



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



# *Strategic Mastery*

Annual Report **2025**

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## 29<sup>TH</sup> ANNUAL GENERAL MEETING

No. 2515 Tingkat Perusahaan 4A,  
Perai Free Trade Zone, 13600 Perai, Penang  
Monday, 25 May 2026, 2.00 p.m.

### Cover Rationale

## STRATEGIC MASTERY

In every field, success begins with a single, deliberate move. The first step sets the tone, guiding decisions and shaping outcomes, just as the screw takes its place on the chessboard, leading the play as the pawn. Strategy is more than planning; it is the thoughtful execution of every action, anticipating challenges, and turning opportunities into advantage. Tong Herr has navigated the complexities of the market with foresight, precision, and confidence, translating careful planning into tangible results. Each move, measured and intentional, reflects the mastery that drives us forward, transforming strategy into meaningful impact.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS



### Tsai Ming Ti

Executive Chairman

### Tsai Yi Ting

Executive Director /  
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

## 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

## SECRETARIES

**Teo Mee Hui** (Resigned w.e.f 26 February 2026)  
[SSM PC No. 202008001081 (MAICSA 7050642)]

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

**Angelina Cheah Gaik Suan** (Appointed w.e.f. 26 February 2026)  
[SSM PC No. : 202008002177 (MAICSA 7035272)]

## AUDITORS

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

## BANKERS

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

## REGISTERED OFFICE

Suite S-21-H, 21st 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

**Tricolor 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  
Wilayah Persekutuan, Malaysia  
Tel: 03-2783 9299  
Email: is.enquiry@vistra.com

## MAILING ADDRESS

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

## CORPORATE WEBSITE

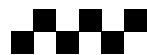
www.tong.com.my

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

## STOCK CODE / STOCK NAME

5010/ TONGHER



# NOTICE OF THE TWENTY-NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Ninth Annual General Meeting of the Company will be held at No. 2515 Tingkat Perusahaan 4A, Perai Free Trade Zone, 13600 Perai, Penang on Monday, 25 May 2026, at 2.00 p.m. for the following purposes: -

## AGENDA

### ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2025 together with the reports of the Directors and Auditors thereon. **(Please refer to Note A)**
2. To approve the payment of a Final Single Tier Dividend of RM0.033 per share for the financial year ended 31 December 2025. **Resolution 1**
3. To re-elect the following Directors retiring under the provision of Article 95(1) of the Constitution of the Company, and who, being eligible had offered themselves for re-election: -
  - i) Mr. Tsai Yi Ting **Resolution 2**
  - ii) Datin Nik Haslinda Binti Nik Mohd Hashim **Resolution 3**
  - iii) Mr. Soon Gim Wooi **Resolution 4**
4. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2026 and to authorize the Board of Directors to determine their remuneration. **Resolution 5**

### SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following ordinary resolutions: -

5. *Proposed Payment of Directors' Fees and Benefits*

"To approve the payment of Directors' Fees and Benefits amounting to RM150,000 only from this AGM up to the date of the next AGM."

**Resolution 6**
6. *Proposed Authority to Issue Shares and Waiver of Pre-Emptive Rights*

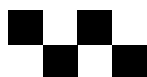
"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company and the approvals of the relevant governmental/ regulatory authorities, if applicable, the Board of Directors be and is hereby authorized to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting 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;

**Resolution 7**

AND THAT pursuant to Section 85 of the Act to be read together with Clause 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 Act;

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 Annual General Meeting of the Company."



## NOTICE OF THE TWENTY-NINTH ANNUAL GENERAL MEETING

### SPECIAL BUSINESS (CONT'D)

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

#### 7. *Proposed Renewal of Authority to Purchase its own Shares*

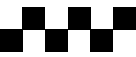
"THAT subject to the Act, provisions of the Constitution of the Company and the requirements of the Bursa Securities and other relevant governmental and regulatory authorities where such authority shall be necessary, the Board of Directors be authorized to purchase its own shares through Bursa Securities, 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 Annual General Meeting ("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.

THAT The Directors of the Company be and are hereby authorized 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."

#### 8. *Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature* **Resolution 9**

"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 24 April 2026 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").



## NOTICE OF THE TWENTY-NINTH ANNUAL GENERAL MEETING

### SPECIAL BUSINESS (CONT'D)

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

8. *Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (cont'd)*

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 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."

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

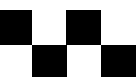
By Order of the Board,

ANGELINA CHEAH GAIK SUAN (MAICSA 7035272) | SSM PC No. : 202008002177  
LEE MEI-MEI (MAICSA 7062284) | SSM PC No. : 202008002962  
Secretaries  
Penang

Date: 24 April 2026

### 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 2025. The details of any interest in securities held by the said Directors are set out in the "Analysis of Directors' Shareholdings" section on page 166 of the Company's Annual Report 2025.



## NOTICE OF THE TWENTY-NINTH ANNUAL GENERAL MEETING

### **PROXY**

1. In respect of deposited securities, only depositors whose names appear in the Record of Depositors as at 15 May 2026 shall be entitled to attend the Meeting and to speak or vote thereat.
2. A member of the Company who is entitled to attend and vote at a meeting of the Company, may appoint not more than two (2) proxies to attend 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 authorized 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 authorized in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorized.
6. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarized 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 Vistra Share Registry and IPO (MY) Portal ("The Portal") at <https://srmy.vistra.com> not less than forty-eight (48) hours before the time fixed for holding the meeting. Please refer to the Administrative Guide for the 29th AGM on the procedure for electronic lodgement of proxy form.

### **Explanatory Notes On Special Business:**

#### **1. Ordinary Resolution 2, 3 and 4**

The proposed resolution is on the re-election of Mr. Tsai Yi Ting, Datin Nik Haslinda Binti Nik Mohd Hashim and Mr. Soon Gim Wooi will retire at the Twenty-Ninth AGM in accordance with Clause 95(1) of the Company's Constitution.

The profile of the retiring Directors is set out in the Annual Report 2025.

The Nominating 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 expectations 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.

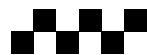
#### **1. Ordinary Resolution 5**

The Audit Committee ("AC") had at its meeting held on 26 February 2026 assessed the suitability and independence of the External Auditors and recommended the re-appointment of Crowe Malaysia PLT as External Auditors of the Company for the financial year ending 31 December 2026.

The Board has reviewed the recommendation of the AC and concurred to recommend the same to be tabled to the shareholders for approval at the 29th AGM

#### **3. Ordinary Resolution 6**

The proposed resolution is in accordance with Article 103(c) of the Constitution of the Company and Section 230(1) of the Act and if passed, will authorize 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.



## NOTICE OF THE TWENTY-NINTH ANNUAL GENERAL MEETING

### Explanatory Notes On Special Business: (cont'd)

#### 4. 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 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 Annual General Meeting 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 Twenty-Eighth Annual General Meeting held on 29 May 2025 which will lapse at the conclusion of the Twenty-Ninth Annual General Meeting.

#### 5. Ordinary Resolution 8

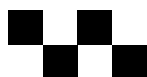
The proposed resolution, if passed, will empower the Directors of the Company to purchase the Company's own shares up to ten per cent (10%) of the total number of issued shares of the Company by utilizing the funds allocated which shall not exceed the total retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting 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 2025.

#### 6. Ordinary Resolutions 9

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 24 April 2026.

### 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.

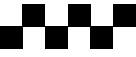


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# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

## **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-Ninth 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 2025, if approved, will be paid on 18 June 2026 to depositors registered in the Records of Depositors on 4 June 2026.

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

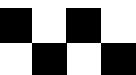
- a) shares transferred into the Depositor's Securities Account before 5.00 p.m. on 4 June 2026 in respect of transfers;
- b) shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Securities.

By Order of the Board,

ANGELINA CHEAH GAIK SUAN (MAICSA 7035272) | SSM PC No. : 202008002177  
LEE MEI-MEI (MAICSA 7062284) | SSM PC No. : 202008002962

Secretaries  
Penang

Date: 24 April 2026



# 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:-

- 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;
- 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
- 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 2025, the retained profits of the Company stood at RM14,916,000 (audited as at 31 December 2025: RM14,916,000).

## 4. Source of Funds

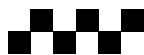
The Proposed Share Buy-Back will be financed from both internally generated funds of the Group and/or external borrowings. The portion of which to be utilised will depend on the actual number of Shares bought, the price of Shares and the availability of funds at the time of the purchase(s). If borrowings 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 2025, the Group has cash and cash equivalent balance of approximately RM157,362,000.

## 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.

The Direct and Indirect Interests of Directors and Substantial Shareholders of THR as at 26 March 2026 are as follows:-

Name	Before proposed buy-back <sup>#</sup>				After proposed buy-back <sup>*</sup>			
	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
Tsai, Chia-Yen	-	-	61,191,043	39.859	-	-	61,191,043	43.187



## 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 26 March 2026 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</u>								
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.

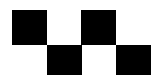
### 6. Potential Advantages and Disadvantages of the Proposed Share Buy-Back

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 in 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 26 March 2026	157,430,000	185,930,000
Assuming Shares purchased are cancelled	(15,743,000)	(15,743,000)
	141,687,000	170,187,000

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.

In the event that 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.

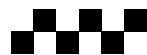
The Proposed Share Buy-Back will reduce the working capital of the Group, the quantum of which will depend on the purchase prices of the Shares and the number of Share purchased.

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 2026.



