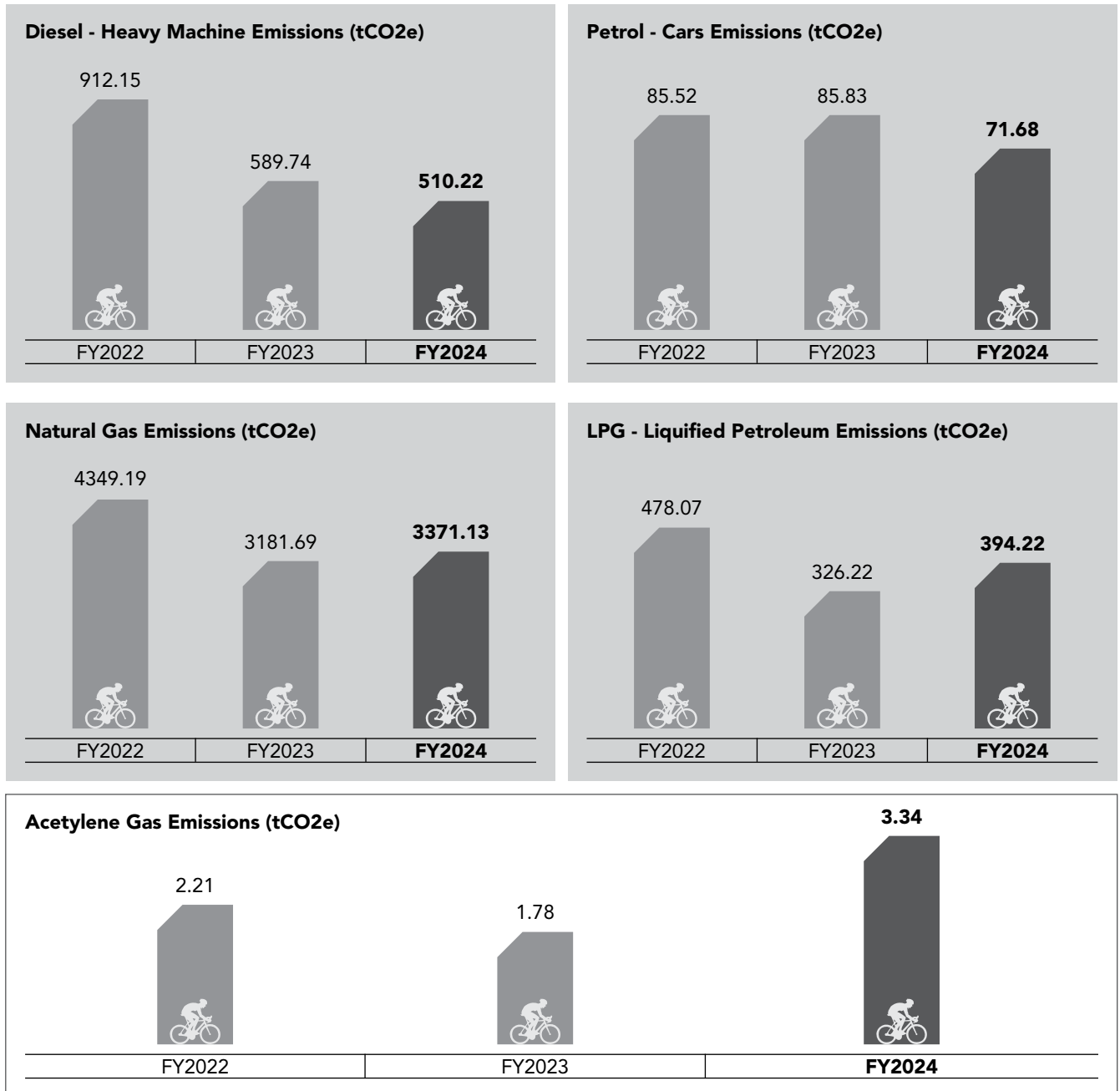
Through data transparency, energy efficiency, and renewable energy investments, Tong Herr is actively working toward a low-carbon, sustainable future.



# SUSTAINABILITY STATEMENT

## Our Performance

### GHG Scope 1 Emission (tCO<sub>2</sub>e)<sup>1</sup>:



**Illustration 1.4:** The chart displays restated data on Scope 1 emissions for FY2022, FY2023, and FY2024 by the Fastener & Aluminium division.

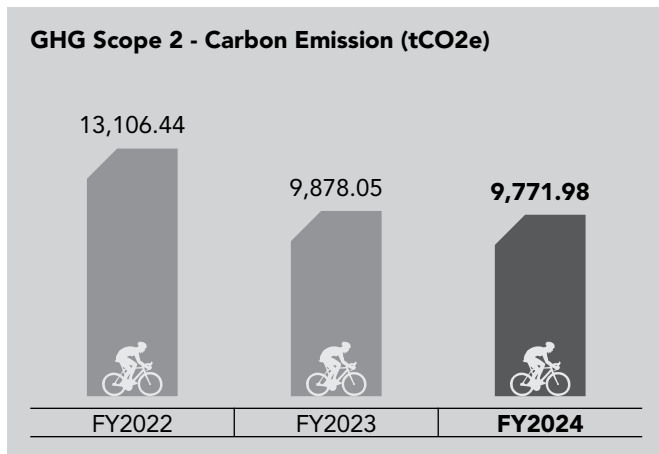
<sup>1</sup> Scope 1 emissions are calculated based on the IPCC 2006 Guidelines for National Greenhouse Gas Inventories, specifically Chapter 2: Stationary Combustion. We have restated our Scope 1 emissions data from 2023 onwards due to improved data collection and the recategorization of our GHG inventory.

Note: Nitrogen oxides (NO<sub>x</sub>), which can include nitrogen dioxide (NO<sub>2</sub>), were formed but excluded from the emission calculation. While NO<sub>2</sub> is a contributor to air pollution, it is not a direct source of CO<sub>2</sub> emissions.



# SUSTAINABILITY STATEMENT

## GHG Scope 2 Emission (tCO<sub>2</sub>e)<sup>2</sup>:



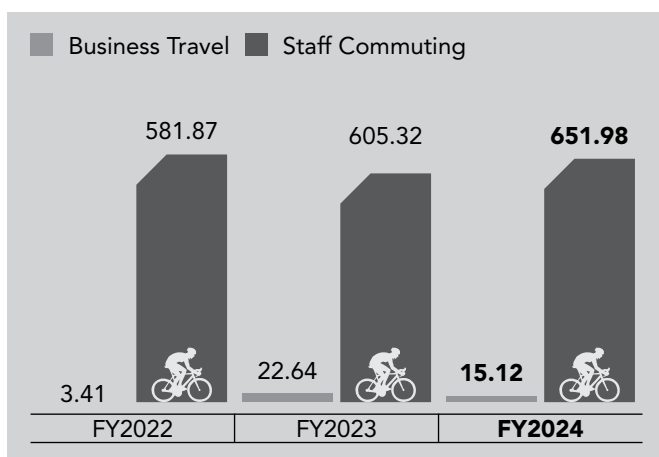
**Illustration 1.5: The chart displays restated data on Scope 2 emissions for FY2022, FY2023, and FY2024 by the Fastener & Aluminium division.**

<sup>2</sup> Scope 2 emissions are determined using the Grid Emission Factor (GEF) in Peninsular Malaysia and Thailand, which represents the generation-weighted average greenhouse gas (GHG) emissions per unit of electricity generation. We have restated our Scope 2 emissions data from 2023 onwards due to improved data collection and the recategorization of our GHG inventory.

The Scope 2 carbon emission for Tong Herr showed a consistent decrease over the three-year period analyzed. In 2022, carbon emission amounted to 13,106.44 tCO<sub>2</sub>e, which decreased to 9,878.05 tCO<sub>2</sub>e in 2023, representing a reduction of approximately 24.63%.

Notably, in 2024, carbon emission further declined slightly to 9,771.98 tCO<sub>2</sub>e, reflecting a decrease of approximately 1.07% compared to 2023. This trend underscores Tong Herr’s commitment to improving energy efficiency and reducing its environmental impact.

## GHG Scope 3 Emission (tCO<sub>2</sub>e)<sup>3</sup>:



Similarly, emissions from staff commuting increased from 581.87 tCO<sub>2</sub>e in 2022 to 605.32 tCO<sub>2</sub>e in 2023, marking a rise of approximately 4%. In 2024, staff commuting emissions further increased to 651.98 tCO<sub>2</sub>e, representing an approximate 7.7% increase compared to the previous year.

These trends suggest a mixed performance in GHG emissions reduction efforts, with significant improvements in certain areas but challenges in others. It underscores the necessity for continued focus on sustainability initiatives across the organisation.

**Illustration 1.6: The chart displays restated data on Scope 3 emissions for FY2022, FY2023, and FY2024 by the Fastener & Aluminium division.**

The trend analysis of Tong Herr’s Scope 3 GHG emissions reveals significant variability. Emissions from business travel started at 3.41 tCO<sub>2</sub>e in 2022, escalated sharply to 22.64 tCO<sub>2</sub>e in 2023, and then slightly decreased to 15.12 tCO<sub>2</sub>e in 2024.

<sup>3</sup> Scope 3 emissions are calculated using the GHG Protocol, specifically the *GHG Emissions from Transport or Mobile Sources*, while utilizing default emission factors from the IPCC 2006 Guidelines. We have restated our Scope 3 emissions data from 2023 onwards due to improved data collection and the recategorization of our GHG inventory.



# SUSTAINABILITY STATEMENT

## Hazardous Emission Management

The management of hazardous emissions is entrusted to qualified personnel, particularly our Boiler Man. This dedicated individual oversees daily monitoring activities and follows a comprehensive checklist to ensure compliance with safety and environmental regulations, further contributing to our commitment to minimizing GHG emissions and fostering a safe working environment.

## Climate Risk and Strategic Planning

As climate change accelerates, it is crucial for Tong Herr Resources Group to proactively integrate climate-related risks and opportunities into its strategic decision-making. To ensure resilience and sustainability, we are currently referring to the Task Force on Climate-related Financial Disclosures (TCFD) framework to guide our transition towards IFRS S2 next year, which will enable a structured approach to evaluating the financial risks posed by climate change.

To inform our climate strategy, we reference three internationally recognized future climate projection frameworks:

- a) Working Group III (WGIII) – Assesses the effectiveness of various mitigation strategies in limiting global warming.
- b) Shared Socioeconomic Pathways (SSPs) – Explores how different socioeconomic developments impact greenhouse gas emissions and climate policies.
- c) Representative Concentration Pathways (RCPs) – Analyzes the projected impact of greenhouse gas concentrations on future climate conditions.

These frameworks provide critical insights into the risks and opportunities for Tong Herr’s manufacturing and supply chain operations.

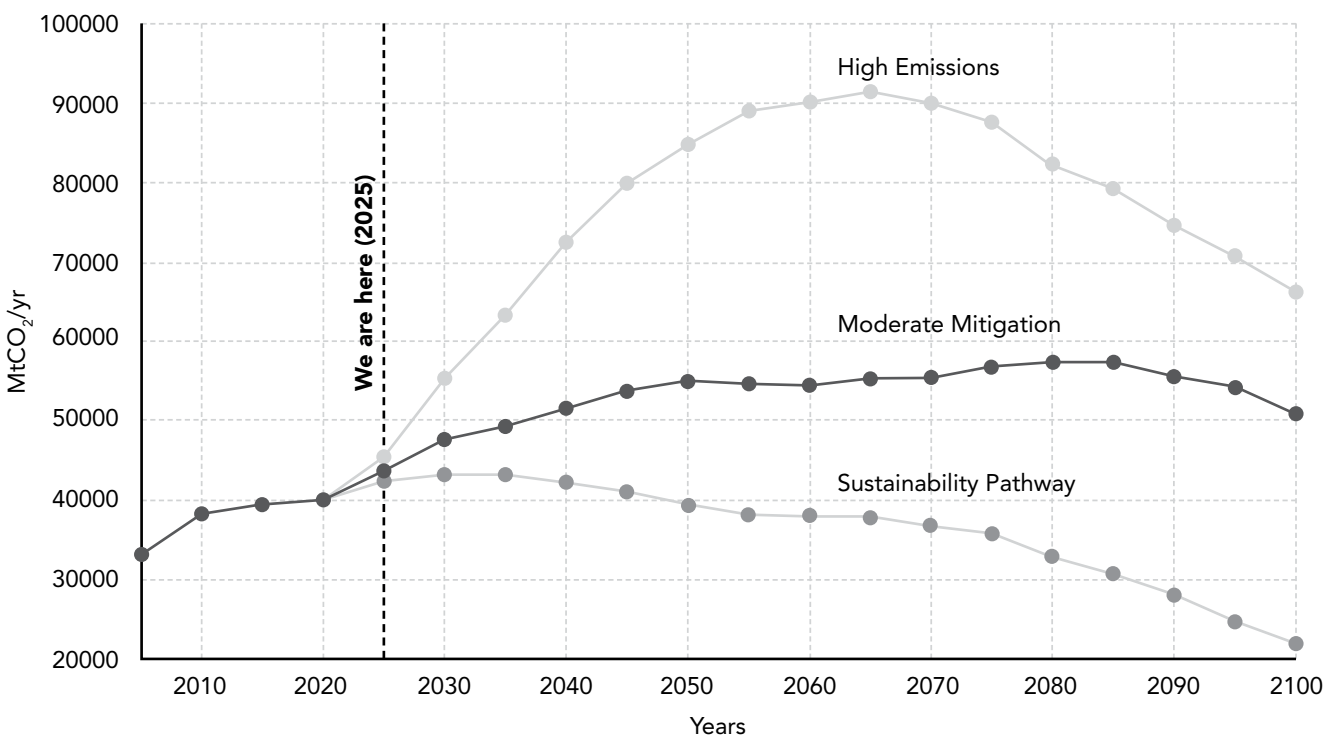
## Climate Scenario Analysis and Key Projections

To ensure robust climate resilience, Tong Herr Resources Group assesses three key future climate scenarios:

### Future Climate Scenarios and Impact on Tong Herr

Projected Global Carbon Dioxide Emissions (Impact on Tong Herr)

■ SSP 1 – Baseline ■ SSP 2 – Baseline  
 ■ SSP 5 – Baseline ■ We are here







# SUSTAINABILITY STATEMENT

Shared Socioeconomic Pathway (SSP)	Category in WGIII	Representative Concentration Pathway (RCP)	Description & Impact on Tong Herr
SSP1-1.9	C1	RCP1.9	Sustainability-focused pathway with global warming limited to 1.5°C. Positive impact for Tong Herr through stable climate, increased regulatory incentives for green energy adoption, and growing investor interest in ESG-compliant industries.
SSP2-4.5	C6	RCP4.5	“Middle of the Road” scenario with moderate mitigation. Global temperatures rise by ~2°C. Tong Herr may experience increased operational costs due to moderate carbon pricing and supply chain adjustments.
SSP5-8.5	C8	RCP8.5	High-emissions, fossil-fuel-dependent pathway leading to severe climate risks (4°C warming). Extreme weather events, regulatory risks, and reputational damage could negatively impact Tong Herr’s financial stability and operations.

## Climate Risk Assessment for Tong Herr

Based on these scenarios, Tong Herr categorizes climate-related risks into two primary areas:

### 1. Physical Risks

Physical risks stem from direct climate-related events and long-term environmental changes that may impact Tong Herr’s manufacturing operations in Malaysia and Thailand.

- Acute Risks: Extreme weather events such as floods and storms could disrupt supply chains, factory operations, and logistics networks.
- Chronic Risks: Long-term shifts in temperature and rainfall patterns may increase cooling costs, water scarcity risks, and raw material price volatility.

### 2. Transition Risks

Transition risks arise from regulatory, technological, and market shifts towards sustainability, affecting Tong Herr’s long-term viability.

- Market Risks: A growing preference for low-carbon products could reduce demand for carbon-intensive manufacturing processes if Tong Herr does not innovate.
- Policy Risks: Stricter carbon regulations and reporting mandates may increase compliance costs and introduce potential legal risks.
- Technology Risks: Investing in energy-efficient and automated manufacturing systems will require substantial capital expenditure, impacting short-term financial performance.
- Reputation Risks: Failing to meet sustainability commitments may lead to brand erosion, investor concerns, and reduced market share.

## Mitigation Strategies & Future Outlook

To address climate risks and capitalize on sustainability opportunities, Tong Herr is committed to implementing the following strategies:

- Energy Efficiency and Renewable Energy Adoption: Investing in solar energy, energy-efficient machinery, and smart manufacturing systems to reduce emissions.
- Sustainable Supply Chain Management: Enhancing supplier due diligence to source low-carbon raw materials and improve logistics efficiency.
- Carbon Footprint Reduction: Establishing science-based targets to align emissions reduction with the Paris Agreement.
- Climate-Resilient Infrastructure: Upgrading facilities to withstand extreme weather conditions, ensuring business continuity.
- Policy & Compliance Integration: Staying ahead of environmental regulations by proactively adopting the best practices in carbon reporting and ESG disclosures.

By embedding climate considerations into its core business strategy, Tong Herr aims to enhance long-term sustainability, reduce financial risks, and strengthen its competitive advantage in a low-carbon economy. The integration of WGIII, SSPs, and RCPs into Tong Herr’s climate strategy provides a clear, structured approach to understanding and addressing climate-related risks. Through ongoing evaluation and mitigation strategies, we are working to navigate the evolving regulatory landscape and reinforce our commitment to environmental sustainability. This report serves as the foundation for continuous improvement in climate resilience and financial stability, ensuring Tong Herr’s leadership in sustainable industrial manufacturing.



# SUSTAINABILITY STATEMENT

## Water Consumption

As global concerns over water scarcity continue to rise, the Group is committed to sustainable water management practices across all operational sites. This report outlines our water consumption patterns, conservation strategies, and wastewater treatment initiatives in 2024.

### Why It Matters

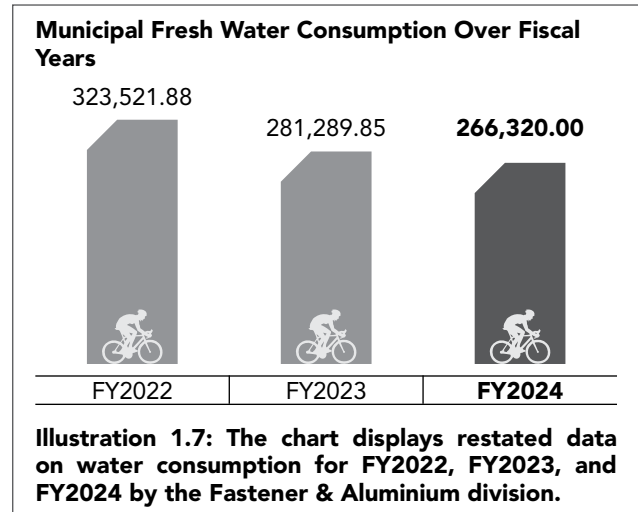
The escalating issue of water scarcity is driven by climate change, inefficient water management, and contamination. Industries play a significant role in mitigating these challenges by optimizing water consumption and enhancing wastewater treatment. At the Group, we recognize our responsibility in addressing water conservation issues. By implementing structured monitoring and targeted conservation initiatives, we aim to optimize water use, prevent wastage, and improve wastewater recycling processes.

### Our Approach

Our water management strategy focuses on three core areas:

- a) Optimization of Water Usage – We actively monitor water consumption across our production processes, office facilities, and operational sites to identify opportunities for efficiency improvements. At present, water usage is tracked manually on a daily basis, while we explore options for an automated tracking system by 2026 to 2027. Periodic audits help ensure optimal utilization and minimize excessive consumption.
- b) Prevention of Water Wastage – Regular inspections and maintenance checks help identify leaks, inefficiencies, and excessive usage areas. Addressing these issues promptly reduces unnecessary waste and enhances overall resource efficiency.
- c) Employee Engagement and Awareness – We promote responsible water consumption habits through periodic training sessions, awareness campaigns, and best-practice sharing. Employee participation in sustainability initiatives is crucial to achieving long-term conservation goals.

## Our Performance



Tong Herr has demonstrated continuous efforts in reducing municipal freshwater consumption over the past three years, achieving a 17.68% reduction from 2022 to 2024 (from 323,521.88 m³ to 266,320.00 m³). This reflects the company’s commitment to improving water efficiency and sustainability. However, surface water consumption trends should be closely monitored to ensure long-term conservation. This highlights the need for enhanced conservation measures, such as optimizing water usage in production processes and strengthening monitoring systems to prevent unnecessary wastage.