## 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 26 March 2026, 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:-

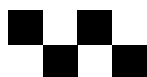
	Highest (RM)	Lowest (RM)
<b>2025</b>		
April	1.50	1.34
May	1.55	1.38
June	1.53	1.42
July	1.68	1.50
August	1.67	1.40
September	1.52	1.32
October	1.50	1.38
November	1.45	1.33
December	1.49	1.36
<b>2026</b>		
January	1.45	1.37
February	1.43	1.33
March	1.35	1.23

Last transacted market price as at 26 March 2026 was (being the last practical date prior to the printing of this Statement) was RM1.22.

### 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.



## SHARE BUY-BACK STATEMENT

### 12. Public Shareholding Spread

According to the Record of Depositors maintained by Bursa Malaysia Depository Sdn. Bhd. as at 26 March 2026, the public shareholding spread of the Company was approximately 25%. 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.

### 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-Ninth 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.

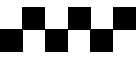
### 16. Documents Available For Inspection

Copies of the following documents will be available for the registered office of the Company at Suite S-21-H, 21st Floor, Menara Northam, 55 Jalan Sultan Ahmad Shah, 10050 George Town, Penang during normal business hours between Monday and Friday (except public holidays) from the date of this Statement to 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 2024 and 2025 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

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

Investment Holding



**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



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

[Company No. 199001009104 (200675-U)]

Extrusion and fabrication of aluminium products



**ACME ALUMINIUM SDN. BHD.**

[Company No: 200301034069 (636490-K)]

Trading of aluminium extrusion products and parts



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

[Company No. 199001013122 (204692-K)]

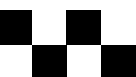
Investment Holding



**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

 66 years

 Male

**Tsai Ming Ti** was appointed to the Board of THR as an Executive Director on 20 July 1999. He brings with him 48 years of extensive experience in the fasteners industry. He completed his education in Junior High School level.


Since the establishment of THF in 1988, he has served as the Managing Director, leading the Company with great emphasis on teamwork, quality and service excellence. Under his leadership, THF has expanded tremendously into the organisation it is today.


He was re-designated as Executive Deputy Chairman of THR on 29 August 2012, and subsequently as Executive Chairman on 27 February 2013.

Mr. Tsai's family is also represented on the Board. His son, Tsai Yi Ting, and daughter, Tsai Pei Chen, are both Members of the Board. He is also the spouse of Tsai Liao Chin Yeh.

### TSAI YI TING

Executive Director and Managing Director

 Taiwanese

 37 years

 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 Deputy Managing Director of THR and subsequently assumed the position of Managing Director on 29 August 2012. He was also appointed as a Director of THF on 13 June 2019.

He graduated from the Purdue University, United States, with a Bachelor of Science degree. He was appointed as Managing Director in THFT in April 2013 and assumed the role of General Manager in THF in April 2019.

He is the son of Tsai Ming Ti and Tsai Liao Chin Yeh, and the brother of Tsai Pei Chen. He is also the cousin of Tsai, Hung-Chuan and Tsai, Chia-Yen.

### TSAI PEI CHEN

Non-Independent, Non-Executive Director

 Taiwanese

 39 years

 Female

**Tsai Pei Chen** joined THF on 18 January 2010 as General Manager. She was appointed as a Director of THF on 26 May 2010. On 29 August 2017, she was appointed as an Executive Director of THR and was subsequently re-designated as a 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.

Ms. Tsai is the daughter of Tsai Ming Ti and Tsai Liao Chin Yeh, and the sister of Tsai Yi Ting. She is also the cousin of Tsai, Hung-Chuan and Tsai, Chia-Yen.

### TAN BAN LEONG

Executive Director

 Malaysian

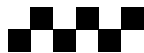
 67 years

 Male

**Tan Ban Leong** was appointed to the Board of THR as an Executive Director on 20 July 1999. He oversees Administration and Corporate Matters of the Group. He joined THF in July 1989 and was appointed as Executive Director of THF in 1993.

He holds a Degree in Economics from Tunghai University, Taiwan in 1986. As one of the pioneer staff of the Group, he played a key role in the establishment and setup of the factory.

Mr. Tan 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

 49 years

 Male

**Tsai Hung Chuan** was appointed to the Board of THR as a Non-Independent Non-Executive Director. He was appointed as a member of the Nominating Committee on 27 February 2013 and subsequently as a member of Remuneration Committee on 25 November 2024.


He has been the General Manager of Tongming Enterprise Co., Ltd. (TME) since 2003 and was appointed as a Director of TME in 2007. He holds a Master in Business Administration from University of Washington, United States.


Mr. Tsai's family is also represented on the Board. His sister, Tsai, Chia-Yen serves as a Director of THR while another sister Tsai, Jane-Rong is also major shareholder of THR by virtue of her shareholding in Allrich. He is also cousin of Tsai Yi Ting and Tsai Pei Chen, and the nephew of Mr. Tsai Ming Ti.

### TSAI, CHIA-YEN

Non-Independent,  
Non-Executive Director

 Taiwanese

 46 years

 Female

**Tsai Chia Yen** was appointed to the Board of THR as a Non-Independent Non-Executive Director on 29 August 2017. She joined TME as Vice General Manager in May 2013.


She holds a Ph.D in Mathematics from University of Illinois at Urbana-Champaign, United States.


Ms. Tsai is the sister of Tsai, Hung-Chuan. Another sister, Tsai, Jane-Rong, is a major shareholder of THR by virtue of her shareholding in Allrich. She is also cousin of Tsai Yi Ting and Tsai Pei Chen, and the niece of Mr. Tsai Ming Ti.

### ROHAIZA BINTI MOHAMED BASIR

Independent,  
Non-Executive Director

 Malaysian

 59 years

 Female

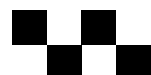
**Pn. Rohaiza** was appointed to the Board of THR as an Independent Non-Executive Director, a Member of Audit Committee, and Chairperson of the Nominating Committee on 22 May 2023. She was subsequently appointed as Chairperson of the Remuneration Committee and as a Member of Risk Management and Sustainability Committee.

**he** graduated from the University of Malaya with a Bachelor of Laws (Hons) in 1990. She is an Advocate and Solicitor of the High Court of Malaya and a member of the Malaysian Bar.

She previously served as the Senior Equity Partner at Messrs. Azwar & Associates until March 2025, where she also co-managed the firm's administrative functions. She is currently a Senior Legal Associate at Messrs. Zain Megat Murad.

She currently serves as the Chairperson and Independent Non-Executive Director of Empire Premium Food Bhd. In addition, she is an Independent Non-Executive Director of Poh Kong Holdings Berhad and a Director of U Mobile Holding Berhad. She 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

 57 years

 Female


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


She graduated from the International Islamic University with Bachelor of Law (Hons.) in 1993 and was admitted to the Malaysian Bar in 1994. She joined Messrs. Zain Megat & Murad (ZMM) in September 2007 and is currently the senior Legal Associate, specializing in conveyancing and corporate matters. In addition, she is also responsible for the administration and management functions of the firm.

Datin Nik Haslinda has no family relationship with any other Director or major shareholder of the Group.

### SOON GIM WOUI

Independent,  
Non-Executive Director

 Malaysian

 59 years

 Male

**Soon Gim Woui** was appointed to the Board of THR as Independent Non-Executive Director on 22 May 2023. On the same date, he was also appointed as a Member of Audit Committee and Member of the Nominating Committee. He was subsequently appointed as a Member of the Remuneration Committee and the Risk Management and Sustainability Committee.

He is a Fellow of Association of Chartered Certified Accountants (ACCA) since 1997 and a Member of Malaysian Institute of Accountants (MIA). From February 1994 to June 2020, he was attached to KPMG Penang, where he last served as an Audit Supervisor.

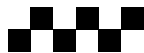
Mr. Soon has been an Approved Company Auditor since May 2000. He is the founder of GW Soon & Partners and GW Soon & Ken Consultancy Services Sdn. Bhd. in Butterworth, as well as the founder of Soon & Partners based in Penang Island. In addition to his professional practice, he is actively involved in social and charitable organisations as a volunteer auditor, and also serves as a director of school boards.

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

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

#### Notes:

- 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.
- 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 MANAGEMENTS' PROFILE




### LEE SHIH YAO

**Lee Shih Yao** has served as the General Manager of THA since THR acquired the company in 2010. Prior to this, he held the position of Factory Manager of THA since 20 December 1991.

He holds a Diploma in Material Engineering from Provincial Taipei Institute of Technology.

 Taiwanese


 68 years


 Male

### SOO SIO BENG

**Soo Sio Beng** was appointed as General Manager of THFT in May 2005. He joined THF in 1994 as a 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. As one of the pioneer staff members, he played an instrumental role in the establishment and setup of THFT.

 Malaysian

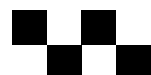
 58 years

 Male

#### Notes:

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

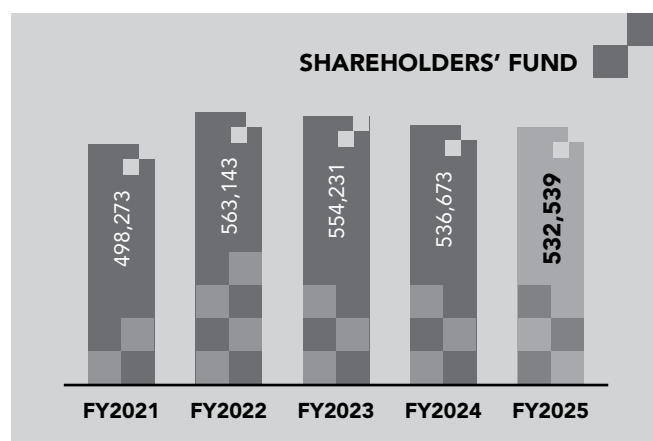
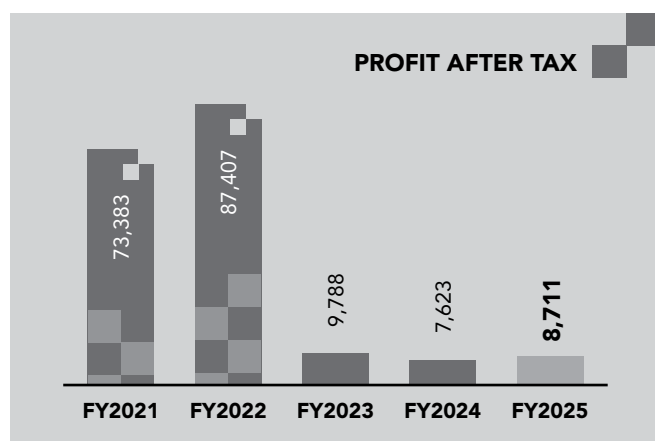
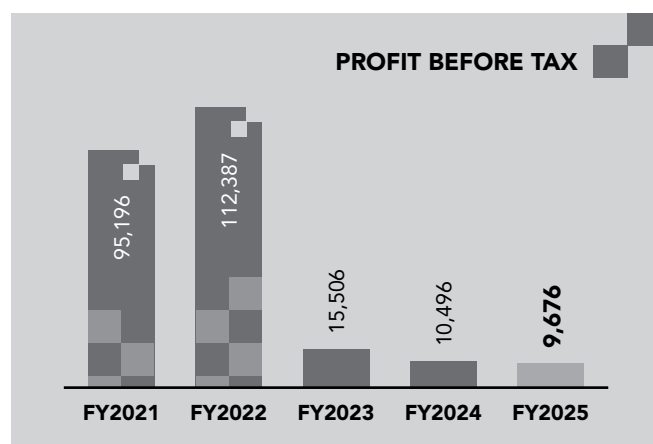
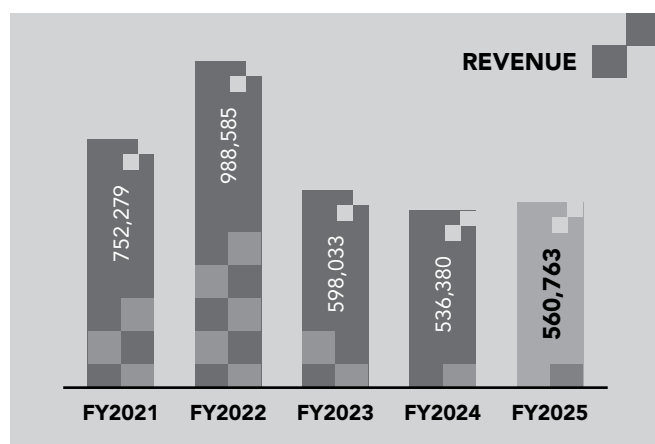
- any directorship in public companies and listed issuers,
- any family relationship with any Directors and/or substantial shareholders of the Company,
- any conflict of interest with the Company,
- any conviction for offences (other than traffic offences) within the past 5 years, and/or any public sanction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

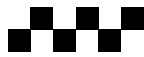


## 5-YEAR GROUP FINANCIAL HIGHLIGHTS

	2021	2022	2023	2024	2025
<b>FINANCIAL RESULTS (RM'000)</b>					
Revenue	752,279	988,585	598,033	536,380	<b>560,763</b>
Profit Before Tax	95,196	112,387	15,506	10,496	<b>9,676</b>
Profit After Tax	73,383	87,407	9,788	7,623	<b>8,711</b>
Profit/(Loss) attributable to:					
- Owners of the Company	64,133	82,537	6,422	1,682	<b>5,756</b>
- Non-controlling Interest	9,250	4,870	3,366	5,941	<b>2,955</b>
<b>FINANCED BY (RM'000)</b>					
Paid-Up Capital	185,930	185,930	185,930	185,930	<b>185,930</b>
Shareholders' Fund	498,273	563,143	554,231	536,673	<b>532,539</b>
Total Assets Employed	825,073	700,921	664,686	684,354	<b>654,432</b>
Net Assets	550,049	617,099	609,003	592,246	<b>589,357</b>

<b>STATISTICS</b>					
Net Assets Per Share attributable to owners of the Company (RM)	3.25	3.67	3.61	3.5	<b>3.47</b>
Basic Earnings/(Loss) Per Share (Sen)	41.78	53.76	4.18	1.1	<b>3.75</b>
Gross Dividend Paid Per Share (Sen)	20.00	15.00	7.50	3.30	<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, as well as the 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 consistent and sustainable organic growth and delivering high-quality products together with enthusiasm of service to our valued customers. To drive business sustainability and profitability, the Group will continue to pursue its strategy in both fasteners and aluminium businesses by focusing on product quality, precision and accuracy through ongoing quality upgrades and by keeping abreast of new technologies. While the broad strategic direction remains unchanged, the Group remains mindful to adjust its operational approach in response to changes in the marketplace.

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

## Overview of Business Environment

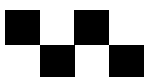
The fasteners industry, which includes screws, bolts and nuts, is essential for joining two or more objects together. Demand for fasteners is influenced by global economic expansion and fixed investment expenditures. Volatility of commodity prices, the impact from geopolitical tensions and uncertainties in policy directions of advanced economies also affect overall demand for fasteners.

The aluminium industry, on the other hand, continues to face challenges such as rising competition from substitute materials and fluctuations in raw material prices. These factors limit the growth potential of the aluminium market. Socio-economic developments, including GDP performance and growth in end-user industries, may also influence demand for aluminium extrusions. Malaysia's GDP in 2026 is projected to expand by approximately 4.0%–5.0%, with nominal GDP estimated to reach around \$502–\$505 billion USD. Growth is supported by strong domestic demand, the electrical and electronics (E&E) exports upcycle and rising investments in data centres. The IMF forecasts real GDP growth of 4.3% for Malaysia in 2026.



The global steel market in 2025 remains challenging, with demand stabilising at approximately 1.75–1.77 billion tonnes amid continued oversupply and rising trade tensions. Global steel demand is expected to remain relatively flat, recording marginal growth of about 1.2%–1.3% compared to 2024. At the same time, global steelmaking capacity is projected to expand for the seventh consecutive year, resulting in an estimated surplus of around 680 million tonnes by the end of 2025. This imbalance continues to place downward pressure on steel prices and has prompted the introduction of protectionist measures, including anti-dumping and safeguard actions. In addition, tightening environmental regulations, such as the EU's Carbon Border Adjustment Mechanism (CBAM), are encouraging the industry to accelerate its transition toward lower-carbon steel production technologies.

To be competitive, the Group continues to emphasise the importance of quality improvement, operational efficiency and cost control in order to reduce overall production costs. We are committed to strengthening our downstream operations by offering a boarder broader range of high-quality products.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of Financial Performance

#### Profitability

	FYE 31.12.2025 RM'000	FYE 31.12.2024 RM'000	Variance %
Revenue	<b>560,763</b>	536,380	4.55
Gross profit ("GP")	<b>33,455</b>	29,455	13.58
Profit before tax ("PBT")	<b>9,676</b>	10,496	-7.81
Profit after tax	<b>8,711</b>	7,623	14.27
Net profit attributable to owners of the Company	<b>5,756</b>	1,682	242.21
Earnings per share (sen)	<b>3.75</b>	1.10	
GP margin	<b>5.97%</b>	5.49%	
PBT margin	<b>1.73%</b>	1.96%	
Net profit margin	<b>1.55%</b>	1.42%	

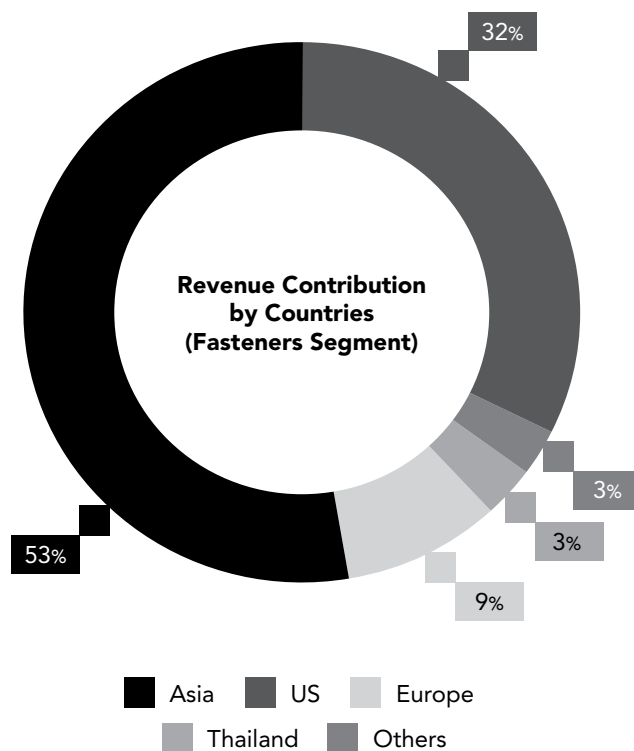
The revenue for both Fasteners and Aluminium segment can be further analysed as below:

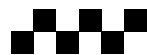
	FY 2025 RM'000	FY 2024 RM'000	Variance %
Fasteners	<b>415,803</b>	373,915	11.20
Aluminium	<b>144,960</b>	162,465	-10.78
<b>Total Revenue</b>	<b>560,763</b>	<b>536,380</b>	

For the financial year ended 31 December 2025, the Group recorded revenue of RM561 million, representing an increase of 4.55% compared to RM536 million in FY 2024. The higher revenue was mainly driven by the overall increase in demand for fasteners.