In 2024, wastewater generation was recorded at 52,302.00 m³, underscoring the importance of effective water treatment and recycling. Moving forward, Tong Herr is committed to improving wastewater management by increasing reuse and recycling efforts, reducing overall discharge, and ensuring compliance with environmental regulations.

Through these strategic measures, Tong Herr aims to further improve water conservation, minimize environmental impact, and enhance operational sustainability.

### Future Strategies and Commitments

To further improve water conservation and sustainability, the Group is actively monitoring and controlling water usage to prevent waste and leakage and committed to the following initiatives:

- Enhanced Water Reduction Targets – Implementing new efficiency measures to achieve a 2% reduction in total water consumption per tonne of product output by 2025/2026, with a long-term goal of reaching a 10% reduction by 2030.
- Employee Training and Awareness – Strengthening educational programs to instill best practices in water conservation across all levels of the organization.
- Strengthened Monitoring and Control – Enhancing daily tracking and management of water usage to improve efficiency and minimize unnecessary consumption.



# SUSTAINABILITY STATEMENT

## Waste and Effluents

At the Group, we recognize that effective waste management is essential for sustainable industrial operations. Our commitment to responsible waste disposal ensures that our fasteners and aluminium manufacturing processes align with environmental regulations while minimizing ecological impact.

### Why It Matters

Proper waste management plays a critical role in safeguarding air and water quality, reducing greenhouse gas (GHG) emissions, and promoting a cleaner workplace for our employees. Unregulated waste disposal can lead to environmental pollution, negatively affecting public health, biodiversity, and regulatory compliance. As a responsible manufacturer, we are committed to reducing our environmental footprint by ensuring all waste materials are properly categorized, treated, and disposed of in accordance with strict sustainability standards.

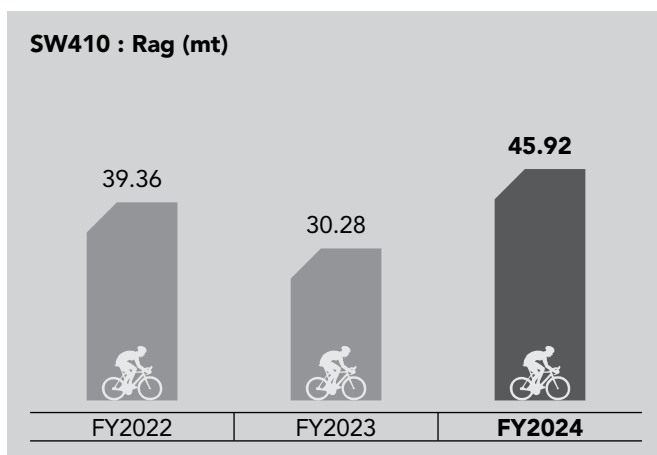
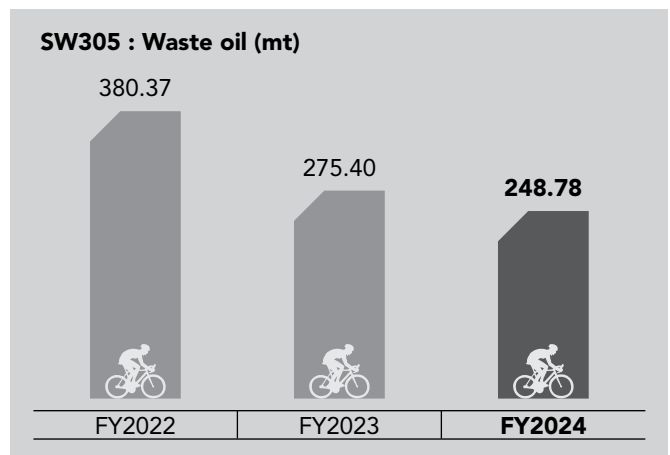
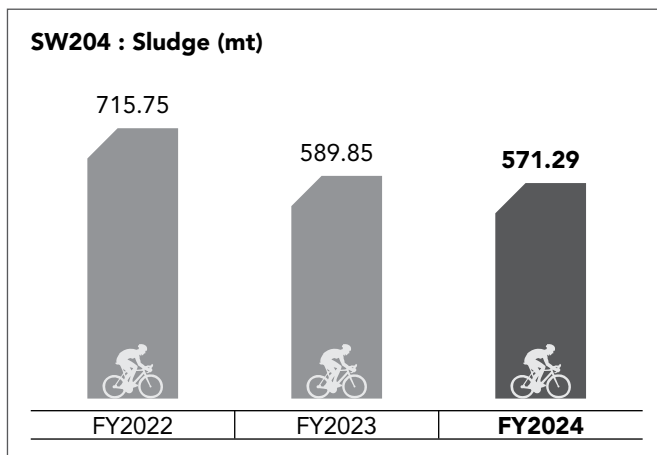
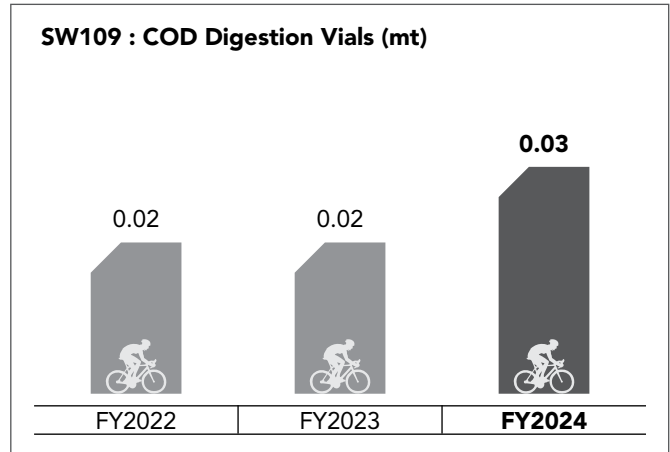
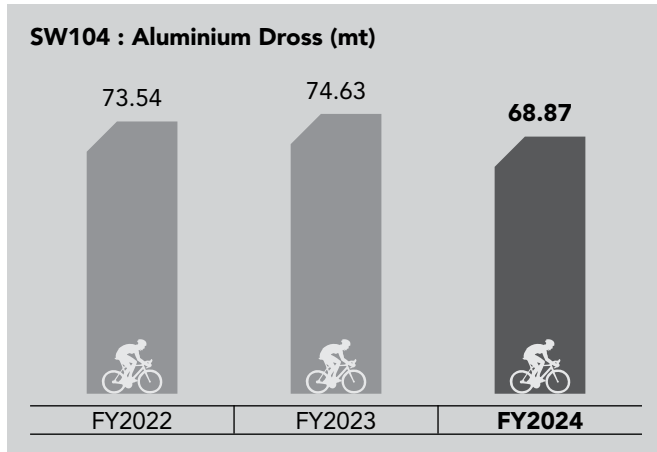
### Our Approach

Our Approach	Details
Eco-Friendly Production Practices	Tong Herr integrates eco-friendly chemicals into production processes to reduce environmental impact. Monthly inspections ensure compliance with environmental standards, while boiler operations are optimized to minimize emissions. Annual sampling and emission monitoring are conducted to assess environmental performance and improve sustainability.
Air, Effluent, and Wastewater Compliance	In line with the Environmental Quality (Clean Air) Regulations 2014, air pollution control systems, including scrubbers, are installed to filter contaminants before release. Routine air quality assessments are conducted to ensure compliance, and independent third-party testing is performed to verify emission standards. Compliance with the Environmental Quality (Industrial Effluent) Regulations 2009 is maintained through an in-house wastewater treatment facility, ensuring proper treatment before discharge into inland waters.
Waste Management Strategy	A structured waste separation process is implemented to streamline waste handling and disposal. Scheduled waste is classified into hazardous and non-hazardous categories, including aluminium dross, sludge and waste oil. To ensure regulatory compliance, detailed waste records are maintained, licensed contractors are engaged for proper disposal, and regular audits are conducted to align with Environmental Quality Act standards.
Sustainable Workplace Practices	Resource efficiency is promoted through waste reduction and recycling initiatives within office operations. Employees are encouraged to reuse materials, including single-sided printed paper for internal documentation and repurpose packaging materials. Non-reusable waste is sent to certified recycling centres, supporting sustainability goals.
Commitment to Continuous Improvement	Tong Herr remains dedicated to strengthening environmental compliance, reducing waste generation, and improving resource recovery. Plans for advanced monitoring systems, expanded wastewater recycling, and increased employee engagement in sustainability initiatives will further enhance the company's environmental performance.



# SUSTAINABILITY STATEMENT

## Our Performance – Scheduled Waste



Our commitment to responsible waste management is reflected in the trends observed in scheduled waste generation from FY2022 to FY2024. We continuously assess and refine our waste management strategies to enhance efficiency, ensure regulatory compliance, and reduce environmental impact.

Our approach to scheduled waste management aligns with our broader sustainability strategy, which emphasizes waste minimization, resource efficiency, and strict compliance with environmental regulations. As we move forward, we will continue investing in cleaner production technologies, strengthening waste segregation and recycling programs, and collaborating with stakeholders to drive sustainable waste reduction initiatives.

By integrating these efforts, we reaffirm our dedication to responsible environmental stewardship. The Group will continue to assess trends in rising waste streams, particularly aluminum-based waste, and implement further sustainability measures to optimize waste reduction and recycling efforts.

**Illustration 1.8: The chart displays restated data schedule waste for FY2022, FY2023, and FY2024 by Tong Herr.**



# SUSTAINABILITY STATEMENT

## Our Performance – Non-Scheduled Waste

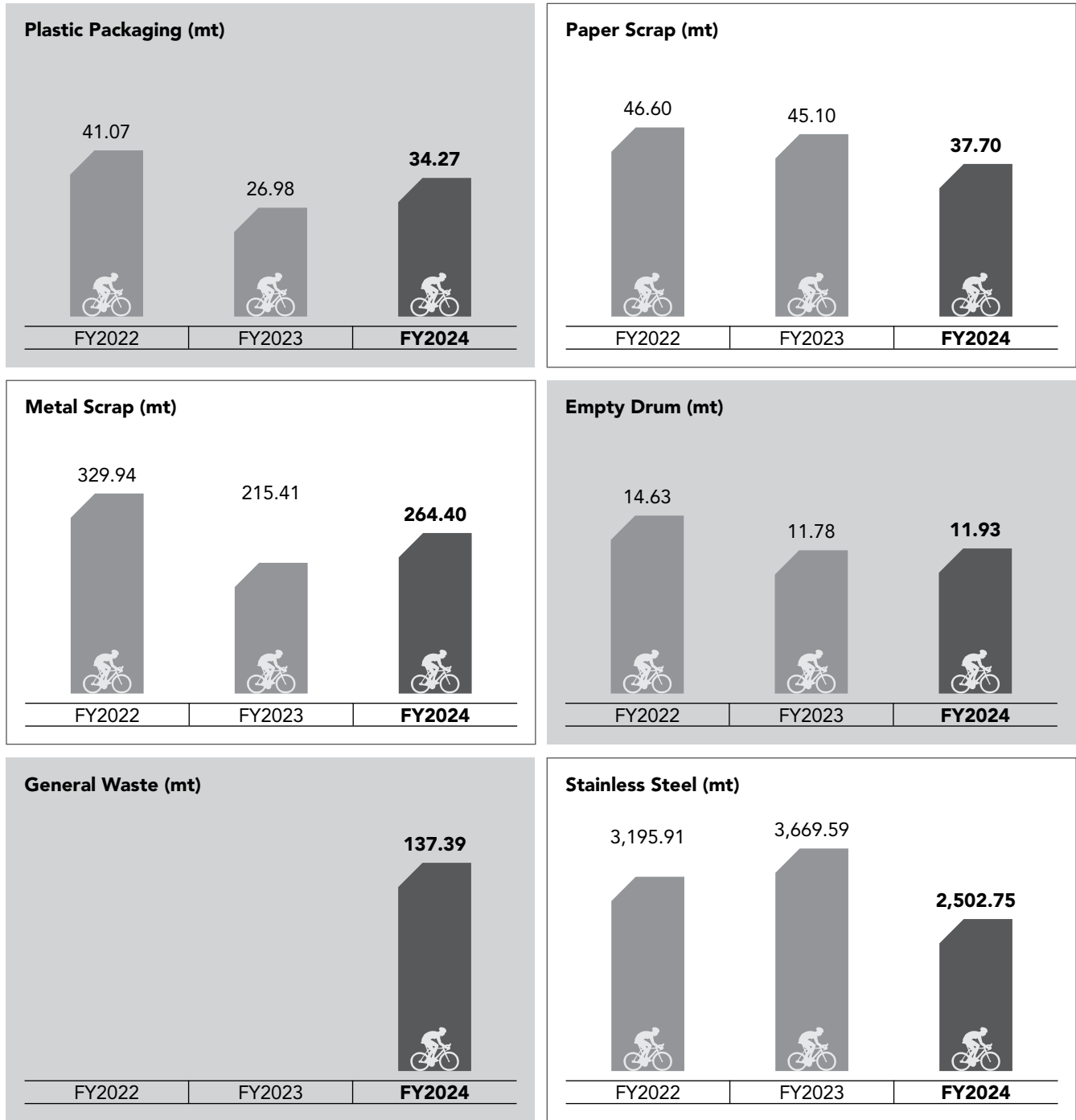


Illustration 1.9: The chart displays restated data non-schedule waste for FY2022, FY2023, and FY2024 by Tong Herr.



## SUSTAINABILITY STATEMENT

In FY2024, Tong Herr established a baseline for general waste management, recording a total of 137.39 tons. As such, no data is available for FY2022 and FY2023. Moving forward, we will continue to enhance our waste tracking and management practices.

In FY2024, stainless steel waste continued to decline, reaching 2,502.75 tonnes. This reduction was primarily driven by the absence of suitable buyers and strategic business decisions in response to prevailing market conditions.

For food waste, we have established designated disposal areas to ensure proper handling and minimize environmental impact. This is our first disclosure of food waste management efforts, and we are committed to enhancing our approach. We focus on monitoring and controlling food waste to prevent unnecessary disposal,

encouraging employees to adopt responsible food consumption practices. Looking ahead, we are actively exploring opportunities to optimize food usage in our operations and improve tracking methods. We also plan to investigate potential partnerships for food waste repurposing, such as composting or alternative disposal solutions.

As part of our ongoing sustainability initiatives, we aim to raise awareness and educate employees on food waste reduction. Through these collective efforts, we strive to minimize food waste and contribute to a more sustainable future.



## SOCIAL SUSTAINABILITY

### Diversity, Equity, and Inclusion

We understand that fostering a diverse and inclusive workplace is not only a moral imperative but also a strategic advantage. By integrating a wide range of perspectives, experiences, and backgrounds, we believe we can drive innovation, problem-solving, and organizational growth. Our commitment to diversity is rooted in the belief that a diverse workforce strengthens our ability to adapt and thrive in a dynamic business environment. This approach underpins our ongoing efforts to ensure equal employment opportunities, eliminate discrimination, and encourage diversity in all its forms—whether in gender, race, ethnicity, age, religion, or nationality.

### Building an Inclusive Culture

At Tong Herr, we stand firm against gender bias and ensure that all employees are compensated fairly, based on merit and performance. This commitment extends to career progression, recognition, and rewards, all of which are designed to be equitable and free from bias. By focusing on these principles, we strive to create an environment where diversity is celebrated and inclusion is actively promoted. This culture allows every employee to feel valued, respected, and empowered to contribute their best.

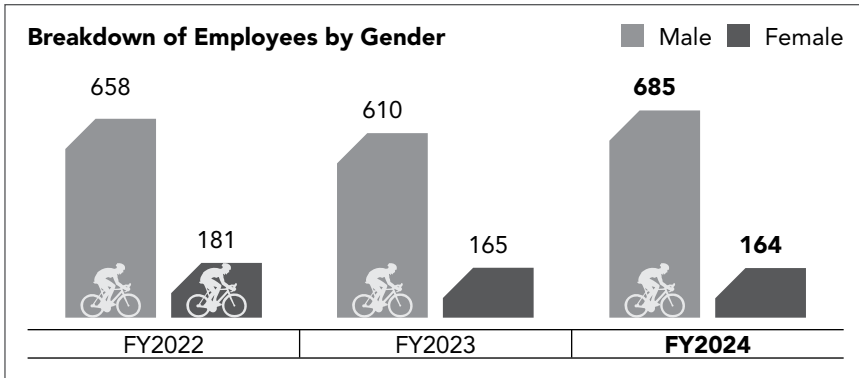
#### Promoting Mutual Respect and Understanding

To strengthen inclusivity further, we regularly host cultural celebrations such as Hari Raya, Chinese New Year, and Diwali, among others, to promote mutual respect and cultural understanding across the organization. Our inclusive environment is also supported by clear policies, accessible grievance mechanisms, and a robust Human Rights Policy, ensuring that every employee is heard and respected. We are convinced that diversity is a key driver of creativity and innovation, and it is integral to our success as a forward-thinking, inclusive organization.



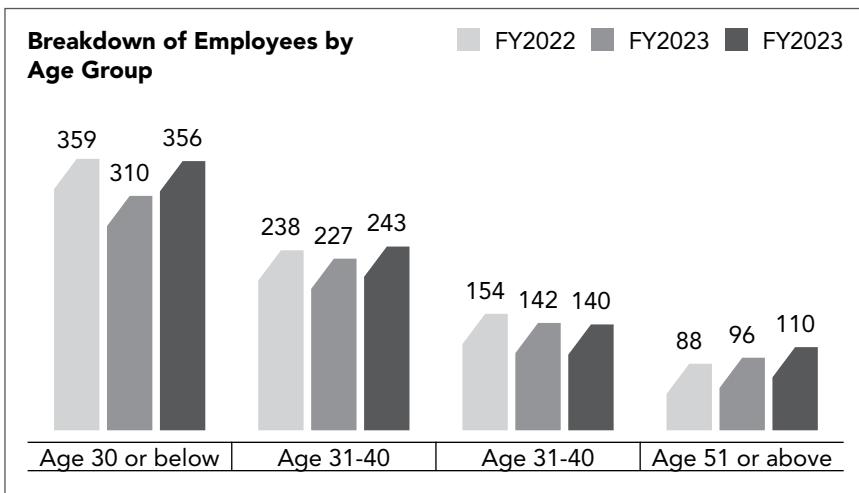
# SUSTAINABILITY STATEMENT

## Our Performance



**Illustration 2.1:** The chart displays restated data breakdown of employees by gender for FY2022, FY2023, and FY2024 by Tong Heer Fasteners Co. Sdn. Bhd., Tong Heer Fasteners (Thailand) Co. Ltd, Tong Heer Aluminium Industries Sdn. Bhd., and ACME Aluminium Sdn. Bhd.

The data reflects changes in the hiring patterns of male and female employees within our office and production teams from FY2022 to FY2024, with a higher number of male employees due to the physically demanding nature of the work and the involvement of heavy-duty tasks.