Both fasteners and aluminium segments continued to operate in a highly competitive environment, which placed pressure on product demand and pricing. Nevertheless, the fasteners segment achieved a revenue increase of 11.20%, while aluminium segment recorded a decrease of 10.78% compared to FY 2024.

During FY 2025, revenue generated from the aluminium segment was primarily driven by the local market. Meanwhile, the revenue contribution from the fasteners segment by country is summarised as follows:





## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of Financial Performance

#### Financial Position

	FYE 31.12.2025 RM'000	FYE 31.12.2024 RM'000	Variance %
Total asset	<b>654,432</b>	684,354	-4.37%
Total liabilities	<b>65,075</b>	92,108	-29.35%
Equity attributable to owners of the Company	<b>532,539</b>	536,673	-0.77%
Net assets per share attributable to owners of the Company (sen)	<b>347</b>	350	-0.86%
Current ratio	<b>8.71</b>	6.25	
Debt-to-equity	<b>0.04:1</b>	0.07:1	

The Group maintained a healthy financial position as at 31 December 2025. Equity attributable to owners of the Company decreased slightly by 0.77% to RM532.54 million compared to the previous financial year.

The Group incurred RM10.71 million in capital expenditure ("CAPEX") in FY2025, compared with RM9.25 million in FY2024. These investments were mainly directed toward enhancing the effectiveness and efficiency of the Group's existing business operations.

In addition, total loans and borrowings as at 31 December 2025 stood at RM26.29 million, representing a reduction of RM14.89 million compared to the preceding financial year.

The net assets per share attributable to owners of the Company amounted to 347 sen per share, while the cash and cash equivalents stood at RM157.36 million as at 31 December 2025 (2024: RM129.80 million).

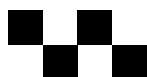
The Group remains confident that its current financial strength is sufficient to support future capital expenditure needs and working capital requirements.

### Risks Analysis and Strategic Business Direction

The Group manages its capital with the objective of maximising long-term shareholder value while safeguarding its ability to continue as a going concern. This ensures the delivery of fair returns to owners and continued benefits to other stakeholders. To achieve this, the Group adopts a disciplined approach to managing its debt and equity, by maintaining an optimal capital structure that reduces the overall cost of capital and supports sustainable business development.

The Group monitors its capital structure through the debt to equity ratio, 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 2025, the Group recorded a debt to equity ratio of 0.04:1, reflecting a strong and conservative financial position.

The Group is exposed to several business risks, including volatility of commodity prices, competitive market, and uncertainties in the economic outlook of major economies. In addition, the Group faces financial risks such as credit risk, liquidity risk and currency risk. The overall objective of the Group's financial risk management is to ensure that sufficient financial resources are available to support business growth whilst minimising the potential adverse impacts on its financial position, performance and cash flow. At the same time, the wider risk management frameworks aim to mitigate unexpected operational disruptions and keep the Group on track to meet its strategic goals.



# MANAGEMENT DISCUSSION AND ANALYSIS

## **Risks Analysis and Strategic Business Direction**

### Volatility of Commodity Prices

The Group's main raw materials are wire rod for the fasteners segment and billet and ingot for the aluminium segment. Volatility in the prices of these key raw materials directly affects the Group's production costs and short-term profit margins. To mitigate this, the Group continuously monitors raw material prices and adjusts selling prices when necessary. In addition, we source raw materials from multiple alternative suppliers to avoid reliance on any single supplier.

### Market Competition

The Group strives to remain competitive by focusing on product development to ensure consistent product quality and timely delivery, both of which are essential in meeting customer expectations in a highly competitive market. At the same time, the Group continues to explore opportunities to broaden its customer base and further expand existing markets.

### Uncertainties of Major Economies

Uncertainties arising from policy development in major economies, including geopolitical conflicts and the ongoing United States and China trade tensions, may weaken consumers' confidence and affect the Group's performance, given that a significant portion of the Group's revenue is export driven. To address this risk, the Group will continue to explore more opportunities in other regions and further diversify its customer base. The management also remains vigilant and will closely monitor new developments and their potential impacts, if any.

### Credit Risk

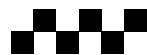
Credit risk refers to the potential financial loss the Company may incur if a counterparty fails to meet its contractual obligations. The Group's exposure to credit risk arises mainly from receivables, derivatives, financial assets and deposits placed with financial institutions. The maximum credit exposure for these financial assets is represented by their carrying amounts in the statement of financial position.

As the Group deals only with reputable financial institutions, the credit risk associated with derivative financial assets and deposits is considered minimal. For receivables, the Group manages its credit exposure by continuously assessing the financial standing of counterparties, setting appropriate credit limits and monitoring credit terms on an ongoing basis.

### Liquidity Risk

Liquidity risk relates to the Company's ability to maintain sufficient cash resources to meet financial obligations as they fall due. Effective liquidity management is essential to ensure an adequate level of cash and cash equivalents that is appropriate for the Group's operating environment and projected expected cash flows.

The Group's exposure to liquidity risk arises from its ability to fulfil financial liabilities without incurring significant losses. To manage the risk, the Group practices prudent liquidity management and cash flow planning to minimise the mismatches between financial assets and liabilities. The Group also ensures the availability of sufficient cash balances and access to funding through standby credit facilities.



## MANAGEMENT DISCUSSION AND ANALYSIS

### **Risks Analysis and Strategic Business Direction**

#### Currency Risk

Currency risk arises when Group entities conduct transactions in currencies other than their functional currencies. The major functional currencies within the Group are Ringgit Malaysia and Thai Baht, while the primary foreign currencies transacted are US Dollar and Euro.

Sales and purchases in foreign currencies provide a natural hedge against exchange rate fluctuations. The Group closely monitors movements in exchange rates and take takes appropriate action to ensure that currency exposure remains within acceptable limits. Where necessary, the Group enters into derivative contracts to hedge against foreign currency risks.

#### Dividend Payout

During the year, the Company paid a final single tier dividend of 3.3 sen per share, amounting to RM5,066,084 in respect of the financial year ended 31 December 2025.

The Directors have also recommended a final single tier dividend of 3.3 sen per share for shareholders' approval at the Company's Twenty-Ninth Annual General Meeting on 25 May 2026.

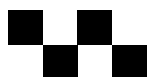
### **Outlook**

According to the latest Global Economic Prospects (January 2026) issued by the World Bank, global economic growth is projected to moderate to approximately 2.6% in 2026, reflecting softer global trade activity and domestic demand. Growth in developing economies is expected to remain relatively resilient at around 4.0%, while global inflation is expected to ease as supply conditions stabilise. Despite these improvements, the global economic environment continues to face uncertainties arising from geopolitical tensions, rising protectionism measures and elevated debt levels.

The Group remains mindful of the challenges ahead, including intense competition, potential supply chain disruptions, rising operating costs and uncertainties in the broader economic landscape. Nonetheless, the Group remains optimistic about its business prospects, supported by the anticipated commencement of several high-profile construction projects, including large-scale infrastructure works, industrial developments and commercial projects.

With the initiatives undertaken to mitigate risks, together with the Group's expertise, financial strength and technical capabilities, the Group is confident in its ability to secure additional contracts and progressively regain market share and strengthen its position within the industry.

Moving forward, the Group will continue to build and strengthen its workforce and refine its business strategies, particularly in system integration and project management, to further enhance its order book. At the same time, the Group will focus on improving operational efficiency and maintaining prudent cost management to support healthier financial performance in the coming years.



# 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: [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 with the MMLR.

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

### I. BOARD RESPONSIBILITIES

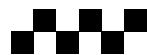
#### **Roles and Responsibilities of the Board**

In order to deliver sustainable value to stakeholders, the Board provides entrepreneurial leadership and sets vision and objectives as well as strategic directions to ensure long term success of the Group. The Board also assesses the performance, reviews the systems of risk management and internal control of the Group, and ensures effective strategies and management are in place. The Board responsibilities are defined in the Board Charter and are available on 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 for the Group to guide and set the pace for its current operations and future improvement
- 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 and delegating authority to management, monitor and evaluate the implementation of policies, strategies and business plans in order to ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations constantly bearing sustainability in mind
- 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
- h) Review Directors’ remuneration packages.

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 of the Company’s multi-pronged approach to address sustainability risks and opportunities can be found in the Sustainability Statement.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

##### **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.

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 the implementation of the Board's decisions and policies.

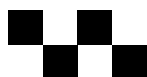
##### **Roles and Responsibilities of the Company Secretary**

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 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) Circulating 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.
- f) Manage processes pertaining to the annual general meeting(s).

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.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

##### **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 effectiveness of the Board, the Directors have the right to obtain full and unrestricted access to any information pertaining to the Group and also to the advice and dedicated support services of the Company Secretaries. The Board also has the right to seek for independent professional advice at the cost of the Group on matters which are deemed necessary, that will be put forward to the Board for decision making and to enable them to discharge their responsibilities effectively.

##### **Board Charter**

The Board Charter sets out the roles, responsibilities, processes and functions of the Board which is published on the Company's corporate 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 formalized 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:-

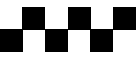
- To enable the Board to provide strategic guidance and effective oversight of Management;
- To clearly define the roles and responsibilities of members of the Board and Management to facilitate accountability to the Company and its shareholders; and
- To ensure balance of authority so that no single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

##### **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.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

##### **Whistleblowing Policy**

The Board is satisfied that an adequate framework on whistleblowing is in place during the financial year ended 31 December 2025. 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 2025.

##### **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).

##### **Prevention of Forced Labour Policy**

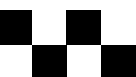
The Board has established a formal prevention of Force Labour Policy to uphold human rights and maintain ethical labour practices across its operations. Tong Herr Resources Berhad strictly prohibits all forms of forced or compulsory labour and ensures that employment is voluntary and conducted in compliance with relevant labour laws and regulations. The Group also committed to fair treatment of employees and provides appropriate channels for workers to raise concerns, thereby fostering a responsible and transparent working environment.

##### **Safety and Health Policy**

The Group is dedicate to maintaining a safe and healthy working environment for all employees and ensuring compliance with relevant occupational safety and health laws and regulations. Tong Herr Resources Berhad promotes a strong safety culture by implementing ongoing safety training, risk management practices, and workplace monitoring to minimise accidents and occupational hazards. The Board and Management uphold their commitment to continuously improving safety standards throughout the Group's operations.

##### **Waste Management Policy**

The Group demonstrates its commitment to responsible waste management and minimising environmental impact of its operations. Tong Herr Resources Berhad utilises systematic waste segregation, handling, and disposal practices in accordance with relevant environmental laws and regulations, including scheduled waste management via authorised contractors. Additionally, the Group encourages recycling initiatives and pursues ongoing improvements to strengthen environmental sustainability across its business activities.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

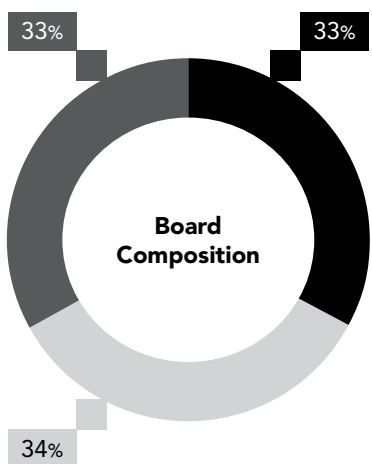
### II. BOARD COMPOSITION

#### Composition of the Board

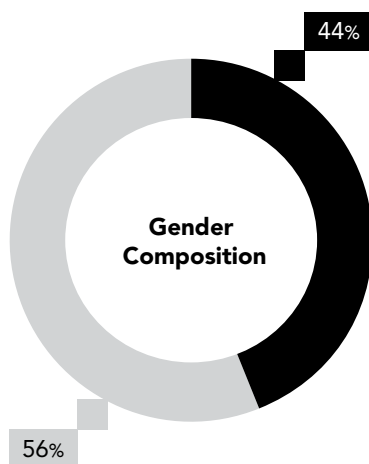
The Board of Directors is from various backgrounds of professionals, which allow a mix of qualifications, skills, integrity, competence, experience and gender. The current Board consists of nine (9) members, which includes three (3) Executive Directors, three (3) Independent Non-Executive Directors and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

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 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.

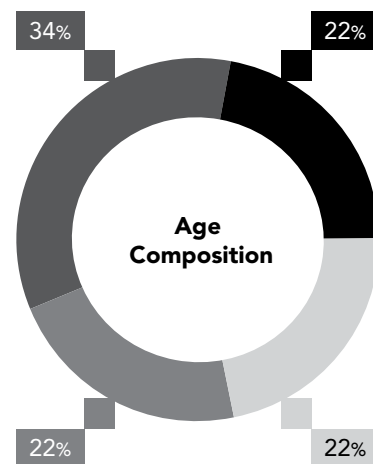
The Nominating Committee and the Board have not established any gender diversity policy for the Board composition, however, the Board remains mindful of the MCCG's principles on gender diversity. As at the date of this report, the Board has four (4) female Directors, representing approximately 44% female representation. These comprise of two (2) Non Independent Non Executive Directors and two (2) Independent Non Executive Directors. The Board will continue to identify and consider suitably qualified candidates to sit in the Board when such need arises.



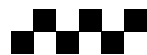
- Executive Director
- Independent Non-Executive Director
- Non-Independent Non-Executive Director



- Male
- Female



- 60-69
- 50-59
- 40-49
- 30-39



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

##### Tenure Limit of Independent Directors

The MCCG stipulates that the tenure of an Independent Director should not exceed a cumulative term limit of nine (9) years. After the completion of this nine-year term, an Independent Director may continue serving on the Board as a Non-Independent Director. However, if the Board intends to retain an Independent Director beyond the nine-year period in the same capacity, it must provide justification and seek annual shareholder approval through a two-tier voting process.

According to the definitions outlined in the MMLR, an Independent Director is one who has not served as an Independent Director in the Company or any of its Group companies for a cumulative period exceeding twelve (12) years from the date of their first appointment as an Independent Director.

During the financial year ended 31 December 2025, none of the Independent Directors served the Board exceed tenure of nine (9) years

##### Fit and Proper Policy

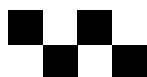
The Board adopted the Directors' Fit and Proper Policy on 27 May 2022 for the appointment and re-election of Directors of the Company. This policy will enhance the governance of the Group in relation to the Board's quality and integrity, as well as ensure that each of its directors has the character, 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 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 Group website. The present members and record of attendance are as follows:

		No. of Meetings Attended
Chairperson:	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 recommendations, 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)

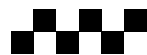
#### II. BOARD COMPOSITION (CONT'D)

##### **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 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 especially those Independent Directors who have served as Independent Directors for more than twelve years.</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 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 AGM.</p>

The Nominating Committee will also assess 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.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

##### 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.

##### Time commitment

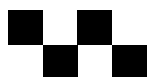
The Board is satisfied with the level of commitment and dedication given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. All the Directors have allocated sufficient time and commitment in discharging their responsibilities. During the current financial 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 2025, the Company held four (4) scheduled meetings. The meetings concentrated mainly on major investments and strategy decisions, operational & financial performance, 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 2025 was as follows:

Name of Director	No. of Meetings Attended
<b>Executive Directors</b>	
Tsai Ming Ti	3/4
Tan Ban Leong	4/4
Tsai Yi Ting	4/4
<b>Non-Independent Non-Executive Director</b>	
Tsai, Hung-Chuan	4/4
Tsai, Chia-Yen	4/4
Tsai Pei Chen	4/4
<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.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

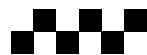
#### II. BOARD COMPOSITION (CONT'D)

##### 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.

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	22 January 2025	Enhanced Conflict of Interest Framework
2. Tsai Yi Ting	22 January 2025	Enhanced Conflict of Interest Framework
	30 July 2025	FMM - RDS Stamp duty webinar on implications of recent amendments to stamp duty law & Managing Stamp duty audits
	21 August 2025	Key tax matters to consider when assessing foreign investment and mergers and acquisitions
	29 August 2025	Customs Clearance Practices for Steel, Aluminium, and Derivatives Subject to Section 232 Tariffs
	11 November 2025	Corporate Governance and Business Judgment Principles - A Case Study of the Taishan Case
	20 November 2025	Deloitte Tax Max - The 51st series Building economic resilience through strategic tax reforms
3. Tsai Pei Chen	22 January 2025	Enhanced Conflict of Interest Framework
	23 December 2025	Strategies for the New Year 2026
4. Tsai, Hung-Chuan	22 January 2025	Enhanced Conflict of Interest Framework
	21 August 2025	Key tax matters to consider when assessing foreign investment and mergers and acquisitions
	11 November 2025	Corporate Governance and Business Judgment Principles - A Case Study of the Taishan Case
5. Tsai, Chia-Yen	22 January 2025	Enhanced Conflict of Interest Framework
	21 August 2025	Key tax matters to consider when assessing foreign investment and mergers and acquisitions
	11 November 2025	Corporate Governance and Business Judgment Principles - A Case Study of the Taishan Case



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

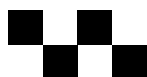
### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 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: (cont'd)

Name of Directors	Date	Seminar / Training Course Title
6. Tan Ban Leong	15 January 2025	Seminar on Maximise your Trade Potential using RCEP
	22 January 2025	Enhanced Conflict of Interest Framework
	19 February 2025	Accommodation Certificate: Referring to More Conducive Worker Housing
	18 July 2025	Preparation in preparing a good service contract as well as the employer's responsibility in preparing a service contract with a duty stamp
	28 August 2025	HLB Economic and Market Development conference 2025
	29 August 2025	US Section 232 tariff Customs Clearance Practice on Steel and Aluminium Products and Derivatives
	20 November 2025	Deloitte Tax Max - The 51st series Building economic resilience through strategic tax reforms
7. Rohaiza Binti Mohamed Basir	22 January 2025	Enhanced Conflict of Interest Framework
	4 June 2025	Defrauded in the Age of AI and Deepfakes
	19 - 20 August 2025	SSM National Conference 2025
	29 September 2025	Audit Committee Conference
	25 November 2025	AOB Conversation with Audit Committee
8. Datin Nik Haslinda Binti Nik Mohd Hashim	22 January 2025	Enhanced Conflict of Interest Framework
	20 February 2025	Corporate Conference 2025
	19 - 20 August 2025	Leading Governance for Sustainable Growth
9. Soon Gim Wooi	22 January 2025	Enhanced Conflict of Interest Framework
	9 September 2025	Financial Reporting Performance for Public and Private Entities
	14 October 2025	Tax issues for SME
	24 October 2025	Accounting for Substantial Investment Interests and Business Combinations
	6 November 2025	Tax Seminar on Budget 2026



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### III. REMUNERATION

##### Remuneration Committee

The Board established the Remuneration Committee on 25 November 2024 which comprised entirely of Non-Executive Directors. The detailed TOR can be found in the Group website. The present members and record of attendance are as follows:

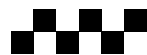
		No. of Meetings Attended
Chairperson:	Rohaiza Binti Mohamed Basir <i>Independent Non-Executive Director</i>	1/1
Member:	Tsai, Hung-Chuan <i>Non-Independent Non-Executive Director</i>	1/1
	Soon Gim Wooi <i>Independent Non-Executive Director</i>	1/1

During the financial year ended 31 December 2025, the Remuneration Committee reviewed and recommended to the Board for approval on the remuneration packages of the Executive Directors and Key Senior Management, and the Directors' fees payable to the Non-Executive Directors of the Company.