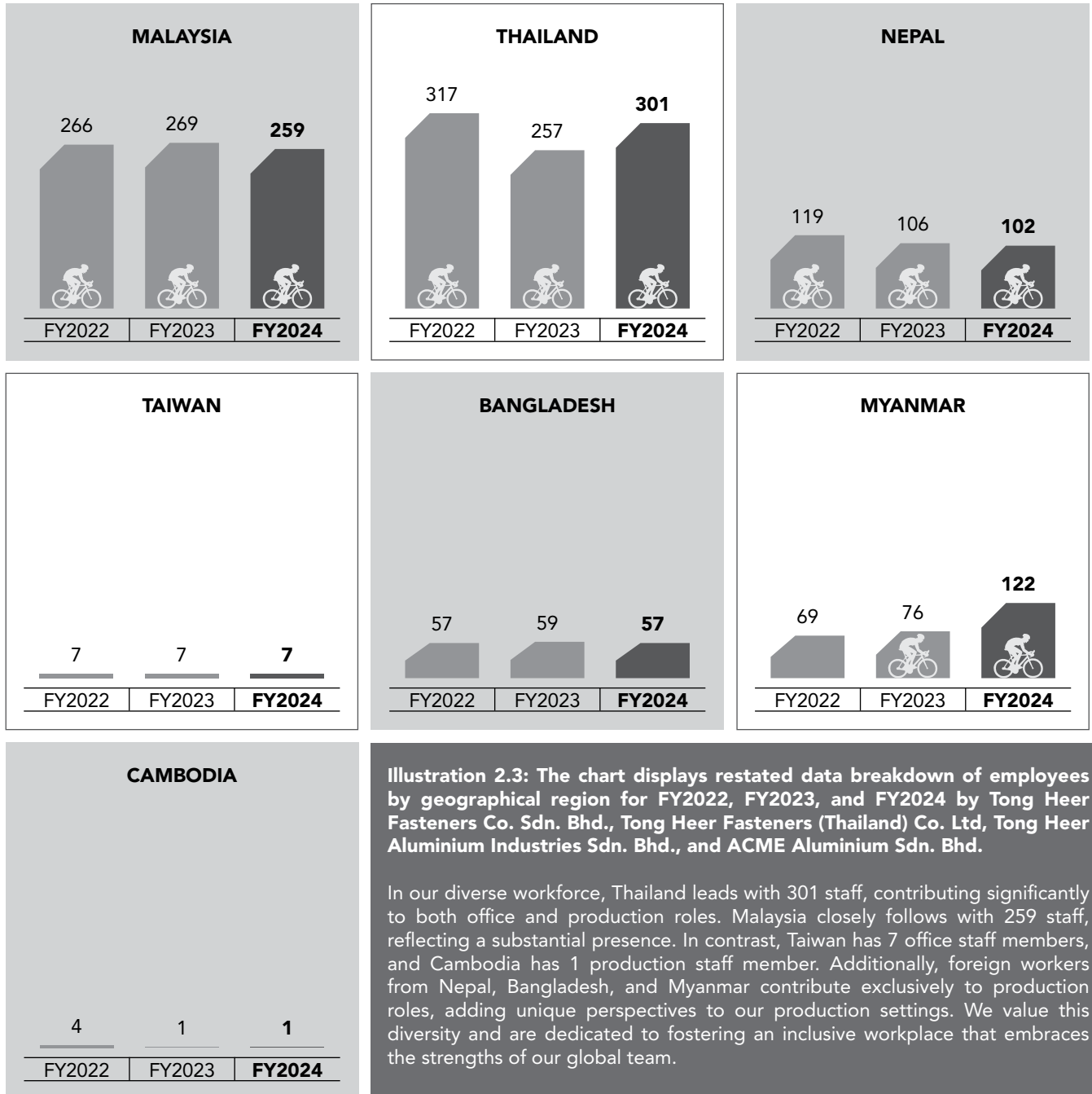
**Illustration 2.2:** The chart displays restated data breakdown of employees by age group for FY2022, FY2023, and FY2024 by Tong Heer Fasteners Co. Sdn. Bhd., Tong Heer Fasteners (Thailand) Co. Ltd, Tong Heer Aluminium Industries Sdn. Bhd., and ACME Aluminium Sdn. Bhd.

The age group analysis reveals a well-balanced workforce across various segments. With 356 individuals aged 30 or below, we actively recruit young professionals for their fresh perspectives and emerging skills. The 31-40 age (243 employees) strike a balance between new hires and mid-career professionals, fostering innovation and stability. In the 41-50 age group (140 employees), we emphasize the value of experience, retaining and nurturing seasoned professionals who mentor younger team members. The commitment continues with 110 employees aged 51 or above, reflecting our dedication to preserving institutional knowledge. This intentional age distribution contributes to a diverse workplace, encompassing a mix of experiences and perspectives within our organization.



# SUSTAINABILITY STATEMENT

## Breakdown of Employees by Geographical Region



**Illustration 2.3:** The chart displays restated data breakdown of employees by geographical region for FY2022, FY2023, and FY2024 by Tong Heer Fasteners Co. Sdn. Bhd., Tong Heer Fasteners (Thailand) Co. Ltd, Tong Heer Aluminium Industries Sdn. Bhd., and ACME Aluminium Sdn. Bhd.

In our diverse workforce, Thailand leads with 301 staff, contributing significantly to both office and production roles. Malaysia closely follows with 259 staff, reflecting a substantial presence. In contrast, Taiwan has 7 office staff members, and Cambodia has 1 production staff member. Additionally, foreign workers from Nepal, Bangladesh, and Myanmar contribute exclusively to production roles, adding unique perspectives to our production settings. We value this diversity and are dedicated to fostering an inclusive workplace that embraces the strengths of our global team.





# SUSTAINABILITY STATEMENT

## Breakdown of Employess by Ethnicity

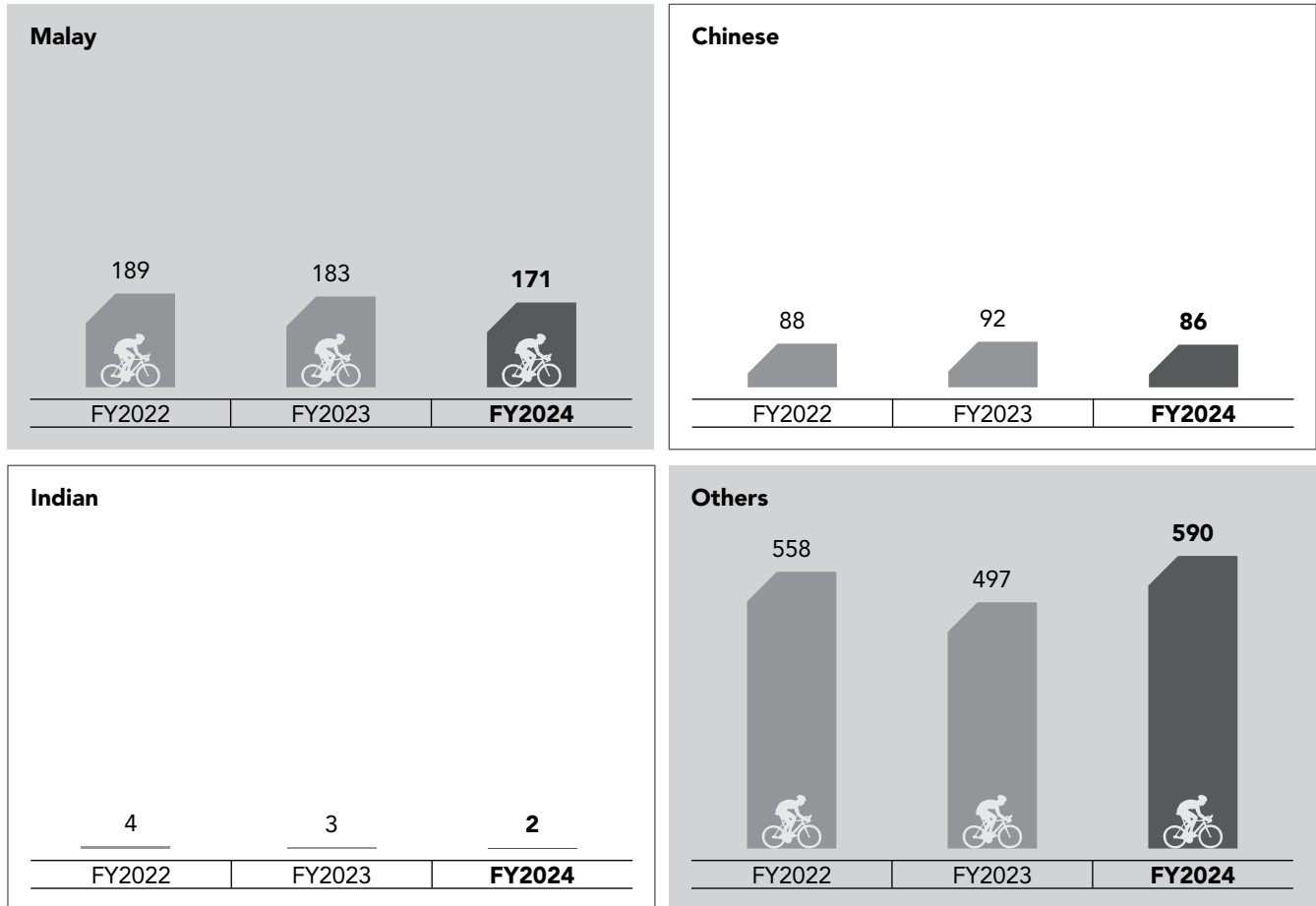


Illustration 2.4: The chart displays restated data breakdown of employees by ethnicity for FY2022, FY2023, and FY2024 by Tong Heer Fasteners Co. Sdn. Bhd., Tong Heer Fasteners (Thailand) Co. Ltd, Tong Heer Aluminium Industries Sdn. Bhd., and ACME Aluminium Sdn. Bhd.

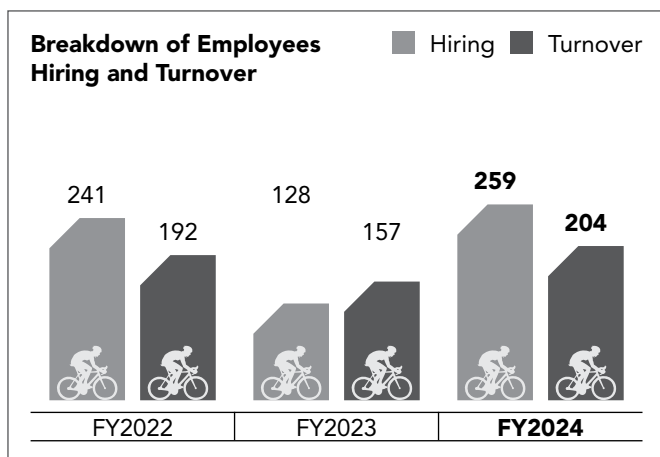


Illustration 2.5: The chart displays restated data breakdown of employees by employee hiring and turnover for FY2022, FY2023, and FY2024 by Tong Heer Fasteners Co. Sdn. Bhd., Tong Heer Fasteners (Thailand) Co. Ltd, Tong Heer Aluminium Industries Sdn. Bhd., and ACME Aluminium Sdn. Bhd.

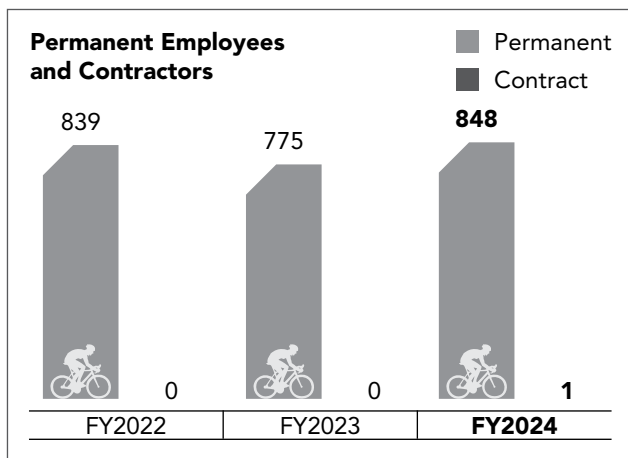
Tong Herr’s hiring and turnover data for the fiscal years provide valuable insights into the company’s workforce dynamics. In FY2022, the company hired 241 employees, which decreased to 128 in FY2023, indicating a decline of approximately 46.89%. However, in FY2024, there was a notable increase in hiring to 259 employees.



# SUSTAINABILITY STATEMENT

Regarding turnover, Tong Herr experienced a decrease in employee turnover over the same period. In FY2022, the turnover was 192, which decreased to 157 in FY2023, representing a decrease of approximately 18.23%. However, in FY2024 the turnover increased to 204, marking an increase of approximately 29.94% compared to FY2023.

These fluctuations suggest a dynamic employment landscape within Tong Herr, reflecting the company's efforts to manage its workforce effectively while maintaining stability and continuity.



**Illustration 2.6: The chart displays restated data breakdown of permanent employees and contractors for FY2022, FY2023, and FY2024 by Tong Heer Fasteners Co. Sdn. Bhd., Tong Heer Fasteners (Thailand) Co. Ltd, Tong Heer Aluminium Industries Sdn. Bhd., and ACME Aluminium Sdn. Bhd.**

The analysis of our Group's workforce composition over the fiscal years indicates stability in the number of permanent employees, with figures at 839 in FY2022, 775 in FY2023, and 848 in FY2024. Notably, there is one contract employee in FY2024.

## Occupational Health and Safety

At Tong Herr, we prioritize the health and safety of our employees as a fundamental responsibility. We believe that a safe working environment fosters productivity, well-being, and operational excellence. Our commitment extends beyond compliance with regulations, we continuously enhance workplace safety through innovation, training, and risk mitigation strategies.

### Why It Matters

The nature of our business involves manufacturing, logistics, and operations, all of which present workplace hazards. Ensuring employee safety is not only a legal obligation but also crucial for:

- Reducing workplace accidents and injuries.
- Improving employee morale and retention.
- Enhancing operational efficiency.
- Aligning with global Occupational Safety and Health (OSH) standards.

### Our Approach

To safeguard our workforce, we adhere to strict health and safety measures:

- Regulatory Compliance:**
  - Occupational Safety and Health Act 1994
  - Factories and Machinery Act 1967
  - Made reference to OHSAS 18001 & ISO 45001 Compliance
- Automation & Technology Integration:**
  - Use of automated warehouse management systems.
  - Deployment of robotics and conveyor automation to reduce manual handling risks.
- Training & Awareness Programs:**
  - Workplace safety briefings and fire drills.
  - Personal Protective Equipment (PPE) enforcement.
  - Emergency response and evacuation training.



# SUSTAINABILITY STATEMENT

## Our Performance

### Forklift Safety Refresh Training

Best Practices and SOPs for Operators was conducted in October 2024 to reinforce essential operational and safety guidelines for forklift operators. The session emphasized pre-operation inspections, safe load handling, and adherence to designated driving paths to ensure smooth operations. Safety procedures such as wearing PPE, maintaining situational awareness, and following emergency protocols were also highlighted to prevent workplace accidents. By focusing on best practices and SOP compliance, the training aimed to enhance both efficiency and workplace safety for all forklift operators.

### Scheduled Waste Management Training

The training was conducted in December 2024 to educate employees on proper waste handling, disposal, and compliance with environmental regulations. The session covered waste classification, labelling, storage procedures, and disposal methods to ensure safe and responsible management of scheduled waste. Participants were also briefed on legal requirements, risk mitigation strategies, and the importance of workplace safety in handling hazardous materials. This training aimed to enhance awareness and ensure adherence to best practices in waste management within the organisation.

### Ergonomic Training

The session was conducted in February 2024 to educate employees on proper lifting techniques, posture, and workplace ergonomics to prevent injuries and enhance efficiency. The training focused on safe material handling, correct body positioning, and the importance of reducing strain during physical tasks. Participants were guided through practical demonstrations on lifting, carrying, and stacking loads in a way that minimizes the risk of musculoskeletal disorders. This session aimed at creating a safer and healthier work environment by promoting the best ergonomic practices among employees.

## Health and Safety Management

Category	Description
Commitment to Safety Culture	Demonstrate a steadfast commitment to cultivating a safety culture that prioritizes the well-being of employees, contractors, and all stakeholders.
Regulatory Compliance	Ensure full compliance with local and international safety and health regulations, fostering a responsible approach to operations.
Continuous Training and Awareness	Invest in ongoing safety training programs to enhance the awareness and preparedness of all personnel, fostering a proactive approach to safety.
Emergency Preparedness and Response	Develop and maintain robust emergency preparedness and response protocols, emphasizing quick and effective actions to minimize potential impacts on safety.
Risk Management	Conduct regular risk assessments, implement preventive measures, and actively manage and mitigate risks to ensure a safe working environment.
Transparent Communication	Establish transparent communication channels for safety information dissemination, utilizing meetings, briefings, notice boards, and meeting minutes.
Incident Reporting and Investigation	Encourage a culture of prompt incident reporting and conduct thorough investigations, demonstrating a commitment to continuous improvement and learning from incidents.
Employee Engagement	Foster active employee participation in safety initiatives, seeking feedback, and encouraging a sense of ownership in the organization's safety culture.
Performance Monitoring and Reporting	Regularly monitor and transparently report safety performance metrics in sustainability reports, showcasing a dedication to accountability and improvement.



# SUSTAINABILITY STATEMENT

## Health And Safety Trainings

Throughout the year 2024, a diverse group of 396 participants underwent a series of comprehensive training sessions focusing on health and safety standards. Looking ahead, we aim to strengthen participation, increasing the Safety Refresher Training attendance rate from 46.64% in 2024 to 70% in 2025.

	2022	2023	2024
Number of employees trained on health and safety standard.	422	561	396

## Work-Related Injuries

Tong Herr paramount goal is to guarantee the safety of every worker, ensuring their secure return home at the conclusion of each day. To realize this commitment, we steadfastly strive to prevent and minimize workplace incidents, with the aim of maintaining an annual record of zero fatalities. This unwavering dedication underscores our proactive approach to fostering a workplace culture where the well-being of our employees is a top priority, and safety measures are rigorously implemented to mitigate any potential risks.

	2022	2023	2024
Total Hours Worked	2,118,752	1,885,098	2,069,027
Number of Fatalities	0	0	0
Number of Lost Time Injuries	7	7	20
Lost Time Incident Rate (LTIR)	3.30	3.71	9.67

**Table 2.1: The table displays restated data on work-related injuries for FY2022, FY2023 and FY2024 by Aluminium division and Fasteners division.**

## Human Rights

### Why It Matters

As a conscientious organization, Tong Herr places a paramount emphasis on upholding and respecting human rights across all our operations. We firmly believe that championing robust human rights practices not only contributes to enhanced productivity but also cultivates a healthy and inclusive working culture.

### Our Approach

In adherence to the Group’s commitment to upholding human rights, it refrains from withholding workers’ wages except as mandated by law. Ensuring compliance with Malaysia’s labour regulations, the Group guarantees that employees receive the statutory monthly minimum wage and overtime compensation. Furthermore, the Group opposes all indications of illegal, forced, bonded, compulsory, or child labour. To address the concerns of workers and stakeholders, the Group embraces an open, transparent, and collaborative approach, fostering resolution through constructive dialogue.

Our Prevention of Forced Labour Policy articulate explicit expectations for both employees and external stakeholders in their engagements with Tong Herr, particularly concerning human rights issues. The policy places significant emphasis on principles such as fair labour practices, a zero-tolerance approach to child and forced labour, protection against discrimination and harassment, upholding the freedom of association and collective bargaining, and the establishment of effective grievance mechanisms.

### Our Performance

We are committed to upholding human rights and have successfully maintained zero substantiated complaints related to human rights violations.

	2022	2023	2024
Number of substantiated complaints concerning human right violations	0	0	0



# SUSTAINABILITY STATEMENT

## Training and Development

### Why It Matters

Tong Herr places paramount importance on its employees, acknowledging them as the cornerstone of our success and growth. We are steadfast in our commitment to attracting, nurturing, and retaining high-performing individuals by fostering a work environment that is not only conducive but also empowering. Furthermore, we prioritize substantial investments in comprehensive development programs to equip our employees with the skills and knowledge needed to remain competitive, forward-thinking, and well-prepared for the challenges of the future. This unwavering commitment reflects our firm belief that a skilled and motivated workforce is indispensable for the sustained prosperity and advancement of our organization.

### Our Approach

Tong Herr’s approach to employee training and development is grounded in our commitment to fostering a skilled, motivated, and forward-thinking workforce. Recognizing that our employees are integral to our success, we prioritize creating a conducive and empowering work environment. We dedicate substantial resources to recruit, develop, and retain high-performing individuals who contribute to the growth and prosperity of our organization.

Our comprehensive approach encompasses strategic investments in development programs designed to enhance the capabilities and competencies of our employees. These programs not only focus on current job requirements but also aim to prepare our workforce for future challenges and opportunities. By prioritizing ongoing training and development initiatives, we ensure that our employees remain competitive, adaptable, and equipped with the skills needed in an evolving business landscape.

Tong Herr endeavours to cultivate an inspiring and supportive environment by offering competitive benefits and compensation packages designed to attract and retain top-tier talents. The following are amongst the benefits provided to our employees:

- Leaves: annual leave, no pay leave, sick or hospitalization leave, marriage leave, maternity leave and emergency leave.
- Allowance and Subsidy: professional membership subsidy, meal subsidy, petrol subsidy and attendance allowance.
- Insurance: group personal accident insurance, hospitalisation & surgical insurance and foreign worker insurance guarantee.
- Others: carpark facility, transportation arrangement for foreign workers, uniform & safety shoes, bona fide benefits, employee education assistance and panel clinics.

We believe in the continuous growth and progress of our employees, which is essential for the overall success of Tong Herr. Our commitment to employee training and development goes beyond fulfilling immediate organizational needs; it reflects our dedication to nurturing talent, promoting career advancement, and creating a workplace culture that values continuous learning and professional excellence. Through these initiatives, we aim to empower our employees to contribute effectively to the long-term success and sustainability of our organization.

### Our Performance

In the year 2024, the Group dedicated a total of 3,239 hours to training, investing RM72,911 in a comprehensive range of internal and external learning and development programs.