##### Details of Directors' Remuneration

The aggregate remuneration paid to the Directors for the financial year ended 31 December 2025 were categorised into appropriate components as below:

Category	Fees RM'000	Salaries and other emoluments RM'000	Benefits in kind RM'000	Total RM'000
<b>Executive Directors</b>				
Tsai Ming Ti	140	437	28	605
Tsai Yi Ting	30	452	8	490
Tan Ban Leong	30	165	10	205
	200	1,054	46	1,300
<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 to RM250,000	1	-
RM450,001 to RM500,000	1	-
RM600,001 to RM650,000	1	-

### PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I. AUDIT COMMITTEE

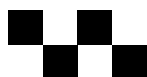
The Audit Committee comprises three (3) members, who are Independent Non-Executive Directors. One of the members of the Audit Committee is a Chartered Accountant with the Malaysian Institute of Accountants, having qualified under the Association of Chartered Certified Accountants (ACCA) United Kingdom 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 TOR. The detailed TOR can be found in the Group website. Further information of the Audit Committee is outlined under the Audit Committee Report in this Annual Report.

#### 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 102 to 103 in this Annual Report provide an overview on the risk management and internal controls within the Group.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

The Board recognizes 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 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 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.

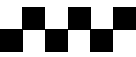
At the meeting, the Chairman and the Board members are in attendance to provide explanations to all shareholders' enquiries on matters relating to the Group's business activities. There is an open question and answer session on the resolutions being proposed or about the Group's operations in general. 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 31 March 2026.



# STATEMENT OF DIRECTORS' RESPONSIBILITIES

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

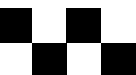
The Board of Directors ("the Board") is required by the Companies Act 2016 to prepare audited financial statements that give a true and fair view of the state of financial position, cash flows and results of the Group and of the Company as at the end of each financial year end, in accordance with applicable 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 2025, the Board has:

- adopted suitable accounting standards and applied the appropriate accounting policies consistently;
- 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 proper accounting records that sufficiently explain transactions and financial positions, as well as ensuring that the financial statements comply with the requirements of the regulatory authorities. The Board has taken reasonable steps 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 31 March 2026.



# SUSTAINABILITY STATEMENT

## FOUNDATION & REPORTING BOUNDARY



### ABOUT THIS REPORT

Tong Herr Resources Berhad (“Tong Herr” or the “Company”) and its affiliated companies (the “Group”) prioritise a balanced approach to environmental stewardship, social responsibility, and robust governance. This report is prepared with reference to GRI Standards, the SASB Framework, and the Bursa Malaysia Sustainability Reporting Guide (3rd Edition), while aligning with IFRS S1 and S2 established by the ISSB. The report covers the operations and activities of Tong Herr Resources Berhad and its subsidiaries for the financial year from 1 January 2025 to 31 December 2025 on an annual basis. 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.

### PURPOSE OF THE REPORT

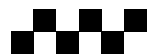
The report serves as a transparent and comprehensive disclosure of Tong Herr’s sustainability efforts, outlining the Group’s strategies, governance frameworks, and performance metrics across key ESG dimensions. The primary purpose is to:

- Highlight Tong Herr’s strategic approach to managing material sustainability issues.
- Communicate measurable goals and targets established to track progress and foster accountability.
- Provide stakeholders, including employees, investors, customers, suppliers, and the community, with a detailed understanding of the Group’s impact, progress, and future.

### FOCUS AREAS OF THE REPORT

This report emphasises the Group’s commitment to:

- Mitigating climate-related risks and reducing environmental impact through efficient energy and waste management practices.
- Promoting a diverse, inclusive, and safe workplace while fostering community engagement and social equity.
- Strengthening governance structures to enhance ethical practices, risk management, and stakeholder trust.



## SUSTAINABILITY STATEMENT

### ABOUT THE COMPANY

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 threaded rods used in various industries. The aluminum segment complements the company's core offerings by providing products essential for diverse industrial applications.

Tong Herr, founded by the Tong Group in 1989 and expanding to Thailand in 2005, specialises in producing stainless steel fasteners that are crucial across a variety of sectors, including machinery assembly, food processing, telecommunications, and construction, serving global markets across Asia, Europe, Africa, Oceania and the Americas.

The company holds ISO 9001 certification, reflecting its dedication to delivering high-quality fasteners; we are committed to embedding sustainability into every facet of our operations. By prioritising 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.

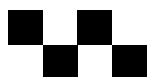


### VISION

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, emphasising 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.



## SUSTAINABILITY STATEMENT

### REPORTING SCOPE AND BOUNDARY

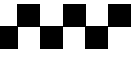
Tong Herr Resources Berhad (“the Group”) applies the financial control approach when determining the reporting boundary for sustainability disclosures in accordance with IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

Under this approach, the Group includes all subsidiaries over which it has the authority to direct operating and financial policies. The boundary is aligned with the entities consolidated under Tong Herr Resources Berhad’s financial statements for FY2025.

The organisational boundary for this Sustainability Report includes the following entities:

Entity	Abbreviation	Country	Business Activity	Inclusion Status	Rationale
<b>Tong Heer Fasteners Co. Sdn. Bhd.</b>	THF	Malaysia	Manufacturing of stainless-steel fasteners	Included	Under full financial and operational control of the Group. Represents major operational footprint.
<b>Tong Heer Fasteners (Thailand) Co., Ltd.</b>	THFT	Thailand	Manufacturing of stainless-steel fasteners	Included	Under full financial and operational control; comprises Amata and Pinthong plants.
<b>Tong Heer Aluminum Industries Sdn. Bhd.</b>	THAI	Malaysia	Aluminium extrusion, fabrication and processing	Included	Under full financial and operational control of the Group. Represents major operational footprint.
<b>Acme Aluminum Sdn. Bhd.</b> <i>(subsidiary of THAI)</i>	ACME	Malaysia	Trading of aluminum extrusion products and parts	Partially Included	Emissions and energy data included in FY2025.

The entities included within the reporting scope are those that contribute materially to the Group’s environmental, social and governance impacts, risks and opportunities. All disclosures in this Report are consistent with the Group’s audited financial statements. Changes in organisational structure or consolidation will be reflected in future reporting cycles, together with explanations for material additions, removals or restatements.



# SUSTAINABILITY STATEMENT



## ASSURANCE STATEMENT

Tong Herr Resources Berhad is committed to maintaining transparency, accountability, and reliability in its sustainability reporting. The information presented in this report has been reviewed internally by Management Sustainability Committee (MSC) and relevant departments to ensure the accuracy and consistency of the disclosures. The Group continues to strengthen its internal data management and reporting processes to support reliable and consistent sustainability disclosures.

This report has not been externally assured. The Group plans to obtain independent external assurance for selected ESG disclosures before the FY2028 reporting cycle, in line with evolving regulatory expectations and best practices.

Moving forward, Tong Herr intends to appoint an independent third-party assurance provider to verify key environmental data, including greenhouse gas (GHG) emissions and energy consumption, in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised).

## 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.

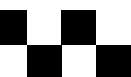
To provide feedback, you may contact us through the following channels:



**Email:**  
[chtan@tong.com.my](mailto:chtan@tong.com.my)






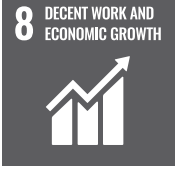



**Mailing Address:**  
Tong Heer Fasteners Co. Sdn. Bhd.  
No. 2515, Tingkat Perusahaan 4A,  
Perai Free Trade Zone, 13600 Perai,  
Penang, Malaysia.

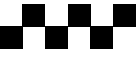


# SUSTAINABILITY STATEMENT

## SUSTAINABILITY HIGHLIGHTS - OUR CONTRIBUTION TO THE UN SDGS

Tong Herr remains committed to aligning business practices with the United Nations Sustainable Development Goals (SDGs). In FY2025, our proactive ESG initiatives focused on the following key contributions:

UN SDG Description	Our Contribution
 <p><b>3 GOOD HEALTH AND WELL-BEING</b> Promoting Workplace Safety and Employee Well-Being</p>	<p>Strengthened workplace safety performance and enhanced employee wellness programmes. (see detailed metrics on page 82)</p>
 <p><b>6 CLEAN WATER AND SANITATION</b> Advancing Water Conservation and Responsible Wastewater Management</p>	<p>Improved water use efficiency through ongoing conservation and operational enhancements. (see detailed metrics on page 67 - 69)</p>
 <p><b>7 AFFORDABLE AND CLEAN ENERGY</b> Expanding Renewable Energy and Energy Efficiency</p>	<p>Expanding Renewable Energy – Achieved improvements in energy efficiency and renewable energy adoption. (see detailed metrics on page 66)</p>
 <p><b>8 DECENT WORK AND ECONOMIC GROWTH</b> Fostering Economic Growth and Workforce Development</p>	<p>Maintained a safe workplace while advancing employee training and capability development. (see detailed metrics on page 84)</p>
 <p><b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b> Enhancing Waste Management and Sustainable Production Practices</p>	<p>Strengthened resource efficiency through improved waste management and recycling practices. (see detailed metrics on page 72 - 75))</p>
 <p><b>13 CLIMATE ACTION</b> Taking Action Against Climate Change</p>	<p>Advanced climate commitments through emissions baseline development and reduction targets. (see detailed metrics on page 61 - 63)</p>
 <p><b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b> Strengthening Governance, Ethics, and Diversity</p>	<p>Reinforced ethical practices and strengthened diversity and inclusion efforts. (see detailed metrics on page 87 - 89)</p>



# SUSTAINABILITY STATEMENT

## STRATEGIC LEADERSHIP & HIGHLIGHTS

### JOINT STATEMENT OF LEADERSHIP

At Tong Herr Resources, we recognise 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 and continued growth in an evolving global landscape.

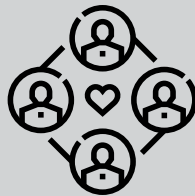
As leaders of Tong Herr Resources, we take a proactive stance in addressing sustainability challenges and opportunities. We acknowledge our role in contributing to a greener and more equitable future by implementing responsible business practices that align with global sustainability standards. Our dedication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



#### Environmental Stewardship

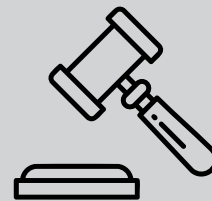
We remain committed to minimising our environmental footprint through resource use efficiency, responsible waste management, and sustainable production processes. Our Fasteners and Aluminum Divisions continuously explore innovative approaches to reduce energy consumption, carbon emissions, and water 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 submission of the CBAM report to our EU customers where necessary. 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 prioritise 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.

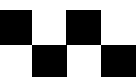


#### Governance & Ethical Business Practices

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 organisation.

Moving forward, we remain steadfast in our mission to integrate sustainability into every facet of our business. We recognise 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.

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.



# SUSTAINABILITY STATEMENT

## OUR SUSTAINABILITY ROADMAP

### SHORT TERM MILESTONES : (2024–2026)

Focus Area	2023	2024 Milestone	2025 Milestone	2026 Target
Climate Action	Enhanced Sustainability report	Established baseline GHG inventory	Set GHG Scope 1 & 2 reduction targets, and early adoption of IFRS-S1 & S2 practices in reporting.	Reduce 1% emissions intensity
Energy Efficiency		Conducted site energy internal audits	Implemented energy-saving projects (Solar, EMS)	Reduce electricity energy intensity by 2%
Water Management		Measured water consumption baseline	Launch water conservation plan	Reduce water intensity by 1%
Talent & Safety		Expanded OSH training coverage	Launch skills development roadmap	Zero fatalities, 100% OSH compliance

### MID & LONG TERM GOALS

## 2030 TARGET

- Achieve 5% overall GHG reduction.

## 2050 TARGET

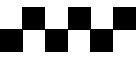
- To achieve Net-Zero (CO2 emission)



### MOVING FORWARD

- Optimising process performance to enhance operational efficiency and reduce energy.
- Exploring and deploying advanced technologies to reduce GHG emissions
- Transitioning to renewable energy for overall production.
- Offsetting unavoidable GHG emissions through climate protection projects.

Our roadmap ensures that ESG progress is trackable and tied to measurable performance outcomes. Updates are reported annually to the Board and communicated transparently to stakeholders.

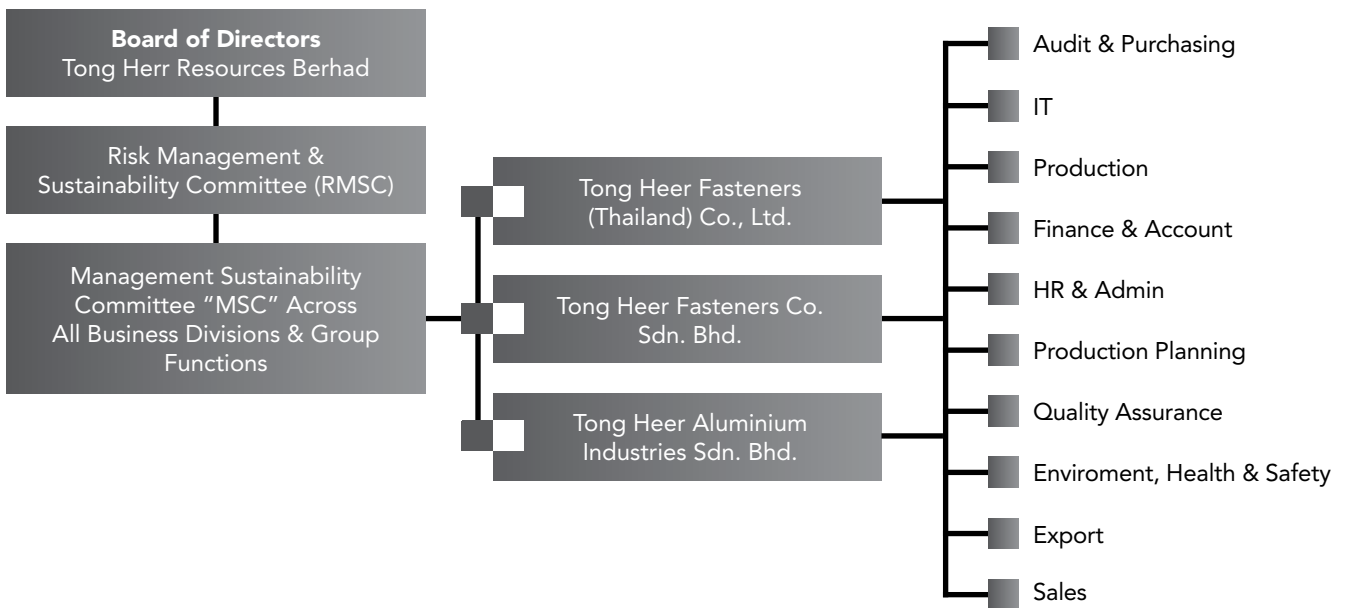


# SUSTAINABILITY STATEMENT

## SUSTAINABILITY GOVERNANCE

### GOVERNANCE STRUCTURE

Tong Herr Resources Berhad has established a robust sustainability governance framework to ensure effective oversight, accountability and integration of sustainability-related risks and opportunities into our overall corporate strategy. In line with the requirements of IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures), sustainability governance is embedded at both Board and Management levels to support long-term value creation.



### Board Oversight

The Board of Directors holds ultimate accountability for overseeing sustainability-related risks and opportunities, including climate-related matters and policy approval. The Board ensures that sustainability considerations are integrated into the Group's strategic planning, risk management processes and capital allocation decisions.

The Board regularly reviews sustainability performance, key risk exposures, regulatory developments and emerging sustainability trends to ensure alignment with the Group's long-term objectives and stakeholder expectations. Sustainability-related matters are incorporated into Board deliberations to ensure informed decision-making and appropriate governance oversight.



## SUSTAINABILITY STATEMENT

### Board Risk Management & Sustainability Committee (RMSC)

The Board has delegated detailed oversight responsibilities to the Board Risk Management & Sustainability Committee ("RMSC"). The RMSC plays a critical role in integrating sustainability and climate-related risks into the Group.

Key responsibilities of the RMSC include:

- Evaluating sustainability-related risks and opportunities, including physical and transition climate risks
- Monitoring regulatory developments and evolving stakeholder expectations
- Reviewing greenhouse gas ("GHG") emissions data and climate-related performance metrics
- Overseeing alignment of sustainability disclosures with IFRS S1 and IFRS S2 requirements
- Providing strategic recommendations to the Board on sustainability matters

The RMSC ensures that sustainability considerations are systematically assessed, managed and disclosed in a transparent and credible manner.

### Group Sustainability Function

The Group Sustainability Department serves as the central coordinating function for sustainability matters across the organisation. It provides technical expertise, facilitates cross-functional collaboration and ensures consistency in sustainability practices and reporting.

Its core functions include:

- Coordinating sustainability working committees across business and operational units
- Supporting materiality assessments and stakeholder engagement processes
- Ensuring adequate resources, systems and processes are in place to achieve sustainability commitments
- Consolidating and validating sustainability-related data for reporting purposes
- Updating the MSC on material sustainability issues and decisions arising from management discussions

### Management Sustainability Committee (MSC)

At the management level, the Management Sustainability Committee ("MSC") is responsible for implementing the sustainability strategy and embedding sustainability considerations into daily operations. The MSC reports to the RMSC and provides regular updates on sustainability performance, material matters and progress against targets.

The MSC's responsibilities include:

- Translating Board-approved sustainability strategies into operational action plans
- Integrating sustainability and climate-related considerations into business and operational decision-making
- Monitoring sustainability performance indicators and GHG emissions data
- Identifying and implementing sustainability initiatives across business units
- Supporting scenario analysis, risk assessments and data collection processes in line with IFRS S1 & S2

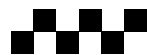
Through structured monitoring and data-driven decision-making, the MSC ensures effective execution of sustainability initiatives across the Group. By FY2026, selected management personnel will have climate-related KPIs such as GHG-reduction progress and energy-efficiency performance embedded in their performance evaluations and incentive structures. Linking leadership remuneration to climate results reinforces accountability and drives company-wide action toward decarbonisation.