Employee Category	Total hours of training		
	2022	2023	2024
Senior Management (i.e. Head of department or director)	123	184	187
Middle Management (i.e. Senior staff, manager and executive)	436	596	992
General Staff	2,898	3,237	2,060
<b>Total Hours</b>	<b>3,457</b>	<b>4,017</b>	<b>3,239</b>



**Illustration 2.8: Comprehensive Team Building & Training Program for FY2024**



# SUSTAINABILITY STATEMENT

## Community Investment

### Why It Matters

We firmly advocate for the belief that cultivating a positive interaction between businesses and communities is instrumental in promoting social inclusion and fostering favourable long-term outcomes. At Tong Herr, our unwavering commitment to being a responsible corporate citizen is exemplified through our dedication to giving back to the communities where we operate. Our programs for community engagement and impact are strategically directed towards education and social welfare, with the overarching goal of nurturing local talent and empowering individuals to realize their fullest potential. Through substantial investments in education, we contribute to the development of a high-quality talent pool that not only benefits Tong Herr but also contributes to the growth of future organizations. Additionally, our initiatives focused on social welfare fortify our ties with local communities, leaving a positive imprint on their well-being.

### Our Approach

Our strategy for community investment at Tong Herr is founded on a commitment to creating lasting positive impacts in the areas where we operate. Recognizing the interconnectedness of businesses and communities, we prioritize initiatives that contribute to social well-being, economic development, and environmental sustainability. Our community investment programs are strategically designed to address local needs and foster collaboration between Tong Herr and the communities we serve. Key pillars of our approach include education, social welfare, and environmental stewardship. By investing in these areas, we aim to build a stronger, more resilient relationship with the community, creating a shared path toward prosperity and sustainable development.

### Our Performance

Key highlights of Tong Herr contributions for year 2024 are as follows:

- Environmental Conservation: Supporting Penang 1 million tree planting program.



Illustration 2.9: Penang 1 Million Tree Planting Program for FY2024

### Community Investment Performance Data

	2022 RM'000	2023 RM'000	2024 RM'000
Total amount invested where the target beneficiaries are external to Tong Herr	10	30	2
Total number of beneficiaries of the investment in communities	2	1	1
Number of employees participated in community impact programmes	N/A	N/A	1
Total hours spent on community impact programmes	N/A	N/A	1



SUSTAINABILITY  
STATEMENT

# APPENDIX AND REFERENCES

## Bursa Malaysia Common Indicators Summary

Table below shows the overview of all the common indicators from Bursa Malaysia Sustainability Reporting Framework (3<sup>rd</sup> edition) and the specific section they can be located from.

Key: FY = Financial Year

Indicator	Measurement Unit	FY2022	FY2023	FY2024
<b>Bursa (Anti-corruption)</b>				
<b>Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category</b>				
Management	Percentage	-	100	<b>100</b>
Executive	Percentage	-	100	<b>100</b>
Non-executive/Technical Staff	Percentage	-	100	<b>100</b>
<b>Bursa C1(b) Percentage of operations assessed for corruption-related risks</b>	Percentage	-	100	<b>100</b>
<b>Bursa C1(c) Confirmed incidents of corruption and action taken</b>	Number	0	0	<b>0</b>
<b>Bursa (Community/Society)</b>				
<b>Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer</b>	MYR	10,000	30,000	<b>2,000</b>
<b>Bursa C2(b) Total number of beneficiaries of the investment in communities</b>	Number	1	1	<b>1</b>
<b>Bursa (Diversity)</b>				
<b>Bursa C3(a) Percentage of employees by gender and age group, for each employee category</b>				
Age Group by Employee Category				
Management Under 30	Percentage	-	0	<b>0</b>
Management Between 30-50	Percentage	-	46	<b>36</b>
Management Above 50	Percentage	-	54	<b>64</b>
Executive Under 30	Percentage	-	23	<b>21</b>
Executive Between 30-50	Percentage	-	53	<b>55</b>
Executive Above 50	Percentage	-	24	<b>24</b>
Non-executive/Technical Staff Under 30	Percentage	-	43	<b>44</b>
Non-executive/Technical Staff Between 30-50	Percentage	-	48	<b>47</b>
Non-executive/Technical Staff Above 50	Percentage	-	9	<b>9</b>
Gender Group by Employee Category				
Management Male	Percentage	77	74	<b>81</b>
Management Female	Percentage	23	26	<b>19</b>
Executive Male	Percentage	71	61	<b>48</b>
Executive Female	Percentage	29	39	<b>52</b>
Non-executive/Technical Staff Male	Percentage	80	82	<b>84</b>
Non-executive/Technical Staff Female	Percentage	20	18	<b>16</b>



## SUSTAINABILITY STATEMENT

Indicator	Measurement Unit	FY2022	FY2023	FY2024
<b>Bursa C3(b) Percentage of directors by gender and age group</b>				
Male	Percentage	78	56	<b>56</b>
Female	Percentage	22	44	<b>44</b>
Under 30	Percentage	0	0	<b>0</b>
Between 30-50	Percentage	44	44	<b>44</b>
Above 50	Percentage	56	56	<b>56</b>
<b>Bursa (Energy management)</b>				
<b>Bursa C4(a) Total energy consumption</b>	Megawatt	19,898.26	14,944.18*	<b>14,902.14</b>
<b>Bursa (Health and safety)</b>				
<b>Bursa C5(a) Number of work-related fatalities</b>	Number	0	0	<b>0</b>
<b>Bursa C5(b) Lost time incident rate ("LTIR")</b>	Rate	3.3	3.71*	<b>9.67</b>
<b>Bursa C5(c) Number of employees trained on health and safety standards</b>	Number	422	561	<b>396</b>
<b>Bursa (Labour practices and standards)</b>				
<b>Bursa C6(a) Total hours of training by employee category</b>				
Management	Hours	123	184	<b>187</b>
Executive	Hours	436	596	<b>992</b>
Non-executive/Technical Staff	Hours	2,898	3,237	<b>2,060</b>
<b>Bursa C6(b) Percentage of employees that are contractors or temporary staff</b>	Percentage	0	0	<b>0.12</b>
<b>Bursa C6(c) Total number of employee turnover by employee category</b>				
Management	Number	-	0	<b>0</b>
Executive	Number	-	3	<b>6</b>
Non-executive/Technical Staff	Number	-	154	<b>198</b>
<b>Bursa C6(d) Number of substantiated complaints concerning human rights violations</b>	Number	0	0	<b>0</b>
<b>Bursa (Supply chain management)</b>				
<b>Bursa C7(a) Proportion of spending on local suppliers</b>	Percentage	10.52	11.07	<b>13.79</b>
<b>Bursa (Data privacy and security)</b>				
<b>Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data</b>	Number	0	0	<b>0</b>





# SUSTAINABILITY STATEMENT

Indicator	Measurement Unit	FY2022	FY2023	FY2024
<b>Bursa (Water)</b>				
<b>Bursa C9(a) Total volume of water used</b>	Megalitres	323.52	281.29*	<b>266.32</b>
<b>Bursa (Waste management)</b>				
<b>Bursa C10(a) Total waste generated</b>	Metric tonnes	-	-	<b>3,923.33</b>
<b>Bursa C10(a)(i) Total waste diverted from disposal</b>	Metric tonnes	4,837.2	4,939.04*	<b>3,785.94</b>
<b>Bursa C10(a)(ii) Total waste directed to disposal</b>	Metric tonnes	-	-	<b>137.39</b>
<b>Bursa (Emissions management)</b>				
<b>Bursa C11(a) Scope 1 emissions in tonnes of CO<sub>2</sub>e</b>	Metric tonnes	5,827.13	4,185.13*	<b>4,350.59</b>
<b>Bursa C11(b) Scope 2 emissions in tonnes of CO<sub>2</sub>e</b>	Metric tonnes	13,106.44	9,878.05*	<b>9,771.98</b>
<b>Bursa C11(c) Scope 3 emissions in tonnes of CO<sub>2</sub>e (at least for the categories of business travel and employee commuting)</b>	Metric tonnes	585.28	627.96*	<b>667.1</b>

(\*) Restated

## SASB Content Index – Industrial Machinery & Goods

SASB Topic	Accounting Metric	Disclosure (Example)	Reference (Section in Report)
Energy Management	Total energy consumed (GJ)	1,500,000 GJ	Environmental Performance
Energy Management	Percentage of energy from renewable sources	25%	Environmental Performance
Greenhouse Gas (GHG) Emissions	Scope 1 emissions (tCO <sub>2</sub> e)	8,000 tCO <sub>2</sub> e	Climate & Emissions Management
Greenhouse Gas (GHG) Emissions	Scope 2 emissions (tCO <sub>2</sub> e)	6,000 tCO <sub>2</sub> e	Climate & Emissions Management
Water Management	Total water withdrawn (ML)	500 ML	Water & Wastewater Management
Water Management	Percentage of water recycled	30%	Water & Wastewater Management
Waste Management	Total hazardous waste generated (tons)	1,200 tons	Waste Management
Waste Management	Percentage of waste recycled	40%	Waste Management
Employee Health & Safety	Total Recordable Incident Rate (TRIR)	1.2 cases per 200,000 hours worked	Occupational Health & Safety
Employee Health & Safety	Lost Time Injury Frequency Rate (LTIFR)	0.5	Occupational Health & Safety
Product Lifecycle Management	% of products designed for recyclability	80% of fasteners are recyclable	Sustainable Product Development
Business Ethics & Governance	Supplier ESG audits conducted (%)	70% of key suppliers audited	Responsible Sourcing
Business Ethics & Governance	Anti-corruption training coverage	100% of employees trained	Business Ethics & Compliance



# SUSTAINABILITY STATEMENT

## Global Reporting Initiative (GRI) Summary

<b>Statement of Use</b>	Tong Herr Resources Berhad has reported with reference to GRI Standards for the period from 1 January 2024 to 31 December 2024.
<b>GRI 1 Used</b>	GRI 1: Foundation 2021

GENERAL DISCLOSURES		
GRI Standard	Disclosure	Page No.
GRI 2 - General Disclosures 2021	2-1 Organizational details	42
	2-2 Entities included in the organization’s sustainability reporting	43
	2-3 Reporting period, frequency and contact point	40
	2-4 Restatements of information	38
	2-5 External assurance	42
	2-29 Approach to stakeholder engagement	51
GRI 3 – Materials Topics 2021	3-1 Process to determine material topics	53
	3-2 List of material topics	54
	3-3 Management of material topics	54
GRI 201 – Economic Performance 2016	201-1 Direct economic value generated and distributed	55
GRI 204 – Procurement Practices 2016	204-1 Proportion of spending on local suppliers	56
GRI 205 – Anti Corruption 2016	205-1 Operations assessed for risks related to corruption	57
	205-2 Communication and training about anti-corruption policies and procedures	57
	205-3 Confirmed incidents of corruption and actions taken	57
GRI 302 – Energy 2016	302-1 Energy consumption within the organization	58
	302-4 Reduction of energy consumption	59
GRI 303 – Water and Effluents 2018	303-5 Water consumption	65
GRI 305 – Emission 2016	305-1 Direct (Scope 1) GHG emissions	61
	305-2 Energy indirect (Scope 2) GHG emissions	62
	305-3 Other indirect (Scope 3) GHG emissions	62
	305-5 Reduction of GHG emissions	60
GRI 306 – Waste 2020	306-3 Waste generated	66
	306-5 Waste directed to disposal	66



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GENERAL DISCLOSURES		
GRI Standard	Disclosure	Page No.
GRI 403 – Occupational Health and Safety 2018	403-1 Occupational health and safety management system	73
	403-2 Hazard identification, risk assessment, and incident investigation	74
	403-3 Occupational health services	74
	403-4 Worker participation, consultation, and communication on occupational health and safety	74
	403-5 Worker training on occupational health and safety	75
	403-6 Promotion of worker health	74
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	74
	403-8 Workers covered by an occupational health and safety management system	73
	403-9 Work-related injuries	75
GRI 404 – Training and Education 2016	404-1 Average hours of training per year per employee	76
	404-2 Programs for upgrading employee skills and transition assistance programs	76
GRI 405 – Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	69
GRI 406 – Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	75
GRI 413 – Local Communities 2016	413-1 Operations with local community engagement, impact assessment, and development programs	77
GRI 418 – Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	58

## References

- 1) Greenhouse Gas Protocol. (2024). Cross-Sector Tools: Emission Factors. [Excel spreadsheet]. Available at: <https://ghgprotocol.org/calculation-tools-and-guidance> [Accessed 14 February 2025].
- 2) Kosai, S., Zakaria, S., Che, H.S., Hasanuzzaman, M., Rahim, N.A., Tan, C., Ahmad, R.D.R., Abbas, A.R., Nakano, K., Yamasue, E. and Woon, W.K., 2022. Estimation of greenhouse gas emissions of petrol, biodiesel and battery electric vehicles in Malaysia based on life cycle approach. *Sustain.* 14 (10), 5783 (2022).
- 3) Kwan, S.C., binti Zakaria, S., Ibrahim, M.F., Mahiyuddin, W.R.W., Sofwan, N.M., Wahab, M.I.A., Ahmad, R.D.R., Abbas, A.R., Woon, W.K. and Sahani, M., 2023. Health impacts from TRAPs and carbon emissions in the projected electric vehicle growth and energy generation mix scenarios in Malaysia. *Environmental Research*, 216, p.114524.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is pleased to present its Statement on Risk Management and Internal Control of the Group for the financial year 31 December 2024, which has been prepared pursuant to Paragraph 15.26(b) of MMLR, Principle B of the MCCG, and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. This statement outlines the nature and state of risk management and internal controls of the Group during the FY 2024.

## **Board Responsibility**

In order to safeguard the shareholders' investments and the Group's assets, the Board of Directors has overall responsibility for maintaining a sound risk management and internal control framework for good corporate governance that is able to ensure the achievement of not only financial controls but also operational, organisational, regulatory and compliance controls.

However, the framework in place is designed to manage rather than eliminate the risk of failure to achieve business objectives, and therefore can only provide reasonable but not absolute assurance against material misstatement of management and financial information or against financial losses.

## **Risk Management Framework**

The Board has established an ongoing process for identifying, measuring, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment or regulatory guidelines. In order to align with the dynamic changes in the business environment, the system of risk management and internal control instituted throughout the Group is reviewed and updated on a periodic basis to ensure its continued effectiveness adequacy and integrity. This process has been in place throughout the year under review and carried out in the following perspective:-

## **Board of Directors**

The Board is fully responsible in determining the Group's risk appetite and level of risk exposure. In its regular Board Meetings, significant risk and material issues are brought to the attention of Directors which require decision to be made. To safeguard shareholders' interest and the Group's assets, the Board ensure that business risks are identified, assessed and managed, in the Group's strategic planning and decision making process.

## **Audit Committee**

The Audit Committee ("AC") is assisted by an in-house Internal Auditor ("IA") who performs regular independent review, monitor and ensure compliance with the Group's policies, procedures and systems of risk management and internal control. The AC, on every AC Meeting, review internal audit reports for the Group prepared by the IA. It will consider major findings of the internal auditors and management response thereto. Monitoring on the corrective actions of any outstanding audit issues are ongoing to ensure that all the risks and control lapses have been addressed.

## **Operating Business Units**

Standard operating policies and procedures (SOPP) were formalised to guide the operations of the Group's operating business units. It documents how transactions are captured and where internal controls are applied. In addition, as part of the performance monitoring process, quarterly management accounts and monthly management reports are submitted to the Head Office Finance Department for review and onward presentation to the Board for review and approval.

## **Internal Audit Function**

The Group has established an in-house Internal Audit Function where the Internal Audit Personnel reports independently to the AC. The AC is responsible to review and approve the internal audit plan on an annual basis. The internal audit plan is designed to evaluate, assess and identify the missing controls and areas that need efficient enhancement. The cost incurred in maintaining the internal audit function in respect of the financial year was RM42,000.

The Internal Audit Personnel will carry out independent review on internal controls and activities within the Group. During the financial year ended 31 December 2024, the Internal Audit Personnel has not reported any significant control weaknesses which may result in any material losses, uncertainties or contingencies that would require disclosure in the Group's annual report.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Internal Control

The key elements of the Group's internal control system are described below:

- i) Segregation of duties between the Board and management. The Independent Directors reviews the financial statements reported to the Board by the Executive Directors and Financial Controller;
- ii) Board discussions on financial and operational issues with management during board meetings as well as the measures taken by management to mitigate organisational risks;
- iii) The quality management systems possessed by the subsidiaries and their continual compliance with these respective certification bodies' requirements;
- iv) Potential financial risk exposure resulting from fire, perils, money, burglary, trade credit, product liability and public liability are insured to minimise Group's financial exposures and losses;
- v) Implementation of physical security controls such as CCTVs, security guards at the strategic locations like, production area, office, fencing and gate;
- vi) Allows, supports and encourages employees and third parties to report and raise genuine concerns about possible improprieties in matters of financial reporting, compliance, malpractices and unethical business conduct within the Group at the earliest opportunity and in an appropriate way by establishing a Whistle Blowing Policy; and
- vii) Established the Anti-Bribery and Anti-Corruption Policy to provide information and guidance to the Directors and Employees of the Company on standards of behaviour to which they must adhere to and how to deal with bribery and corruption issues, as well as set out the responsibilities to comply with the law.

### Other Risk and Control Process

In addition to the above, the Group also has in place the following key elements:

- Well-defined hierarchical structure which indicated areas of responsibilities, scope of authority and segregation of duties.
- The AC reviews the financial results on the quarterly basis to monitor the performance of the Group. Any material variances encountered by the Internal Audit Personnel will be reported to the Board.
- Formal employee appraisal system, which enables appraisal of employees and rewarding employees, based on performance and attendance.
- The Group continues to review and update the Standard Operating Procedures for key processes for all Departments to govern the daily operations. This is being continuously monitored and reviewed to ensure effective management of the Group's operations.

The Board is responsible for maintaining a good internal control system and recognises that the system must keep growing to support the Group's operations. As a result, the Board and management will continue to take steps to improve the internal control environment in order to protect shareholders' capital and the Group's assets.

Based on the risk management and internal control system implemented, the Board has obtained assurance from the Group Managing Director that the Company's risk management and internal control system is working appropriately and effectively in all material aspects.

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the year ended 31 December 2024 pursuant to Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Practices 9.1 and 9.2 of the MCCG to be set out, nor is factually inaccurate.

This statement was made in accordance with the Board of Directors' resolution dated 9 April 2025.



# AUDIT COMMITTEE REPORT

## 1. Establishment

The Audit Committee was established on 20 July 1999.

## 2. Members

The Company has fulfilled the requirements of Paragraph 15.09 of the MMLR and the Principles and Practices recommended by MCCG 2021 with regard to the composition of the Audit Committee. The members of the Committee during the financial year were as follows:

Name	Designation
Datin Nik Haslinda Binti Nik Mohd Hashim (Independent Non-Executive Director)	Chairperson of the Committee
Soon Gim Wooi (Independent Non-Executive Director)	Member of the Committee
Rohaiza Binti Mohamed Basir (Independent Non-Executive Director)	Member of the Committee

## 3. Terms of Reference ("TOR")

The Audit Committee's TOR can be viewed from our website at [www.tong.com.my](http://www.tong.com.my).

## 4. Meetings

The Audit Committee met on four (4) occasions during year 2024 and the meeting attendance record of each Director was as follows:

Name	No. of Meetings Attended
Datin Nik Haslinda Binti Nik Mohd Hashim	4/4
Soon Gim Wooi	4/4
Rohaiza Binti Mohamed Basir	4/4

The Finance Manager, Internal Audit Personnel and representative of the External Auditors were invited to attend the meetings (where applicable). The External Auditors may request with the Chairman of the Audit Committee to convene a meeting if they consider it necessary.

## 5. Authority

Certain responsibilities are delegated to Board Committees through clearly defined TOR. It shall have full and unrestricted access to any information pertaining to the Company or the Group.

The Committee shall have direct communication channels with both the External Auditors and Internal Audit Personnel. The Committee shall also have the right to seek outside legal or other independent professional advice and to convene meetings with the External Auditors, the Internal Audit Personnel or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

## 6. Summary of Work of the Audit Committee

The meetings held during the financial year were mainly to deliberate on the following issues:

- a) Reviewed quarterly results and annual financial reports.
- b) Reviewed the External Auditors' scope of work and audit plan for the Group.



## AUDIT COMMITTEE REPORT

### 6. Summary of Work of the Audit Committee (Cont'd)

- c) Reviewed the reports of External Auditors pertaining to accounts and internal control status.
- d) Discussed and reviewed the extent of compliance to the MMLR, the MCCG 2021 and updates on new developments of accounting standards issued by the Malaysian Accounting Standards Board.
- e) Reviewed the Internal Audit Personnel's scope of work, internal audit plan, programs and reports.
- f) Reviewed on a quarterly basis the relevant Recurrent Related Party Transactions, Related Party Transactions and Conflict of Interests (if any).
- g) Recommend to the Board for the re-appointment of External Auditors after assessing the suitability, objectivity and independence of the External Auditors and considering the information presented in their Annual Transparency Report.

### 7. Internal Audit Function

The Group has established an In-house Internal Audit Function since 21 February 2002 to assist the Audit Committee in the discharge of its duties and responsibilities. The Internal Audit Personnel is consist of a staff who has a Bachelor of Accountancy and free from any relationship and conflict of interest which could impair her objectivity and independence. She is assisting the Audit Committee in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives in accordance with a recognise framework. Internal audit function is carried out to assess the adequacy and integrity of the internal control system of the Group based on the internal audit plan reviewed and approved by the Audit Committee. With the internal audit function being put in place, remedial actions can be taken in relation to weaknesses identified and noted in the systems and controls of the respective operating units. The setting up of the internal audit function is geared towards increasing efficiency and better management of resources in all aspects of the Group's operations.

### 8. Summary of Work of the Internal Audit Function

The summary of work that was carried out for the year under review were as follows:

- a) Prepared the audit plan that focused on high risk areas.
- b) Performed internal audit reviews in accordance with the approved audit plan.
- c) Issued reports on the results of the internal audit reviews, identifying weaknesses with suggested recommendations for improvements to management for further action.
- d) Attended Audit Committee's meetings to table and discuss the audit reports and follow-up on the matters raised.
- e) Followed-up on the implementation of corrective action plans or best practices agreed with the Management.
- f) Reviewed the appropriateness of the disclosure statements with regard to compliance with the MCCG 2021 and the statement of internal controls.
- g) Performing any other relevant duties assigned by the Board of Directors.



## ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the MMLR.

### UTILISATION OF PROCEEDS

No proceeds from corporate proposal were raised by the Company during the financial year ended 31 December 2024.

### MATERIAL CONTRACT

There were no material contracts entered into by the Group which involved Directors and/or major shareholders interests during the financial year ended 31 December 2024.

### CONTRACT RELATING TO LOAN

There were no material contracts relating to loans entered into by the Company and its subsidiaries that involved the Directors and Major Shareholders.

### AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/payable to the external auditors and the firm affiliated to the external auditors by the Group and the Company for the financial year ended 31 December 2024 were as follows:-

	Group (RM)	Company (RM)
Audit Services Rendered	165,000	57,000
Non Audit Services Rendered	48,900	7,800

### EMPLOYEE SHARE SCHEME

There was no Employee Share Scheme implemented during the financial year ended 31 December 2024.





## ADDITIONAL COMPLIANCE INFORMATION

### RECURRENT RELATED PARTY TRANSACTION OF REVENUE OR TRADING NATURE

Details of the Recurrent Related Party Transaction (“RRPT”) of revenue or trading nature entered into pursuant to the shareholders’ mandate obtained at the 27<sup>th</sup> Annual General Meeting of the Company held on 29 May 2024 to 27 March 2025, which represents the latest practicable date prior to the printing of the RRPT Circular, were as follows:

#### a) Proposed Renew Mandate

Transacting parties	Companies within the Group	Nature of transaction	Interested related parties	Amount of Transactions (RM)
Tongming Enterprise Co. Ltd (TME)	Tong Heer Fasteners Co. Sdn. Bhd. (THF)	Purchase of goods	Tsai, Ching-Tung <sup>(d)</sup> Tsai, Hung-Chuan <sup>(a)</sup> Tsai, Chia-Yen <sup>(g)</sup> Tsai, Jane-Rong <sup>(h)</sup> Tsai Ming Ti <sup>(c)</sup> Tsai Liao Chin Yeh <sup>(e)</sup> Tsai Yi Ting <sup>(b)</sup> Tsai Pei Chen <sup>(f)</sup> Allrich Corp (Allrich) <sup>(i)</sup> Richard Holdings Limited (RHL) <sup>(i)</sup>	-
Winlink Fasteners Co Ltd (WFC)	THF	Purchase of goods		3,498,602
Tong Win International Co. Ltd (TWI)	THF	Sales of goods		13,243,043
Tonglink Enterprise Co. Ltd (TLE)	THF	Provision of consultation services by TLE to THF		156,685
TLE	THF	Sales of goods by THF to TLE		-
WFC	Tong Heer Fasteners (Thailand) Co. Ltd. (THFT)	Purchase of goods		2,646,844
TWI	THFT	Sales of goods		64,496,807
TME	THFT	Purchase of goods		589,132
TLE	THFT	Provision of consultation services by TLE to THFT		175,679
TLE	THFT	Sales of goods by THFT to TLE		-



## ADDITIONAL COMPLIANCE INFORMATION

### RECURRENT RELATED PARTY TRANSACTION OF REVENUE OR TRADING NATURE (CONT'D)

#### b) Proposed New Mandate

Nature of transaction	Company in THR Group	Mandated Related Parties	Interested Related Parties	2025 Proposed Mandate
				Estimated value of transactions from the forthcoming 28 <sup>th</sup> AGM to the next AGM * (RM)
Sales of goods	THF	Tong Ming Fasteners Co., Ltd. (TMF)	Tsai, Ching-Tung <sup>(d)</sup> Tsai, Hung-Chuan <sup>(a)</sup> Tsai, Chia-Yen <sup>(g)</sup> Tsai, Jane-Rong <sup>(h)</sup> Tsai Ming Ti <sup>(c)</sup>	10,000,000
Sales of goods	THFT	TMF	Tsai Liao Chin Yeh <sup>(e)</sup> Tsai Yi Ting <sup>(b)</sup> Tsai Pei Chen <sup>(f)</sup> Allrich <sup>(i)</sup> RHL <sup>(i)</sup>	20,000,000

Notes:

- (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, and also Director and Shareholder of TMF. 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, and also Director and shareholder of TMF. 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) She is 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 Company intends to seek shareholders' approval on the Proposed Renewal of Existing Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transaction of Revenue or Trading Nature to be tabled at this Annual General Meeting.



# Financial Statements

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# DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2024. All values shown in this report are rounded to the nearest thousand ("RM'000") unless otherwise indicated.

## Principal activities

The principal activity of the Company is that of investment holding. The principal activities and other details of the subsidiaries are disclosed in Note 6 to the financial statements.

## Results

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
- Owners of the Company	1,682	10,698
- Non-controlling interests	5,941	0
	7,623	10,698

## Dividends

During the financial year, the Company paid a final single tier dividend of 7.5 sen per share amounting to RM11,514,000 in respect of the financial year ended 31 December 2023.

A final single tier dividend of 3.3 sen per share in respect of the financial year ended 31 December 2024 will be proposed for shareholders' approval at the forthcoming annual general meeting.

## Reserves and provisions

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

## Issue of shares or debentures

The Company did not issue any shares or debentures during the financial year.

## Share options

The Company did not grant any share options during the financial year.

## Bad and doubtful debts

Before the financial statements were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent.

## Current assets

Before the financial statements were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements misleading.



# DIRECTORS' REPORT

## Valuation methods

At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group or the Company misleading or inappropriate.

## Contingent and other liabilities

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

## Change of circumstances

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

## Items of an unusual nature

The results of the operations of the Group and the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

## Directors

The directors in office since the beginning of the financial year are:

### Directors of the Company

Tsai Ming Ti  
Tsai, Hung-Chuan  
Tsai Yi Ting  
Tsai Pei Chen  
Tsai, Chia-Yen  
Tan Ban Leong  
Datin Nik Haslinda Binti Nik Mohd Hashim  
Rohaiza Binti Mohamed Basir  
Soon Gim Wooi

### Directors of subsidiaries (other than directors of the Company)

Tsai, Ching-Tung  
Lu, Yeo-Lee  
Lee Chen-Chao  
Wu Kuo-G  
Siek Hian Hock



## DIRECTORS' REPORT

### Directors' interests

According to the register of directors' shareholdings, the interests in shares in the Company of the directors in office at the end of the financial year are as follows:

Name of director	Number of ordinary shares					
	Balance at 1.1.2024	Direct interest		Balance at 31.12.2024	Deemed interest	
		Bought	Sold		Balance at 1.1.2024	Balance at 31.12.2024
Tsai Ming Ti	2,020,402	0	0	2,020,402	50,178,357	50,178,357
Tsai, Hung-Chuan	0	0	0	0	61,191,043	61,191,043
Tsai Yi Ting	198,000	0	0	198,000	49,044,307	49,044,307
Tsai Pei Chen	731,100	0	0	731,100	49,044,307	49,044,307
Tan Ban Leong	45,000	0	0	45,000	0	0

By virtue of their interests in shares in the Company, Tsai Ming Ti, Tsai, Hung-Chuan, Tsai Yi Ting and Tsai Pei Chen are also deemed to have interests in shares in the subsidiaries to the extent of the Company's interests, pursuant to Section 8 of the Companies Act 2016.

### Directors' benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than the directors' remuneration as disclosed in Note 23 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of certain related party transactions as disclosed in Note 28 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### Indemnity and insurance for directors and officers

There was no indemnity given to or liability insurance effected for any director or officer of the Group or the Company during the financial year.

### Auditors

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office. The auditors' remuneration is disclosed in Note 22 to the financial statements. There was no indemnity given to or liability insurance effected for the auditors during the financial year.

**Signed in accordance with a resolution of the directors dated 9 April 2025**

**Tsai Yi Ting**

**Tan Ban Leong**

In the opinion of the directors, the financial statements set out on pages 98 to 138 give a true and fair view of the financial position of the Group and the Company as at 31 December 2024 and of their financial performance and cash flows for the



# STATEMENT BY DIRECTORS

financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

**Signed in accordance with a resolution of the directors dated 9 April 2025**

**Tsai Yi Ting**

**Tan Ban Leong**

# STATUTORY DECLARATION

I, Khoo Su Jun (MIA membership no.: 48026), being the officer primarily responsible for the financial management of Tong Herr Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 98 to 138 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the  
abovenamed Khoo Su Jun at George Town  
in the State of Penang on this 9 April 2025

Before me

**Khoo Su Jun**  
Financial Controller



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TONG HERR RESOURCES BERHAD

## Report on the audit of the financial statements

### *Opinion*

We have audited the financial statements of Tong Herr Resources Berhad, which comprise the statements of financial position as at 31 December 2024 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 98 to 138.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2024, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

### *Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Group and the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and the Company of the current period. These matters were addressed in the context of our audit of the financial statements of the Group and the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

### *Information other than the financial statements and auditors' report thereon*

The directors of the Company are responsible for the other information. The other information comprises the directors' report (but does not include the financial statements of the Group and the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements of the Group and the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and request that a correction be made. If the directors refuse to make the correction, we shall take appropriate action considering our legal rights and obligations, to seek to have the uncorrected material misstatement appropriately brought to the attention of users for whom our auditors' report is prepared.





# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TONG HERR RESOURCES BERHAD

## Report on the audit of the financial statements (Cont'd)

### *Responsibilities of the directors for the financial statements*

The directors of the Company are responsible for the preparation of financial statements of the Group and the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and the Company, including the disclosures, and whether the financial statements of the Group and the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TONG HERR RESOURCES BERHAD

## Report on the audit of the financial statements (Cont'd)

Auditors' responsibilities for the audit of the financial statements (Cont'd)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and the Company of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that we have not acted as auditors of a subsidiary, Tong Heer Fasteners (Thailand) Co., Ltd.

## Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

**Eddy Chan Wai Hun**  
02182/10/2025 J  
Chartered Accountant

Date: 9 April 2025

Penang



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	4	122,067	128,564
Right-of-use assets	5	16,811	16,915
Other investment	7	1,532	2,788
Deferred tax assets	8	514	318
		<b>140,924</b>	<b>148,585</b>
<b>Current assets</b>			
Inventories	9	327,612	335,317
Receivables	10	55,055	48,471
Derivatives	11	472	0
Prepayments		28,238	3,557
Current tax assets		2,256	1,024
Cash and cash equivalents	12	129,797	127,732
		<b>543,430</b>	<b>516,101</b>
<b>Current liabilities</b>			
Payables	13	42,650	28,586
Loans and borrowings	14	41,177	19,807
Lease liabilities	15	112	129
Derivatives	11	0	230
Contract liabilities	16	2,004	851
Current tax liabilities		991	480
		<b>86,934</b>	<b>50,083</b>
<b>Net current assets</b>		<b>456,496</b>	<b>466,018</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	8	3,121	4,184
Lease liabilities	15	538	53
Retirement benefits	17	1,515	1,363
		<b>5,174</b>	<b>5,600</b>
<b>Net assets</b>		<b>592,246</b>	<b>609,003</b>
<b>Equity</b>			
Share capital	18	185,930	185,930
Treasury shares	18	(8,190)	(8,190)
Statutory reserve		10,129	10,129
Currency translation reserve		39,984	47,710
Retained profits		308,820	318,652
Equity attributable to owners of the Company		<b>536,673</b>	<b>554,231</b>
Non-controlling interests	19	55,573	54,772
<b>Total equity</b>		<b>592,246</b>	<b>609,003</b>

The annexed notes form an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
Revenue	20	<b>536,380</b>	598,033
Cost of goods sold		<b>(506,925)</b>	(566,370)
Gross profit		<b>29,455</b>	31,663
Impairment gains/(losses) on financial assets	21	<b>65</b>	(81)
Other income		<b>5,726</b>	10,690
Distribution costs		<b>(8,470)</b>	(10,837)
Administrative and general expenses		<b>(15,370)</b>	(14,832)
Finance costs		<b>(889)</b>	(1,097)
Loss on derecognition of financial assets measured at amortised cost		<b>(21)</b>	0
Profit before tax	22	<b>10,496</b>	15,506
Tax expense	24	<b>(2,873)</b>	(5,718)
Profit for the financial year		<b>7,623</b>	9,788
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
- Currency translation differences for foreign operation		<b>(7,726)</b>	15,370
Total other comprehensive income for the financial year		<b>(7,726)</b>	15,370
Comprehensive income for the financial year		<b>(103)</b>	25,158
Profit for the financial year attributable to:			
- Owners of the Company		<b>1,682</b>	6,422
- Non-controlling interests	19	<b>5,941</b>	3,366
		<b>7,623</b>	9,788
Comprehensive income for the financial year attributable to:			
- Owners of the Company		<b>(6,044)</b>	21,792
- Non-controlling interests		<b>5,941</b>	3,366
		<b>(103)</b>	25,158
Earnings per share:	25		
- Basic (sen)		<b>1.10</b>	4.18
- Diluted (sen)		<b>1.10</b>	4.18

The annexed notes form an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Non-distributable			Distributable			Equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Statutory reserve* RM'000	Currency translation reserve RM'000	Retained profits RM'000	Non-controlling interests RM'000			
Balance at 1 January 2023	185,930	(8,190)	10,129	32,340	342,934	53,956	563,143	53,956	617,099
Dividend to owners of the Company (Note 26)	0	0	0	0	(30,704)	0	(30,704)	0	(30,704)
Dividends to non-controlling interests	0	0	0	0	0	(2,550)	0	(2,550)	(2,550)
Total transactions with owners	0	0	0	0	(30,704)	(2,550)	(30,704)	(2,550)	(33,254)
Profit for the financial year	0	0	0	0	6,422	3,366	6,422	3,366	9,788
Currency translation differences for foreign operation (representing other comprehensive income for the financial year)	0	0	0	15,370	0	0	15,370	0	15,370
Comprehensive income for the financial year	0	0	0	15,370	6,422	3,366	21,792	3,366	25,158
Balance at 31 December 2023	185,930	(8,190)	10,129	47,710	318,652	54,772	554,231	54,772	609,003
Dividend to owners of the Company (Note 26)	0	0	0	0	(11,514)	0	(11,514)	0	(11,514)
Dividends to non-controlling interests	0	0	0	0	0	(5,140)	0	(5,140)	(5,140)
Total transactions with owners	0	0	0	0	(11,514)	(5,140)	(11,514)	(5,140)	(16,654)
Profit for the financial year	0	0	0	0	1,682	5,941	1,682	5,941	7,623
Currency translation differences for foreign operation (representing other comprehensive income for the financial year)	0	0	0	(7,726)	0	0	(7,726)	0	(7,726)
Comprehensive income for the financial year	0	0	0	(7,726)	1,682	5,941	(6,044)	5,941	(103)
Balance at 31 December 2024	185,930	(8,190)	10,129	39,984	308,820	55,573	536,673	55,573	592,246

\* This represents the cumulative amount transferred from the retained profits of a subsidiary under the statutory requirements of Thailand.

The annexed notes form an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
<b>Cash flows from operating activities</b>			
Profit before tax		10,496	15,506
Adjustments for:			
Depreciation		13,961	14,279
Fair value gains on financial instruments		(1,968)	(1,150)
Gain on disposal of property, plant and equipment		(564)	0
Impairment (gains)/losses on financial assets		(65)	81
Interest expense		889	1,097
Interest income		(1,202)	(888)
Inventories written down		20	1,100
Loss on derecognition of financial assets measured at amortised cost		21	0
Property, plant and equipment written off		29	11
Provision for retirement benefits		189	180
Reversal of inventories written down		(381)	(297)
Unrealised loss on foreign exchange		438	1,034
Operating profit before working capital changes		21,863	30,953
Changes in:			
Inventories		8,066	50,461
Receivables		(6,462)	(3,634)
Prepayments		(24,681)	933
Payables		14,079	1,074
Derivatives		(230)	(233)
Contract liabilities		1,153	(1,047)
Cash generated from operations		13,788	78,507
Interest and fund distributions received		3,609	3,065
Tax paid		(4,514)	(16,057)
Tax refunded		0	1,436
Net cash from operating activities		12,883	66,951
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(9,245)	(12,842)
Proceeds from disposal of property, plant and equipment		564	0
Net cash used in investing activities		(8,681)	(12,842)
<b>Cash flows from financing activities</b>			
Dividend paid to owners of the Company		(11,514)	(30,704)
Dividends paid to non-controlling interests		(5,140)	(2,550)
Interest paid		(844)	(1,101)
Net increase/(decrease) in short-term loans and borrowings	27	20,984	(19,720)
Payment of lease liabilities	27	(129)	(219)
Net cash from/(used in) financing activities		3,357	(54,294)
Currency translation differences		(5,494)	9,790
Net increase in cash and cash equivalents		2,065	9,605
Cash and cash equivalents brought forward		127,732	118,127
Cash and cash equivalents carried forward		129,797	127,732

The annexed notes form an integral part of these financial statements.



# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
<b>Non-current assets</b>			
Investments in subsidiaries	6	190,233	190,233
<b>Current assets</b>			
Receivables	10	2	2
Current tax assets		22	22
Cash and cash equivalents	12	6,315	7,118
		<b>6,339</b>	7,142
<b>Current liabilities</b>			
Payables	13	193	180
		<b>193</b>	180
<b>Net current assets</b>		<b>6,146</b>	6,962
<b>Net assets</b>		<b>196,379</b>	197,195
<b>Equity</b>			
Share capital	18	185,930	185,930
Treasury shares	18	(8,190)	(8,190)
Retained profits		18,639	19,455
<b>Total equity</b>		<b>196,379</b>	197,195

The annexed notes form an integral part of these financial statements.



# STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
Revenue - Dividend income		<b>10,920</b>	39,084
Other income		<b>174</b>	96
Administrative and general expenses		<b>(364)</b>	(482)
Profit before tax	22	<b>10,730</b>	38,698
Tax expense	24	<b>(32)</b>	(1,457)
Profit for the financial year		<b>10,698</b>	37,241
Other comprehensive income for the financial year		<b>0</b>	0
Comprehensive income for the financial year		<b>10,698</b>	37,241

The annexed notes form an integral part of these financial statements.





# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Share capital RM'000	Treasury shares RM'000	Retained profits RM'000	Total equity RM'000
Balance at 1 January 2023	185,930	(8,190)	12,918	190,658
Dividend (representing total transactions with owners) (Note 26)	0	0	(30,704)	(30,704)
Profit (representing comprehensive income) for the financial year	0	0	37,241	37,241
Balance at 31 December 2023	185,930	(8,190)	19,455	197,195
Dividend (representing total transactions with owners) (Note 26)	0	0	(11,514)	(11,514)
Profit (representing comprehensive income) for the financial year	0	0	10,698	10,698
Balance at 31 December 2024	<b>185,930</b>	<b>(8,190)</b>	<b>18,639</b>	<b>196,379</b>

The annexed notes form an integral part of these financial statements.



# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	2024 RM'000	2023 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	10,730	38,698
Adjustments for:		
Dividend income	(10,920)	(39,084)
Fair value gains on financial instruments	(48)	(89)
Interest income	(126)	(7)
Operating loss before working capital changes	(364)	(482)
Change in payables	13	32
Cash absorbed by operations	(351)	(450)
Interest and fund distributions received	143	76
Tax paid	(1)	(1)
Tax refunded	0	34
Net cash used in operating activities	(209)	(341)
<b>Cash flows from investing activity</b>		
Dividends received	10,920	37,613
Net cash from investing activity	10,920	37,613
<b>Cash flows from financing activity</b>		
Dividend paid	(11,514)	(30,704)
Net cash used in financing activity	(11,514)	(30,704)
Net (decrease)/increase in cash and cash equivalents	(803)	6,568
Cash and cash equivalents brought forward	7,118	550
Cash and cash equivalents carried forward	6,315	7,118

The annexed notes form an integral part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

## 1. General information

The Company is a public company limited by shares, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 6.

The registered office of the Company is located at Suite S-21-H, 21st Floor, Menara Northam, 55 Jalan Sultan Ahmad Shah, 10050 George Town, Penang, Malaysia and its principal place of business is located at 2515, Tingkat Perusahaan 4A, Perai Free Trade Zone, 13600 Perai, Penang, Malaysia.

The consolidated financial statements set out on pages 98 to 101 together with the notes thereto cover the Company and its subsidiaries ("Group"). The separate financial statements of the Company set out on pages 102 to 105 together with the notes thereto cover the Company solely.

The presentation currency of the financial statements is Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") unless otherwise indicated.

The financial statements were authorised for issue in accordance with a resolution of the directors dated 9 April 2025.

## 2. Material accounting policy information

### 2.1 Basis of preparation of financial statements

The financial statements of the Company are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the material accounting policy information, and in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following MFRSs became effective for the financial year under review:

MFRS	Effective for annual periods beginning on or after
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024

The initial application of the above MFRSs did not have any significant impacts on the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

## 2. Material accounting policy information (Cont'd)

### 2.1 Basis of preparation of financial statements (Cont'd)

The Group and the Company have not applied the following MFRSs which have been issued as at the end of the reporting period but are not yet effective:

MFRS (issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 9 and MFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Annual Improvements to MFRS Accounting Standards - Volume 11	1 January 2026

Except for the adoption of MFRS 18, management foresees that the initial application of the above MFRSs will not have any significant impacts on the financial statements.

#### MFRS 18 *Presentation and Disclosure in Financial Statements*

MFRS 18, which will replace MFRS 101 *Presentation of Financial Statements* upon its adoption, aims to provide better information about entities' financial performance and enhance financial reporting quality. The key changes introduced by MFRS 18 are:

- classification of income and expenses into five categories (i.e. operating, investing, financing, income taxes and discontinued operations);
- presentation of two defined subtotals (i.e. operating profit or loss and profit or loss before financing and income taxes) in the statement of profit or loss;
- disclosures about management-defined performance measures; and
- new principles for aggregation and disaggregation of information.

The Group and the Company will initially apply the new requirements of MFRS 18 in the financial year ending 31 December 2027.

### 2.2 Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. If the assets acquired are not a business, the transaction or other event is accounted for as an asset acquisition.

Business combinations are accounted for using the acquisition method. Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair values. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. All acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss as incurred.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

## 2. Material accounting policy information (Cont'd)

### 2.2 Business combinations (Cont'd)

Goodwill at the acquisition date is measured as the excess of (a) over (b) below:

- (a) the aggregate of:
  - (i) the acquisition-date fair value of the consideration transferred;
  - (ii) the amount of any non-controlling interests; and
  - (iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree.
- (b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.7. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

### 2.3 Basis of consolidation

A subsidiary is an entity that is controlled by another entity. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Upon loss of control of a subsidiary, the assets (including any goodwill) and liabilities of, and any non-controlling interests in the subsidiary are derecognised. All amounts recognised in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the related assets or liabilities had been directly disposed of. Any consideration received and any investment retained in the former subsidiary are recognised at their fair values. The resulting difference is then recognised as a gain or loss in profit or loss.

### 2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.7.

Freehold land and capital work-in-progress are not depreciated. Other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:

Buildings	2% - 5%
Plant and machinery, tools and electrical installation	10% - 25%
Furniture, fittings and office equipment	10% - 20%
Motor vehicles	12.5% - 20%

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

## 2. Material accounting policy information (Cont'd)

### 2.5 Leases

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

#### Initial recognition and measurement

When the Group acts as a lessee, it recognises a right-of-use asset (representing its right to use the underlying leased asset) and a lease liability (representing its obligation to make lease payments) at the commencement date. The Group has elected not to apply such recognition principle to short-term leases (which have a lease term of 12 months or less) and leases of low-value assets. The lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term.

A right-of-use asset is initially recognised at cost, which comprises the initial amount of lease liability, any lease payments made at or before the commencement date (less any lease incentives), any initial direct costs and any estimated dismantling, removing and restoring costs.

A lease liability is initially recognised at the present value of the unpaid lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The unpaid lease payments included in the measurement of lease liability comprise fixed payments (less any lease incentives), variable lease payments linked to an index or a rate, expected amounts payable under residual value guarantees, the exercise price of a purchase option reasonably certain to be exercised and the penalties of a termination option reasonably certain to be exercised.

#### Subsequent measurement

A right-of-use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of lease liability. The impairment policy is disclosed in Note 2.7.

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that a purchase option will be exercised, the right-of-use asset is depreciated on a straight-line basis from the commencement date to the end of its useful life. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of its useful life or the end of the lease term.

A lease liability is subsequently measured at amortised cost, and remeasured to reflect any reassessment (arising from changes to the lease payments) or lease modifications.

### 2.6 Investments in subsidiaries

As required by the Companies Act 2016, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.7.

### 2.7 Impairment of non-financial assets

At the end of each reporting period, the Group and the Company assess whether there is any indication that a non-financial asset, other than deferred tax assets and inventories, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs of disposal and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss.

An impairment loss on an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in profit or loss. An impairment loss on goodwill is not reversed.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

## 2. Material accounting policy information (Cont'd)

### 2.8 Inventories

Inventories are valued at the lower of cost (determined principally on the weighted average basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

### 2.9 Contract assets and contract liabilities

A contract is presented in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. A contract asset is an entity's right to consideration in exchange for goods or services transferred to a customer when that right is conditioned on something other than the passage of time. The asset is subject to impairment assessment on the same basis as trade receivables as disclosed in Note 2.10. A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

### 2.10 Financial assets

Financial assets of the Group and the Company consist of investments in equity instruments, receivables, derivatives and cash and cash equivalents.

#### Initial recognition and measurement

A financial asset is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A regular way purchase or sale of financial assets is recognised or derecognised using settlement date accounting. Trade receivables that do not contain a significant financing component are initially recognised at their transaction price (as defined in Note 2.15). Other financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

#### Subsequent measurement

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss in accordance with their classification on the basis of both the business model within which they are held and their contractual cash flow characteristics.

#### (i) Amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All receivables, cash and bank balances and term deposits are classified under this category. Any gain or loss is recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise impairment gains or losses.

#### (ii) Fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if it is held within a business model whose objective is to both collect contractual cash flows and sell financial assets and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group and the Company do not have any financial assets classified under this category.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

## 2. Material accounting policy information (Cont'd)

### 2.10 Financial assets (Cont'd)

#### Subsequent measurement (Cont'd)

##### (iii) Fair value through profit or loss

A financial asset is measured at fair value through profit or loss if it does not meet the criteria to be measured at amortised cost or fair value through other comprehensive income. All investments in equity instruments, derivatives and short-term funds are classified under this category. Any gain or loss is recognised in profit or loss.

#### Impairment

At each reporting date, the Group and the Company recognise a loss allowance for expected credit losses on a financial asset measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses. Any adjustment to the loss allowance is recognised in profit or loss as an impairment gain or loss.

Irrespective of whether there is any significant increase in credit risk since initial recognition, the loss allowance for trade receivables is always measured at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9 *Financial Instruments*. Such lifetime expected credit losses are calculated using a provision matrix based on historical credit loss experience and adjusted for reasonable and supportable forward-looking information that is available without undue cost or effort.

The expected credit losses for a credit-impaired financial asset are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The gross carrying amount of a credit-impaired financial asset is directly written off when there is no reasonable expectation of recovery.

#### Derecognition

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or all the risks and rewards of ownership are substantially transferred. A direct write-off of gross carrying amount when there is no reasonable expectation of recovering a financial asset constitutes a derecognition event.

### 2.11 Financial liabilities

Financial liabilities of the Group and the Company consist of payables, loans and borrowings, derivatives and financial guarantee contracts.

#### Initial recognition and measurement

A financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs.

#### Subsequent measurement

All payables and loans and borrowings are subsequently measured at amortised cost. Any gain or loss is recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

Derivatives are subsequently measured at fair value through profit or loss. Any gain or loss is recognised in profit or loss.





## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

### 2. Material accounting policy information (Cont'd)

#### 2.11 Financial liabilities (Cont'd)

##### Subsequent measurement (Cont'd)

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance and the amount initially recognised less any cumulative income recognised.

##### Derecognition

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

#### 2.12 Foreign currency transactions and translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date, whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

In translating the financial position and results of a foreign operation whose functional currency is not the presentation currency, i.e. Ringgit Malaysia, assets and liabilities are translated into the presentation currency using the closing rate, whereas income and expenses are translated using the exchange rates at transaction dates. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity as currency translation reserve until the foreign operation is disposed of, at which time the cumulative exchange differences previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Any goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation to be expressed in its functional currency and translated into the presentation currency using the closing rate.

#### 2.13 Share capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Own shares purchased are held as treasury shares in accordance with the requirements of Section 127 of the Companies Act 2016. The total amount of consideration paid, including directly attributable costs, is recognised directly in equity. When treasury shares are distributed as share dividends or cancelled, the cost of the shares distributed or cancelled is applied in the reduction of distributable reserves. When treasury shares are resold in the open market, any excess of sale consideration over the cost of the shares resold is adjusted to share capital, whereas any deficit is applied in the reduction of distributable reserves.

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability, whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

## 2. Material accounting policy information (Cont'd)

### 2.14 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The valuation techniques used include the following or a combination thereof:

- (i) Market approach - which uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.
- (ii) Cost approach - which reflects the amount that would be required currently to replace the service capacity of an asset.
- (iii) Income approach - which converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount.

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (iii) Level 3 - unobservable inputs for the asset or liability.

Any transfers between the levels of fair value hierarchy are deemed to have occurred at the end of the reporting period.

#### Financial assets and financial liabilities

The carrying amounts of receivables, cash and bank balances, term deposits, payables and loans and borrowings which are short-term in nature or repayable on demand are reasonable approximations of fair values.

The fair values of unquoted investments that are not making an adequate return on assets or are making only marginal levels of profits are measured using the adjusted net asset method which involves deriving the fair values of the investees' equity instruments by reference to the fair values of their assets and liabilities (i.e. Level 3).

The fair values of derivatives and short-term funds are directly measured using their unadjusted market values quoted by financial institutions (i.e. Level 1).

### 2.15 Revenue from contracts with customers

The Group recognises revenue (by applying the following steps) to depict the transfer of promised goods or services to customers at the transaction price.

- (i) Step 1: Identify contract - A contract is an agreement between two or more parties that creates enforceable rights and obligations.
- (ii) Step 2: Identify performance obligations - Each promise to transfer distinct goods or services is identified as a performance obligation and accounted for separately.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

### 2. Material accounting policy information (Cont'd)

#### 2.15 Revenue from contracts with customers (Cont'd)

- (iii) Step 3: Determine transaction price - The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. It is adjusted for the effects of variable consideration (e.g. discounts, rebates, incentives or penalties), significant financing component, non-cash consideration and consideration payable to customer.
- (iv) Step 4: Allocate transaction price to performance obligations - The transaction price is allocated to each performance obligation on the basis of the relative (estimated) stand-alone selling prices of each distinct good or service promised in the contract.
- (v) Step 5: Recognise revenue - Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). Revenue is recognised either over time or at a point in time depending on the timing of transfer of control.

The Group determines that the transfer of control of promised goods generally coincides with the transfer of risks and rewards of ownership. Accordingly, revenue from the sale of goods is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the customer upon delivery.

#### 2.16 Other income

Dividend income is recognised in profit or loss only when the entity's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

Interest income for financial assets measured at amortised cost is recognised in profit or loss using the effective interest method. Interest or fund distribution income for financial assets measured at fair value through profit or loss is included in their net fair value gains or losses.

#### 2.17 Employee benefits

##### Short-term employee benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss or included in the cost of an asset, where appropriate, in the period in which the associated services are rendered by the employee.

##### Defined contribution plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). Contributions to defined contribution plans are recognised in profit or loss or included in the cost of an asset, where appropriate, in the period in which the associated services are rendered by the employee.

##### Defined benefit plans

As required by law, the Group's foreign subsidiary operates an unfunded final salary defined benefit plan for its employees. The liability in respect of the defined benefit plan is the present value of the future benefits that employees have earned in return for their services rendered in the current and prior periods. The calculation is performed using the projected unit credit method, with actuarial valuations being carried out with sufficient regularity at an interval of not more than three years such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period. All components of defined benefit costs are recognised in profit or loss in the period in which they are incurred, except for remeasurement of the defined benefit liability which is recognised in other comprehensive income.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

## 2. Material accounting policy information (Cont'd)

### 2.18 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 2.19 Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting nor taxable results and does not give rise to equal taxable and deductible temporary differences.

A deferred tax liability is recognised for all taxable temporary differences, whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

### 2.20 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, term deposits that are withdrawable on demand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

## 3. Judgements and estimation uncertainty

### Judgements made in applying accounting policies

In the process of applying the accounting policies of the Group and the Company, management is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements.

### Sources of estimation uncertainty

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### Valuation of inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews involve judgements and estimation uncertainty in forming expectations about future sales and demands. Any changes in these accounting estimates will result in revisions to the valuation of inventories (Note 9).



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

### 3. Judgements and estimation uncertainty (Cont'd)

#### Sources of estimation uncertainty (Cont'd)

##### Impairment of receivables

The Group recognises loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions. Any changes in these accounting estimates will affect the carrying amounts of receivables (Note 10).



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

## 4. Property, plant and equipment

### Group

	Freehold land RM'000	Buildings RM'000	Plant and machinery, tools and electrical installation RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital work- in-progress RM'000	Total RM'000
<b>Cost</b>							
Balance at 1 January 2023	29,288	85,654	245,183	8,428	7,332	4,605	380,490
Additions	0	0	522	293	0	12,027	12,842
Disposals/Write-offs	0	0	(3,333)	0	0	0	(3,333)
Reclassifications	0	0	0	302	0	(302)	0
Currency translation differences	1,637	2,519	6,122	150	151	338	10,917
Balance at 31 December 2023	30,925	88,173	248,494	9,173	7,483	16,668	400,916
Additions	0	55	1,758	347	207	6,878	9,245
Disposals/Write-offs	0	(200)	(243)	0	(737)	0	(1,180)
Reclassifications	242	4,397	16,564	700	0	(21,903)	0
Currency translation differences	(838)	(1,255)	(3,071)	(71)	(77)	(293)	(5,605)
Balance at 31 December 2024	30,329	91,170	263,502	10,149	6,876	1,350	403,376
<b>Accumulated depreciation</b>							
Balance at 1 January 2023	0	45,641	197,750	7,085	5,689	0	256,165
Depreciation	0	3,484	9,111	546	345	0	13,486
Disposals/Write-offs	0	0	(3,322)	0	0	0	(3,322)
Currency translation differences	0	1,263	4,500	133	127	0	6,023
Balance at 31 December 2023	0	50,388	208,039	7,764	6,161	0	272,352
Depreciation	0	3,632	8,591	693	344	0	13,260
Disposals/Write-offs	0	(200)	(214)	0	(737)	0	(1,151)
Currency translation differences	0	(663)	(2,354)	(68)	(67)	0	(3,152)
Balance at 31 December 2024	0	53,157	214,062	8,389	5,701	0	281,309
<b>Carrying amount</b>							
Balance at 1 January 2023	29,288	40,013	47,433	1,343	1,643	4,605	124,325
Balance at 31 December 2023	30,925	37,785	40,455	1,409	1,322	16,668	128,564
Balance at 31 December 2024	30,329	38,013	49,440	1,760	1,175	1,350	122,067



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

### 5. Right-of-use assets

#### Group

	Leasehold land RM'000	Building RM'000	Motor vehicles RM'000	Total RM'000
Balance at 1 January 2023	17,324	199	185	17,708
Depreciation	(584)	(100)	(109)	(793)
Balance at 31 December 2023	16,740	99	76	16,915
Remeasurement of lease liabilities	<b>0</b>	<b>597</b>	<b>0</b>	<b>597</b>
Depreciation	<b>(577)</b>	<b>(99)</b>	<b>(25)</b>	<b>(701)</b>
Balance at 31 December 2024	<b>16,163</b>	<b>597</b>	<b>51</b>	<b>16,811</b>

The Group acquired the rights to use the leasehold land as its principal places of business for 43 to 896 years. It also leases the building and motor vehicles for business operations for 3 to 5 years, with an option to extend the former for up to 3 years.

### 6. Investments in subsidiaries

#### Company

	2024 RM'000	2023 RM'000
Unquoted shares - at cost	<b>190,233</b>	190,233

The details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2024	2023	
Tong Heer Fasteners Co. Sdn. Bhd.	Malaysia	<b>100.00%</b>	100.00%	Manufacture and sale of stainless steel fasteners including nuts, bolts, screws and all other threaded items
Tong Heer Fasteners (Thailand) Co., Ltd.	Thailand	<b>99.99%</b>	99.99%	Manufacture and sale of stainless steel fasteners including bolts, screws and all other threaded items
Tong Heer Aluminium Industries Sdn. Bhd. ("THAI")	Malaysia	<b>51.00%</b>	51.00%	Extrusion and fabrication of aluminium products
<u>Subsidiaries of THAI</u>				
Acme Aluminium Sdn. Bhd.	Malaysia	<b>40.80%</b>	40.80%	Trading of aluminium extrusion products and parts
Hwang Shin Industrial (M) Sdn. Bhd.	Malaysia	<b>51.00%</b>	51.00%	Investment holding



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

### 7. Other investment

#### Group

	2024 RM'000	2023 RM'000
Unquoted shares - at fair value	<u>1,532</u>	<u>2,788</u>

The fair value of unquoted investment was measured using the adjusted net asset method which involved deriving the fair value of the investee's equity instruments by reference to the fair values of its assets and liabilities (i.e. Level 3).

### 8. Deferred tax assets and deferred tax liabilities

#### Group

	2024 RM'000	2023 RM'000
Balance at 1 January	<b>(3,866)</b>	(4,279)
Deferred tax income relating to origination and reversal of temporary differences	<b>1,277</b>	323
Deferred tax liabilities (under)/over provided in prior year	<b>(11)</b>	72
Currency translation differences	<b>(7)</b>	18
Balance at 31 December	<u><b>(2,607)</b></u>	<u>(3,866)</u>
Disclosed as:		
- Deferred tax assets	<b>514</b>	318
- Deferred tax liabilities	<b>(3,121)</b>	(4,184)
	<u><b>(2,607)</b></u>	<u>(3,866)</u>
In respect of:		
- (Taxable)/Deductible temporary differences of:		
- Property, plant and equipment	<b>(3,468)</b>	(3,301)
- Right-of-use assets	<b>(1,423)</b>	(1,381)
- Inventories	<b>332</b>	348
- Financial instruments	<b>(40)</b>	151
- Lease liabilities	<b>156</b>	44
- Retirement benefits	<b>303</b>	273
- Unused capital allowances	<b>1,339</b>	0
- Unused tax losses	<b>194</b>	0
	<u><b>(2,607)</b></u>	<u>(3,866)</u>





## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

### 9. Inventories

#### Group

	2024 RM'000	2023 RM'000
Raw materials	97,882	136,054
Work-in-progress	49,655	56,227
Finished goods	102,048	99,770
Consumables	33,345	30,845
Goods-in-transit	44,682	12,421
	<b>327,612</b>	<b>335,317</b>

### 10. Receivables

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Trade receivables:				
- Related parties*	3,674	1,964	0	0
- Unrelated parties	50,223	45,494	0	0
	<b>53,897</b>	47,458	<b>0</b>	0
- Loss allowance	(313)	(385)	0	0
	<b>53,584</b>	47,073	<b>0</b>	0
Other receivables	1,471	1,398	2	2
	<b>55,055</b>	48,471	<b>2</b>	2

\* Being corporations in which certain directors of the Company and their close family members have substantial financial interests

#### Trade receivables

The Group determines credit risk concentrations in terms of counterparties and geographical areas. As at 31 December 2024, the Group did not have any major credit risk concentration relating to any individual customer or counterparty. The credit risk concentration profile by geographical areas of trade receivables is as follows:

	Group	
	2024 RM'000	2023 RM'000
Malaysia	13,537	18,524
United States of America	15,992	14,324
Others	24,368	14,610
	<b>53,897</b>	47,458



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

### 10. Receivables (Cont'd)

#### Trade receivables (Cont'd)

The credit terms of trade receivables range from 30 to 180 days. The Group uses past due information to assess the credit risk of trade receivables. The analysis by past due status is as follows:

	Group	
	2024 RM'000	2023 RM'000
Not past due	32,240	33,810
1 to 30 days past due	16,113	10,649
31 to 60 days past due	3,639	2,046
61 to 90 days past due	1,048	535
More than 90 days past due	857	418
	<b>53,897</b>	<b>47,458</b>

The Group determines that a trade receivable is credit-impaired when the customer is experiencing significant financial difficulty and has defaulted in payments. Unless otherwise demonstrated, the Group generally considers a default to have occurred when the trade receivable is more than 90 days past due. The gross carrying amount of a credit-impaired trade receivable is directly written off when there is no reasonable expectation of recovery. This normally occurs when there is reasonable proof of customer insolvency.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9. Such lifetime expected credit losses are calculated using a provision matrix based on historical observed default rates (adjusted for forward-looking estimates). The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished among the diversity of customer base.

#### Group

	Not past due RM'000	1 to 30 days past due RM'000	31 to 60 days past due RM'000	61 to 90 days past due RM'000	More than 90 days past due RM'000	Credit- impaired RM'000	Total RM'000
<b>2024</b>							
Gross carrying amount	32,240	16,113	3,639	1,048	674	183	53,897
Average credit loss rate	0.16%	0.23%	0.25%	0.67%	4.01%	100.00%	0.58%
Loss allowance	50	37	9	7	27	183	313
<b>2023</b>							
Gross carrying amount	33,810	10,649	2,046	535	276	142	47,458
Average credit loss rate	0.29%	0.35%	1.61%	8.04%	11.96%	100.00%	0.81%
Loss allowance	97	37	33	43	33	142	385



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

### 10. Receivables (Cont'd)

#### Trade receivables (Cont'd)

The average credit loss rates were based on the payment profile of revenue over a period of 36 (2023 : 36) months and the corresponding historical credit losses experienced during the period. The rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The changes in the loss allowance are as follows:

	Group	
	2024 RM'000	2023 RM'000
Balance at 1 January	385	357
Impairment (gains)/losses	(65)	81
Write-offs	0	(61)
Currency translation differences	(7)	8
Balance at 31 December	<u>313</u>	<u>385</u>

### 11. Derivatives

#### Group

	2024 RM'000	2023 RM'000
Forward exchange contracts - at fair value		
- Current assets	472	0
- Current liabilities	0	(230)
	<u>472</u>	<u>(230)</u>

Forward exchange contracts are used to hedge the exposure to currency risk. The Group does not apply hedge accounting. As at 31 December 2024, the Group had contracts with financial institutions due within 1 year to deal with the following currencies at contractual forward rates:

	2024		2023	
	To buy '000	To sell '000	To buy '000	To sell '000
Contract I	USD2,001	EUR1,800	USD2,616	EUR2,400
Contract II	RM2,605	USD600	0	0
Contract III	<u>0</u>	<u>0</u>	<u>RM5,580</u>	<u>EUR1,100</u>

The fair values of forward exchange contracts were directly measured using their unadjusted market values quoted by the financial institutions (i.e. Level 1).



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

### 12. Cash and cash equivalents

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash and bank balances	53,115	35,415	8	17
Term deposits	0	18,880	0	0
Short-term funds - at fair value	76,682	73,437	6,307	7,101
	<b>129,797</b>	<b>127,732</b>	<b>6,315</b>	<b>7,118</b>

Cash and bank balances and term deposits are placed with reputable financial institutions with low credit risk. Accordingly, their expected credit losses are not considered to be material and hence, have not been recognised.

The effective interest rate of term deposits as at 31 December 2023 was 5.30% per annum.

Short-term funds represent highly liquid investments in money market funds managed by financial institutions that invest in low-risk instruments, and are readily redeemable with insignificant risk of changes in value. Their fair values were directly measured using the unadjusted market values quoted by the financial institutions (i.e. Level 1).

### 13. Payables

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Trade payables:				
- Related parties*	39	800	0	0
- Unrelated parties	27,603	17,160	0	0
	<b>27,642</b>	<b>17,960</b>	<b>0</b>	<b>0</b>
Other payables	15,008	10,626	193	180
	<b>42,650</b>	<b>28,586</b>	<b>193</b>	<b>180</b>

\* Being corporations in which certain directors of the Company and their close family members have substantial financial interests

Payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

The credit terms of trade and other payables range from 14 to 120 days.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

### 14. Loans and borrowings

#### Group

	2024 RM'000	2023 RM'000
<b>Unsecured</b>		
Banker acceptances	14,764	8,756
Foreign currency trade loans	26,413	11,051
	<u>41,177</u>	<u>19,807</u>

The effective interest rates of loans and borrowings as at 31 December 2024 ranged from 3.30% to 5.60% (2023 : 3.38% to 5.85%) per annum.

Loans and borrowings are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

### 15. Lease liabilities

#### Group

	2024 RM'000	2023 RM'000
Gross lease liabilities:		
- Within 1 year	145	133
- 1 to 5 years	498	55
- After 5 years	118	0
Total contractual undiscounted cash flows	761	188
Future finance charges	(111)	(6)
Present value of lease liabilities	<u>650</u>	<u>182</u>
Disclosed as:		
- Current liabilities	112	129
- Non-current liabilities	538	53
	<u>650</u>	<u>182</u>

The incremental borrowing rates applied to lease liabilities as at 31 December 2024 ranged from 3.50% to 5.85% (2023 : 3.50%) per annum.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

### 16. Contract liabilities

#### Group

	2024 RM'000	2023 RM'000
Balance at 1 January	851	1,898
Revenue recognised from opening contract liabilities	(851)	(1,898)
Excess of consideration over revenue recognised	<u>2,004</u>	<u>851</u>
Balance at 31 December	<u>2,004</u>	<u>851</u>

As disclosed in Note 2.15, the Group generally satisfies its performance obligations at a point in time upon delivery of goods. Any consideration received or due in advance before a performance obligation is satisfied is presented as contract liability.

As a practical expedient, information about remaining performance obligations for contracts with original duration of one year or less has not been disclosed.

### 17. Retirement benefits

#### Group

	2024 RM'000	2023 RM'000
Present value of defined benefit obligations:		
- Balance at 1 January	1,363	1,120
- Defined benefit costs	189	180
- Currency translation differences	<u>(37)</u>	<u>63</u>
- Balance at 31 December	<u>1,515</u>	<u>1,363</u>

The components of defined benefit costs are as follows:

	2024 RM'000	2023 RM'000
Current service cost	137	135
Interest expense	<u>52</u>	<u>45</u>
	<u>189</u>	<u>180</u>

The principal actuarial assumptions used to determine the present value of the defined benefit obligations are as follows:

	2024 %	2023 %
Discount rates	4.15 to 4.44	4.15 to 4.44
Future salary growth	<u>5.00</u>	<u>5.00</u>



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

### 17. Retirement benefits (Cont'd)

The following table demonstrates the sensitivity of the defined benefit obligations to changes in each principal actuarial assumption that were reasonably possible at the end of the reporting period, with all other variables held constant:

	(Decrease)/Increase in defined benefit obligations	
	2024 RM'000	2023 RM'000
Increase in discount rate by 1%	(176)	(165)
Decrease in discount rate by 1%	213	200
Increase in future salary growth by 1%	236	206
Decrease in future salary growth by 1%	(196)	(172)

The liability durations of the defined benefit obligations range from 19 to 21 years.

### 18. Share capital

	2024 RM'000	2023 RM'000
<b>Issued and fully paid</b>		
157,430,000 ordinary shares with no par value	185,930	185,930

#### Treasury shares

The shareholders of the Company, by a resolution passed at the extraordinary general meeting held on 30 December 2004, approved the Company's plan to purchase its own shares. As at 31 December 2024, there were 3,912,000 (2023 : 3,912,000) ordinary shares purchased from the open market and held as treasury shares at total cost of RM8,190,000 (2023 : RM8,190,000). The number of outstanding shares in issue after excluding the treasury shares is 153,518,000 (2023 : 153,518,000).

### 19. Non-controlling interests ("NCI")

#### Group

	Accumulated NCI		Profit allocated to NCI	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Tong Heer Aluminium Industries Sdn. Bhd. and its subsidiaries	55,573	54,772	5,941	3,366
Tong Heer Fasteners (Thailand) Co., Ltd.	*0	*0	*0	*0
	<u>55,573</u>	<u>54,772</u>	<u>5,941</u>	<u>3,366</u>

\* Negligible



## NOTES TO THE FINANCIAL STATEMENTS

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### 19. Non-controlling interests ("NCI") (Cont'd)

The details of the subsidiaries that have NCI are as follows:

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest held by NCI		Principal activity
		2024	2023	
Tong Heer Aluminium Industries Sdn. Bhd. ("THAI")	Malaysia	<b>49.00%</b>	49.00%	Extrusion and fabrication of aluminium products
Tong Heer Fasteners (Thailand) Co., Ltd. ("THFT")	Thailand	<b>0.01%</b>	0.01%	Manufacture and sale of stainless steel fasteners including bolts, screws and all other threaded items
<u>Subsidiaries of THAI</u>				
Acme Aluminium Sdn. Bhd.	Malaysia	<b>59.20%</b>	59.20%	Trading of aluminium extrusion products and parts
Hwang Shin Industrial (M) Sdn. Bhd.	Malaysia	<b>49.00%</b>	49.00%	Investment holding

The financial information of THFT has not been disclosed as its NCI are not material to the Group. The summarised financial information of THAI and its subsidiaries is as follows:

	2024 RM'000	2023 RM'000
Non-current assets	<b>21,285</b>	22,829
Current assets	<b>127,350</b>	111,702
Current liabilities	<b>(34,544)</b>	(22,291)
Non-current liabilities	<b>(2,161)</b>	(1,829)
Net assets	<b>111,930</b>	110,411
Revenue	<b>162,465</b>	145,773
Profit (representing comprehensive income)	<b>11,760</b>	6,666
Dividends declared to NCI	<b>5,140</b>	2,550
Net cash from operating activities	<b>25,736</b>	11,883
Net cash used in investing activities	<b>(544)</b>	(287)
Net cash used in financing activities	<b>(6,633)</b>	(13,805)
Net cash inflow/(outflow)	<b>18,559</b>	(2,209)





## NOTES TO THE FINANCIAL STATEMENTS

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### 20. Revenue

#### Group

	2024 RM'000	2023 RM'000
Revenue from sale of goods	<u>536,380</u>	<u>598,033</u>
Disaggregated by major products:		
- Stainless steel fasteners	<u>373,915</u>	452,260
- Aluminium products	<u>162,465</u>	<u>145,773</u>
	<u>536,380</u>	<u>598,033</u>
Disaggregated by geographical areas:		
- Malaysia	<u>148,278</u>	124,110
- Republic of China (Taiwan)	<u>84,221</u>	152,930
- United States of America	<u>140,685</u>	126,045
- Others	<u>163,196</u>	<u>194,948</u>
	<u>536,380</u>	<u>598,033</u>

### 21. Impairment gains/(losses) on financial assets

#### Group

	2024 RM'000	2023 RM'000
Trade receivables from contracts with customers	<u>65</u>	<u>(81)</u>



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

### 22. Profit before tax

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before tax is arrived at after charging:				
Auditors' remuneration	222	173	57	50
Depreciation of property, plant and equipment	13,260	13,486	0	0
Depreciation of right-of-use assets	701	793	0	0
Employee benefits expense (Note 23)	41,615	38,338	125	124
Fair value losses on financial instruments mandatorily measured at fair value through profit or loss:				
- Other investment	1,256	1,075	0	0
- Derivatives	0	288	0	0
Interest expense for financial liabilities not measured at fair value through profit or loss	885	1,088	0	0
Interest expense for lease liabilities	4	9	0	0
Inventories written down	20	1,100	0	0
Lease expense relating to:				
- Short-term leases	1,115	530	0	0
- Leases of low-value assets (other than short-term leases)	42	40	0	0
Loss on foreign exchange:				
- Realised	0	0	1	162
- Unrealised	438	1,034	0	0
Property, plant and equipment written off	29	11	0	0
and crediting:				
Fair value gains on financial instruments mandatorily measured at fair value through profit or loss:				
- Derivatives	1,224	0	0	0
- Short-term funds	2,752	2,455	48	89
Gain on disposal of property, plant and equipment	564	0	0	0
Interest income for financial assets measured at amortised cost	1,202	888	126	7
Realised gain on foreign exchange	48	7,435	0	0
Reversal of inventories written down	381	297	0	0



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

### 23. Employee benefits expense (including directors' remuneration)

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Directors of the Company:				
- Fees	370	320	120	120
- Other short-term employee benefits	1,009	1,031	5	4
- Defined contribution plans	147	141	0	0
	<b>1,526</b>	1,492	<b>125</b>	124
Directors of subsidiaries:				
- Fees	200	100	0	0
- Other short-term employee benefits	835	726	0	0
- Defined contribution plans	132	115	0	0
	<b>1,167</b>	941	<b>0</b>	0
Other employees:				
- Short-term employee benefits	37,016	34,059	0	0
- Defined contribution plans	1,717	1,666	0	0
- Defined benefit plans	189	180	0	0
	<b>38,922</b>	35,905	<b>0</b>	0
	<b>41,615</b>	38,338	<b>125</b>	124

The estimated money value of benefits received or receivable by certain directors otherwise than in cash from the Group amounted to RM46,100 (2023 : RM53,000).

### 24. Tax expense

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Tax based on results for the year:				
- Current tax	4,381	4,605	32	1,491
- Deferred tax	(1,277)	(323)	0	0
- Real property gains tax	24	0	0	0
	<b>3,128</b>	4,282	<b>32</b>	1,491
Tax (over)/under provided in prior year:				
- Current tax	(266)	37	0	(34)
- Deferred tax	11	(72)	0	0
Withholding tax on dividend from foreign subsidiary	0	1,471	0	0
	<b>2,873</b>	5,718	<b>32</b>	1,457



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

### 24. Tax expense (Cont'd)

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate on results for the year is as follows:

	Group		Company	
	2024 %	2023 %	2024 %	2023 %
Applicable tax rate	<b>24.00</b>	24.00	<b>24.00</b>	24.00
Non-deductible expenses	<b>8.74</b>	5.09	<b>0.72</b>	0.29
Non-taxable income	<b>(2.95)</b>	(1.45)	<b>(24.42)</b>	(15.12)
Effect of differential tax rates	<b>0.02</b>	(0.02)	<b>0.00</b>	(5.32)
Average effective tax rate	<b>29.81</b>	27.62	<b>0.30</b>	3.85

### 25. Earnings per share

#### Group

The basic earnings per share is calculated by dividing the Group's profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year as follows:

	2024	2023
Profit for the financial year attributable to owners of the Company (RM'000)	<b>1,682</b>	6,422
Weighted average number of shares in issue ('000)	<b>153,518</b>	153,518
Basic earnings per share (sen)	<b>1.10</b>	4.18

The diluted earnings per share equals the basic earnings per share as the Company did not have any dilutive potential ordinary shares during the financial year.

### 26. Dividends

#### Group and Company

	2024 RM'000	2023 RM'000
Final single tier dividend of 7.5 sen per share in respect of the financial year ended 31 December 2023	<b>11,514</b>	0
Final single tier dividend of 20 sen per share in respect of the financial year ended 31 December 2022	<b>0</b>	30,704
	<b>11,514</b>	30,704

A final single tier dividend of 3.3 sen per share in respect of the financial year ended 31 December 2024 will be proposed for shareholders' approval at the forthcoming annual general meeting.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

### 27. Notes to consolidated statement of cash flows

#### Group

#### Short-term loans and borrowings

	2024 RM'000	2023 RM'000
Balance at 1 January	19,807	39,744
Net cash flow changes	20,984	(19,720)
Currency translation differences	340	(213)
Other changes	46	(4)
Balance at 31 December (Note 14)	<u>41,177</u>	<u>19,807</u>

#### Lease liabilities

	2024 RM'000	2023 RM'000
Balance at 1 January	182	401
Remeasurement from reassessment or lease modifications	597	0
Payments	<u>(129)</u>	<u>(219)</u>
Balance at 31 December (Note 15)	<u>650</u>	<u>182</u>

The total cash outflow for leases is as follows:

	2024 RM'000	2023 RM'000
<b>Operating activities</b>		
Lease expense recognised in profit or loss (Note 22)	1,157	570
<b>Financing activities</b>		
Interest portion of lease liabilities (Note 22)	4	9
Principal portion of lease liabilities	<u>129</u>	<u>219</u>
	<u>1,290</u>	<u>798</u>



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

### 28. Related party disclosures

Transactions with related parties during the financial year are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Key management personnel compensation:				
- Short-term employee benefits	3,197	2,871	125	124
- Defined contribution plans	413	372	0	0
	<b>3,610</b>	3,243	<b>125</b>	124
Acquisition of property, plant and equipment from other related party*	99	32	0	0
Dividends declared from subsidiaries	0	0	10,920	39,084
Purchase of goods from other related parties*	7,776	5,662	0	0
Receiving of services from other related party*	192	99	0	0
Sale of goods to other related parties*	<b>77,666</b>	132,765	<b>0</b>	0

\* Being corporations in which certain directors of the Company and their close family members have substantial financial interests

### 29. Segment reporting

#### Group

#### Operating segments

For management purposes, the Group is organised into business units based on their products and services and has the following reportable operating segments:

- (i) Manufacture and sale of stainless steel fasteners
- (ii) Manufacture and sale of aluminium products



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

### 29. Segment reporting (Cont'd)

#### Operating segments (Cont'd)

The accounting policies and measurement bases of the segment items reported are the same as those disclosed in Note 2. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with external parties.

	Manufacture and sale of stainless steel fasteners RM'000	and sale of aluminium products RM'000	Unallocated non- operating segments RM'000	Total RM'000
<b>2024</b>				
<u>Statement of financial position</u>				
Segment assets	<b>529,379</b>	<b>148,636</b>	<b>6,339</b>	<b>684,354</b>
Included in the measure of segment assets are:				
- Additions to non-current assets	<b>8,700</b>	<b>545</b>	<b>0</b>	<b>9,245</b>
Segment liabilities	<b>55,209</b>	<b>36,706</b>	<b>193</b>	<b>92,108</b>
<u>Statement of comprehensive income</u>				
Segment (loss)/profit	<b>(3,915)</b>	<b>11,760</b>	<b>(222)</b>	<b>7,623</b>
Included in the measure of segment (loss)/profit are:				
- External revenue	<b>373,915</b>	<b>162,465</b>	<b>0</b>	<b>536,380</b>
- Interest income	<b>1,041</b>	<b>35</b>	<b>126</b>	<b>1,202</b>
- Non-cash income	<b>1,008</b>	<b>0</b>	<b>0</b>	<b>1,008</b>
- Interest expense	<b>242</b>	<b>647</b>	<b>0</b>	<b>889</b>
- Depreciation	<b>12,531</b>	<b>1,430</b>	<b>0</b>	<b>13,961</b>
- Other non-cash expenses	<b>551</b>	<b>1,491</b>	<b>0</b>	<b>2,042</b>
- Tax (income)/expense	<b>(1,308)</b>	<b>4,148</b>	<b>33</b>	<b>2,873</b>



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

### 29. Segment reporting (Cont'd)

#### Operating segments (Cont'd)

	Manufacture and sale of stainless steel fasteners RM'000	and sale of aluminium products RM'000	Unallocated non- operating segments RM'000	Total RM'000
<b>2023</b>				
<u>Statement of financial position</u>				
Segment assets	523,013	134,531	7,142	664,686
Included in the measure of segment assets are:				
- Additions to non-current assets	12,555	287	0	12,842
Segment liabilities	31,383	24,120	180	55,683
<u>Statement of comprehensive income</u>				
Segment profit/(loss)	3,494	6,666	(372)	9,788
Included in the measure of segment profit/(loss) are:				
- External revenue	452,260	145,773	0	598,033
- Interest income	856	25	7	888
- Non-cash income	297	165	0	462
- Interest expense	398	699	0	1,097
- Depreciation	12,616	1,663	0	14,279
- Other non-cash expenses	2,801	1,075	0	3,876
- Tax expense/(income)	3,154	2,578	(14)	5,718





## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

### 29. Segment reporting (Cont'd)

#### Geographical information

In presenting the information about geographical areas, segment revenue is based on the geographical location of customers, whereas segment assets are based on the geographical location of assets:

	External revenue		Non-current assets	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Malaysia	148,278	124,110	51,573	55,239
Thailand	20,268	17,673	87,305	90,240
Republic of China (Taiwan)	84,221	152,930	0	0
United States of America	140,685	126,045	0	0
Others	142,928	177,275	0	0
	<b>536,380</b>	<b>598,033</b>	<b>138,878</b>	<b>145,479</b>

#### Major customers

The Group did not have any major customer that contributed 10% or more of its total revenue.

### 30. Contractual commitments

#### Group

	2024 RM'000	2023 RM'000
Acquisition of property, plant and equipment	<b>3,095</b>	6,309

### 31. Financial guarantee contracts

#### Company

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions for credit facilities granted to certain subsidiaries up to a total limit of RM271,437,000 (2023 : RM275,914,000). The total utilisation of these credit facilities as at 31 December 2024 amounted to RM43,958,000 (2023 : RM19,039,000). No maturity analysis is presented for the financial guarantee contracts as the entire amount could be called at any time in the event of default by the subsidiaries.

The aforementioned financial guarantee contracts should have been recognised in the statement of financial position in accordance with the recognition and measurement policies as stated in Note 2.11. After considering that the probability of the subsidiaries defaulting on the credit lines is remote, the financial guarantee contracts have not been recognised as the fair values on initial recognition are not expected to be material.

### 32. Financial risk management

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk, currency risk and interest rate risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

### 32. Financial risk management (Cont'd)

#### Credit risk

The Group's exposure to credit risk arises mainly from receivables, derivative contracts and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position. The Company is also exposed to credit risk in respect of its financial guarantees provided for credit facilities granted to certain subsidiaries. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 31.

The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms. The quantitative information about such credit risk exposure is disclosed in Note 10. As the Group only deals with reputable financial institutions, the credit risk associated with derivative contracts and deposits placed with them is low.

#### Liquidity risk

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

#### Currency risk

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currencies. The major functional currencies within the Group are Ringgit Malaysia ("RM") and Thai Baht ("THB"), whereas the major foreign currencies transacted are US Dollar ("USD") and Euro ("EUR"). The gross carrying amounts of foreign currency denominated monetary items at the end of the reporting period are as follows:

	Group			
	Denominated in USD		Denominated in EUR	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Receivables	<b>29,539</b>	24,959	<b>5,996</b>	2,556
Cash and cash equivalents	<b>34,267</b>	36,146	<b>5,270</b>	4,267
Payables	<b>(19,884)</b>	(11,716)	<b>(131)</b>	(434)
Loans and borrowings	<b>(26,412)</b>	(11,051)	<b>0</b>	0
	<b>17,510</b>	38,338	<b>11,135</b>	6,389

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk. Where necessary, the Group enters into derivative contracts to hedge the exposure. Such exposure is also partly mitigated in the following ways:

- (i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.
- (ii) The Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

### 32. Financial risk management (Cont'd)

#### Credit risk (Cont'd)

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss and equity to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:

	Group	
	Profit/(Loss) and equity	
	2024	2023
	RM'000	RM'000
Appreciation of USD against RM by 5% (2023 : 3%)	(546)	542
Depreciation of USD against RM by 5% (2023 : 3%)	546	(542)
Appreciation of USD against THB by 4% (2023 : 3%)	1,011	340
Depreciation of USD against THB by 4% (2023 : 3%)	(1,011)	(340)
Appreciation of EUR against RM by 4% (2023 : 3%)	326	145
Depreciation of EUR against RM by 4% (2023 : 3%)	<u>(326)</u>	<u>(145)</u>

#### Interest rate risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely term deposits, loans and borrowings and lease liabilities, all of which are fixed rate instruments.

The Group observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing.

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss, any change in interest rates at the end of the reporting period would not affect its profit or loss and equity.

### 33. Capital management

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity and total interest-bearing debts to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt-to-equity ratio, which is calculated as total interest-bearing debts divided by total equity as follows:

	Group	
	2024	2023
	RM'000	RM'000
Loans and borrowings	41,177	19,807
Lease liabilities	650	182
Total interest-bearing debts	<u>41,827</u>	<u>19,989</u>
Total equity	592,246	609,003
Total capital	<u>634,073</u>	<u>628,992</u>
Debt-to-equity ratio (times)	<u>0.07</u>	<u>0.03</u>

The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.



## LIST OF PROPERTIES

Location	Year of Acquisition / * Valuation	Description	Approximate Land Area (square metres)	Age of Building (years)	Tenure	Carrying Amount at 31.12.2024 (RM'000)
2515 Tingkat Perusahaan 4A Perai Free Trade Zone 13600 Perai	* 26 Jun 1995	Industrial Land	49,127	-	Leasehold (60 years)	3,357
2517 Tingkat Perusahaan 4A Perai Free Trade Zone 13600 Perai	20 Sep 2006	Industrial Land	22,356	-	Leasehold (60 years)	2,318
	362 mths to expiry incl. Sept. 06					
	1 Jan 2010	New factory building	13,602	15	-	6,004
Amata Nakorn Industrial Estate 700/553 Moo 7, Tambon Don Hua Roh Amphur Muang Chonburi 20000 Thailand	17 Jan 2005	Industrial Land	25,136	20	Freehold	5,953
Pinthong Industrial Estate (Laem chabang) 150, Moo 9 Nong-Kham Sriracha, Chonburi 20110 Thailand	9 Feb 2011	Industrial Land	120,429	-	Freehold	22,747
	1 Apr 2013	Factory Building	13,935	12	-	6,933
	1 Apr 2021	Factory Building	9,796	-	Freehold	9,423
Plot 17A Jalan Perusahaan Prai Industrial Estate 13600 Perai	23-Aug-10	Industrial Land	26,749	-	Leasehold (60 years)	4,563
	362 mths to expiry incl. May 1991					
	23 Aug 2010	Factory Building	14,265	32	-	5,512
Plot 17B Jalan Perusahaan Prai Industrial Estate 13600 Perai	13 April 2021	Industrial Land	8,093	-	Leasehold (60 years)	4,953
	359 mths to expiry incl. Oct. 1991					
319/1 Moo 3, Mueang Subdistrict, Mueang Chonburi District, Chonburi Province, Thailand	7 Nov 2015	Residential Land	1,704	-	Freehold	940
	31 Mar 2024	Residential Building		1		4,266
					<b>Total</b>	<b>76,969</b>



# SHAREHOLDINGS STATISTICS

as at 27 March 2025

Total number of issued shares	157,430,000*
Class of shares	Ordinary shares
Voting rights	One vote for every ordinary share held

\*Including 3,912,300 ordinary shares as treasury shares.

## Breakdown of shareholdings

Size of shareholdings	No. of shareholders	No. of shares	% of issued share capital
1 - 99	51	1,591	0.001
100 - 1,000	482	342,691	0.223
1,001 - 10,000	1,974	7,914,166	5.155
10,001 - 100,000	531	15,023,650	9.786
100,001 - 7,675,884*	64	20,000,252	13.027
7,675,885 and above (**)	2	110,235,350	71.806
	<u>3,104</u>	<u>153,517,700</u>	<u>100.000</u>

Remark: \* - Less than 5% of issued shares

\*\* - 5% and above of issued shares

## Thirty largest shareholders

No.	Name	No. of shares	% of issued share capital
1	ALLRICH CORP	61,191,043	39.859
2	RICHARD HOLDINGS LIMITED	49,044,307	31.947
3	NEOH CHOO EE & COMPANY, SDN. BERHAD	2,008,000	1.307
4	CARTABAN NOMINEES (TEMPATAN) SDN BHD ICAPITAL. BIZ BERHAD	1,888,100	1.229
5	TSAI MING TI	1,497,150	0.975
6	TSAI LIAO CHIN YEH	927,100	0.603
7	THEN YOON YIN	730,000	0.475
8	TSAI PEI CHEN	574,200	0.374
9	AFFIN HWANG NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR LITTLE RAIN ASSETS LIMITED	530,000	0.345
10	TSAI MING TI	523,252	0.340
11	LEE HAU HIAN	468,000	0.304
12	LAI CHEE SIEW	369,000	0.240
13	LIM WUN CHENG	344,950	0.224
14	DENVER CAPITAL SDN BHD	330,000	0.214
15	WONG YOON CHYUAN	324,000	0.211
16	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG HOON HO	314,000	0.204
17	WONG YOON TET	305,000	0.198
18	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOALKEY SYSTEM SDN BHD (MY14 61)	303,500	0.197
19	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR DYNAQUEST SDN BHD (PB)	300,000	0.195



## SHAREHOLDINGS STATISTICS

as at 27 March 2025

### Thirty largest shareholders (Cont'd)

No.	Name	No. of shares	% of issued share capital
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD LEM HON SAN	300,000	0.195
21	YAU LI ZA	279,000	0.181
22	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN TUAN PHIN (JALAN DEDAP-CL)	276,200	0.179
23	CIMB GROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS)	268,700	0.175
24	LIEW YOON YEE	233,000	0.151
25	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LIM CHIEN CH'ENG (PB)	230,000	0.149
26	DYNAQUEST SDN BHD	220,000	0.143
27	LIEW SWEE MIO @ LIEW HOI FOO	220,000	0.143
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN TIAN SANG @ TAN TIAN SONG (E-PPG)	213,000	0.138
29	CGS INTERNATIONAL NOMINEES MALAYSIA (ASING) SDN BHD EXEPMT AN FOR CGS INTERNATIONAL SECURITIES SINGAPORE PTE LTD (RETAIL CLIENTS)	211,800	0.137
30	TSAI LIAO CHIN YEH	206,950	0.134
		124,630,252	81.434

### Substantial shareholders

No.	Name	Direct interest	%	Indirect interest	%
1	Allrich Corp	61,191,043	39.859	-	-
2	Richard Holdings Limited	49,044,307	31.947	-	-
3	Tsai Ming Ti	2,020,402	1.316	50,178,357 <sup>*1</sup>	32.686
4	Tsai Liao Chin Yeh	1,134,050	0.739	51,064,709 <sup>*2</sup>	33.263
5	Tsai Yi Ting	198,000	0.129	49,044,307 <sup>*3</sup>	31.947
6	Tsai Pei Chen	731,100	0.476	49,044,307 <sup>*3</sup>	31.947
7	Tsai Chia Chen	51,300	0.033	- <sup>*3</sup>	-
8	Tsai, Jane-Rong	-	-	61,191,043 <sup>*4</sup>	39.859
9	Tsai, Hung-Chuan	-	-	61,191,043 <sup>*4</sup>	39.859



## SHAREHOLDINGS STATISTICS

as at 27 March 2025

### Directors' Shareholding as at 27 March 2025

No.	Name	Direct interest in shares	% of issued capital	Indirect interest in shares	% of issued capital
1	Tsai Ming Ti	2,020,402	1.316	50,178,357 <sup>*1</sup>	32.686
2	Tsai Yi Ting	198,000	0.129	49,044,307 <sup>*3</sup>	31.947
3	Tsai Pei Chen	731,100	0.476	49,044,307 <sup>*3</sup>	31.947
4	Tsai, Hung-Chuan	-	-	61,191,043 <sup>*4</sup>	39.859
5	Tsai, Chia-Yen	-	-	-	-
6	Tan Ban Leong	45,000	0.029	-	-
7	Datin Nik Haslinda Binti Nik Mohd Hashim	-	-	-	-
8	Rohaizza Binti Mohamed Basir	-	-	-	-
9	Soon Gim Wooi	-	-	-	-

Notes:

- <sup>\*1</sup> Deemed interested by virtue of his shareholdings in Richard Holdings Limited and his spouse, Tsai Liao Chin Yeh's shareholding in THR.
- <sup>\*2</sup> Deemed interested by virtue of her spouse, Tsai Ming Ti shareholdings in Richard Holdings Limited and THR.
- <sup>\*3</sup> Deemed interested by virtue of his/her shareholdings in Richard Holdings Limited.
- <sup>\*4</sup> Deemed interested by virtue of his/her shareholdings in Allrich Corp.



# ADMINISTRATIVE GUIDE

FOR THE TWENTY-EIGHTH ANNUAL GENERAL MEETING ("28TH AGM")

## REGISTRATION

- The registration counter starts at 1.00 p.m. on 29 May 2025, Thursday and will open until the conclusion of the 28th AGM or such time may be determined by the Chairman of the Meeting.
- Shareholders or proxies are requested to produce/show their original MyKAD or Passport (for non-Malaysians) to the registration staff for verification purposes. Please ensure the original MyKAD or Passport is returned to you thereafter. Please take note that no person will be allowed to register on behalf of another person, even with the original MyKAD or Passport of that person.
- Upon verification, shareholders or proxies will also be given the identification wristbands for voting purposes. No person will be allowed to enter the meeting hall without the identification wristband. There will be no replacement for the identification wristband if it is lost or misplaced.

## CORPORATE MEMBERS

- Corporate members who wish to appoint corporate representatives instead of a proxy, must deposit their original or duly certified certificate of appointment of corporate representative to Tricor Investor & Issuing House Services Sdn. Bhd. ("TIIH") on or before the Annual General Meeting.
- Attorneys appointed by power of attorney are required to deposit their power of attorney with TIIH not later than 27 May 2025, Tuesday at 2.00 p.m. to attend and vote at the 28<sup>th</sup> AGM.

## PROXY

The appointment of proxy may be made in hard copy form or by electronic form in the following manner and must be received by the Company at least forty-eight (48) hours before the time appointed for holding the 28th AGM or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid:

### In hardcopy Form

In case of an appointment made in hardcopy form, the proxy form 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.

### In electronic mean

You may also submit the proxy appointment electronically via TIIH Online website at <https://tiih.online>. Please do read and follow the procedures below to submit proxy form electronically.





# ADMINISTRATIVE GUIDE

FOR THE TWENTY-EIGHTH ANNUAL GENERAL MEETING (“28TH AGM”)

## ELECTRONIC LODGMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor’s TIIH Online website are summarised below:

Procedure	Action
<b>i Steps for Individual Shareholders</b>	
Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “e-Services”. Please refer to the tutorial guide posted on the homepage for assistance.</li> <li>If you are already a user with TIIH Online, you are not required to register again.</li> </ul>
Proceed with submission of form of proxy	<ul style="list-style-type: none"> <li>After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.</li> <li>Select the corporate event: <b>“Tong Herr Resources Berhad 28th AGM - Submission of Proxy Form”</b>.</li> <li>Read and agree to the Terms and Conditions and confirm the Declaration.</li> <li>Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.</li> <li>Appoint your proxy/proxies and insert the required details of your proxy/proxies or appoint the Chairman as your proxy.</li> <li>Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes.</li> <li>Review and confirm your proxy(s) appointment.</li> <li>Print the form of proxy for your record.</li> </ul>
<b>ii Steps for corporate or institutional shareholders</b>	
Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>Access TIIH Online at <a href="https://tiih.online">https://tiih.online</a></li> <li>Under e-Services, the authorised or nominated representative of the corporate or institutional shareholder selects <b>“Create Account by Representative of Corporate Holder”</b>.</li> <li>Complete the registration form and upload the required documents.</li> <li>Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> </ul>
Proceed with submission of form of proxy	<p>Note: The representative of a corporate or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.</p> <ul style="list-style-type: none"> <li>Login to TIIH Online at <a href="https://tiih.online">https://tiih.online</a></li> <li>Select the corporate event: <b>“Tong Herr Resources Berhad 28th AGM: Submission of Proxy Form”</b></li> <li>Agree to the Terms &amp; Conditions and Declaration.</li> <li>Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein.</li> <li>Prepare the file for the appointment of proxies by inserting the required data.</li> <li>Login to TIIH Online, select corporate event: <b>“Tong Herr Resources Berhad 28th AGM - Submission of Proxy Form”</b>.</li> <li>Proceed to upload the duly completed proxy appointment file.</li> <li>Select “Submit” to complete your submission.</li> <li>Print the confirmation report of your submission for your record.</li> </ul>

## GENERAL MEETING RECORD OF DEPOSITORS

For the purpose determining who shall be entitled to attend the 28th AGM, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at **20 May 2025** and only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting.



## ADMINISTRATIVE GUIDE

FOR THE TWENTY-EIGHTH ANNUAL GENERAL MEETING ("28TH AGM")

### NO RECORDING OR PHOTOGRAPHY

No recording or photography of the 28th AGM proceedings is allowed without prior written permission of the Company.

### REFRESHMENT AND DOOR GIFT

There will be no distribution of door gift and refreshment during the 28th AGM.

We thank you for your continuous support to the Company.

### ENQUIRY

If you have any enquiry prior to the meeting, you may contact the Share Registrar at:

#### **Tricor Investor & Issuing House Services Sdn Bhd**

Registration No. 197101000970 (11324-H)

Unit 32-01, Level 32, Tower A

Vertical Business Suite, Avenue 3,

Bangsar South No. 8, Jalan Kerinchi

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General Line

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# PROXY FORM

## TONG HERR RESOURCES BERHAD

[Company No. 199701016642 (432139-W)]

CDS Account No.	No. of Shares Held

I/We \_\_\_\_\_ (\*NRIC No./ Company No./ H/P No. \_\_\_\_\_) of \_\_\_\_\_ being a member/members of TONG HERR RESOURCES BERHAD ("the Company") hereby appoint: -

First Named Proxy & H/P No.		Proportion of Shareholdings (%)
Full Address		
Second Named Proxy & H/P No.		Proportion of Shareholdings (%)
Full Address		
		100

failing him/her, the Chairman of the meeting as \*my/our proxy/proxies to attend and vote for \*me/us on \*my/our behalf at the Twenty-Eighth ("28th") Annual General Meeting of the Company to be held at No. 2515 Tingkat Perusahaan 4A, Perai Free Trade Zone, 13600 Perai, Penang on 29 May 2025, Thursday, at 2.00 p.m. and at any adjournment thereof to vote as indicated below:

ORDINARY RESOLUTIONS		*FOR	*AGAINST
1.	To approve the payment of a Final Single Tier Dividend of RM0.033 per share for the financial year ended 31 December 2024.		
2.	To re-elect the following Directors retiring under the provision of Regulation 95(1) of the Constitution of the Company respectively, and who, being eligible had offered themselves for re-election:- Mr. Tsai, Hung-Chuan		
3.	Ms. Tsai Pei Chen		
4.	Pn. Rohaiza Binti Mohamed Basir		
5.	To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2025 and to authorise the Board of Directors to determine their remuneration.		
6.	To approve the payment of Directors' Fees and Benefits amounting to RM150,000 only		
7.	Proposed authority to Issue Shares and Waiver of Pre-Emptive Rights		
8.	Proposed Renewal of Authority to Purchase its own Shares		
9.	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
10.	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion)

\* Strike out whichever is not desired.

As witness my hand this ..... day of....., 2025.



.....  
Signature/Common Seal of Member

Notes

1. In respect of deposited securities, only depositors whose names appear in the Record of Depositors as at 20 May 2025 shall be entitled to attend the Meeting and to speak or vote thereat.
2. A member of the Company who is entitled to attend, participate, speak and vote at a meeting of the Company, may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the meeting. Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. A proxy need not be a member. There shall be no restriction as to the qualification of the proxy.
3. Where a member of the Company who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
6. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall 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 or alternatively, to submit the proxy form electronically via TIIH Online website at <https://tiih.online> not less than forty-eight (48) hours before the time fixed for holding the meeting. Please refer to the Administrative Guide for the 28th AGM on the procedure for electronic lodgement of proxy form.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of 28th Annual General Meeting dated 25 April 2025.

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Affix  
Stamp

**TONG HERR RESOURCES BERHAD**  
[Registration No. 199701016642 (432139-W)]  
To: The Company Secretaries  
C/O TMF Administrative Services Malaysia Sdn Bhd  
Suite S-21-H, 21st Floor, Menara Northam,  
55 Jalan Sultan Ahmad Shah,  
10050 George Town, Penang

*Then fold here*



**TONG HERR RESOURCES BERHAD**

[Registration No. 199701016642 (432139-W)]

No. 2515, Tingkat Perusahaan 4A,  
Perai Free Trade Zone,  
13600 Perai, Penang, Malaysia  
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