### Working Committees – Business & Operations Units

Working Committees within business and operational units support the implementation of sustainability initiatives at the ground level. These committees ensure sustainability considerations are embedded into operational processes and continuous improvement activities.

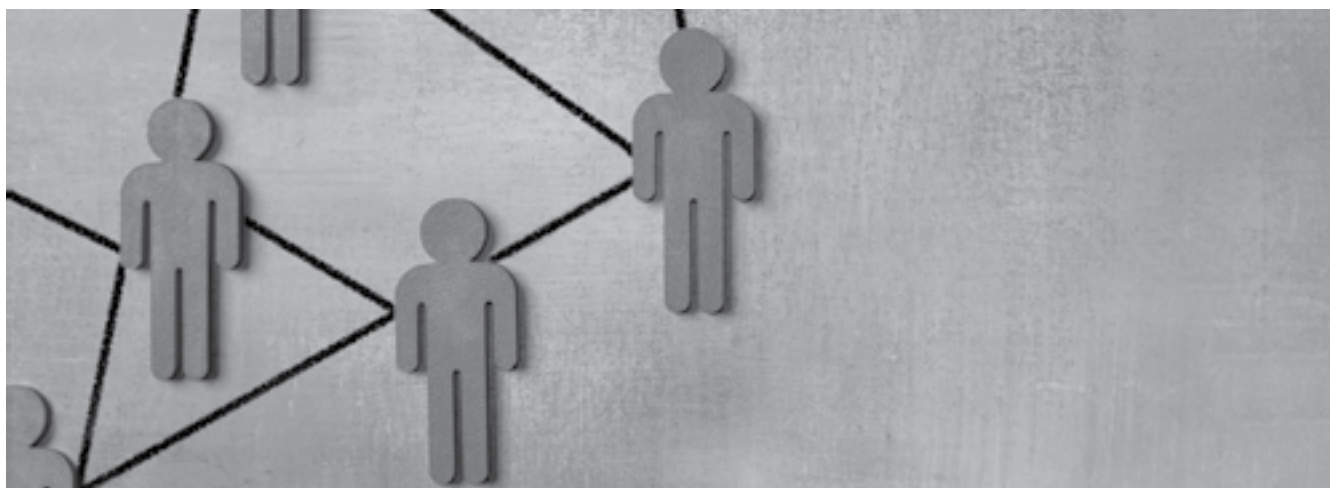
Their responsibilities include:

- Integrating sustainability practices into daily operations
- Identifying operational risks and opportunities related to sustainability and climate
- Monitoring and reporting sustainability performance indicators
- Collaborating with internal and external stakeholders to promote best practices



# SUSTAINABILITY STATEMENT

## MATERIALITY & STAKEHOLDER ENGAGEMENT



## STAKEHOLDER ENGAGEMENT

### Overview & Approach

Tong Herr maintains active engagement with its key stakeholder groups to understand their expectations, address concerns and support informed decision-making. Stakeholders play an important role in shaping the Group's operational priorities, risk management and long-term strategy.

Stakeholders are identified based on their level of influence on the Group and their dependence on its operations. Engagement is conducted through structured and ongoing channels, enabling the Group to capture relevant feedback and respond to evolving expectations. Insights from these engagements are incorporated into business planning, sustainability initiatives and performance monitoring.

Tong Herr engages with six key stakeholder groups, namely customers, employees, government and regulators, local communities, shareholders and investors, and suppliers. Engagement activities are tailored to each group to ensure effective communication and alignment with their key areas of interest.

### 1) Customers

Tong Herr engages customers through ongoing feedback channels, service interactions and periodic assessments to understand expectations on product quality, pricing and delivery. The Group focuses on maintaining product reliability, competitive pricing and timely delivery to enhance customer satisfaction.

KEY INTEREST	ENGAGEMENT METHOD	ENGAGEMENT FREQUENCY
Product and service quality	Customer feedback forums	Ongoing
Customer satisfaction (e.g., response time)	Customer service hotlines & surveys	As required
Fair pricing and value-for-money	Pricing strategy reviews	Quarterly
Timely delivery	Supplier collaboration and logistics optimisation	Ongoing

OUR GOAL	OUR ACTIONS
To enhance customer experience and satisfaction by ensuring high product quality, fair pricing, and efficient service delivery.	<ul style="list-style-type: none"> <li>- Strengthening product quality control measures.</li> <li>- Optimise logistics for improved delivery times.</li> <li>- Conduct regular customer feedback assessments.</li> </ul>



# SUSTAINABILITY STATEMENT

## STAKEHOLDER ENGAGEMENT (CONT'D)

### Overview & Approach (cont'd)

#### 2) **Employees**

Employee engagement is conducted through internal communication platforms, training programmes and workplace initiatives. Key focus areas include employee well-being, occupational safety and continuous skills development to support workforce capability and retention.

KEY INTEREST	ENGAGEMENT METHOD	ENGAGEMENT FREQUENCY
Employee well-being	Employee engagement activities	Ongoing
Training and professional development	Internal training programs & workshops	As required
Occupational health and safety	Safety awareness campaigns	Ongoing

OUR GOAL	OUR ACTIONS
Enhance workplace safety and promote a culture of health and well-being while providing continuous training and career development opportunities.	<ul style="list-style-type: none"> <li>- Strengthen employee engagement programs.</li> <li>- Improve health and safety initiatives.</li> <li>- Implement skill development programs.</li> </ul>

#### 3) **Government & Regulators**

Engagement with regulatory authorities is carried out through compliance processes, reporting and regular communication. The Group prioritises adherence to legal and regulatory requirements while maintaining transparent and ethical business practices.

KEY INTEREST	ENGAGEMENT METHOD	ENGAGEMENT FREQUENCY
Regulatory compliance	Compliance audits & materiality assessments	Annually
Environmental impact	Collaboration with environmental agencies	As required
Legal and ethical business practices	Regular updates and compliance training	Ongoing

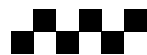
OUR GOAL	OUR ACTIONS
Maintain full compliance with laws, waste management policies, and ethical business practices while building strong relationships with regulatory authorities.	<ul style="list-style-type: none"> <li>- Conduct regular regulatory audits.</li> <li>- Implement robust waste management policies.</li> <li>- Strengthen compliance training for employees</li> </ul>

#### 4) **Local Communities**

The Group engages local communities through corporate responsibility initiatives and local employment opportunities. Efforts are focused on supporting community development and minimising environmental impact.

KEY INTEREST	ENGAGEMENT METHOD	ENGAGEMENT FREQUENCY
Community development	CSR programs and sponsorships	Annually
Job creation	Local hiring initiatives	Ongoing
Environmental sustainability	Compliance with environmental regulations	As required

OUR GOAL	OUR ACTIONS
Support and uplift local communities by investing in job creation, sustainable development, and corporate social responsibility initiatives.	<ul style="list-style-type: none"> <li>- Enhance CSR programs.</li> <li>- Promote local hiring practices.</li> <li>- Strengthen environmental conservation efforts</li> </ul>



# SUSTAINABILITY STATEMENT

## STAKEHOLDER ENGAGEMENT (CONT'D)

### Overview & Approach (cont'd)

#### 5) Shareholders & Investors

Engagement with shareholders and investors is conducted through financial reporting, annual general meetings and periodic updates. The Group emphasises transparency, governance and long-term value creation.

KEY INTEREST	ENGAGEMENT METHOD	ENGAGEMENT FREQUENCY
Financial performance	Quarterly and annual financial reporting	Quarterly/Annually
Corporate governance	Annual general meetings (AGMs)	Annually
Business strategy & growth	Investor briefings and market updates	As required

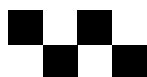
OUR GOAL	OUR ACTIONS
Maintain investor confidence through financial transparency, governance excellence, and strategic business growth.	<ul style="list-style-type: none"> <li>- Strengthening financial reporting practices.</li> <li>- Enhance corporate governance structures.</li> <li>- Provide regular investor updates.</li> </ul>

#### 6) Suppliers

Suppliers are engaged through performance evaluations, audits and ongoing communication. The Group promotes ethical sourcing, supply chain reliability and consistent product quality through close collaboration with key suppliers.

KEY INTEREST	ENGAGEMENT METHOD	ENGAGEMENT FREQUENCY
Supply chain management	Supplier performance evaluations	Ongoing
Ethical sourcing	Supplier code of conduct compliance	As required
Product and service quality	Regular supplier meetings and audits	Quarterly

OUR GOAL	OUR ACTIONS
Build strong and sustainable supplier relationships by ensuring ethical sourcing, supply chain efficiency, and consistent product quality.	<ul style="list-style-type: none"> <li>- Conduct regular supplier evaluations.</li> <li>- Implement ethical sourcing policies.</li> <li>- Strengthening collaboration with key suppliers.</li> </ul>



# SUSTAINABILITY STATEMENT

## MATERIALITY ASSESSMENT & MATERIALITY MATRIX

Tong Herr’s materiality assessment process identifies and prioritises environmental, social and governance (“ESG”) matters that are most relevant to stakeholders and significant to the Group’s long-term performance. The outcomes support strategic decision-making, risk management and sustainability reporting.

The process is conducted periodically by Management and reviewed by the Board Risk Management and Sustainability Committee (RMSC).

### Assessment Process

The materiality assessment is based on inputs from stakeholder engagement, internal risk evaluations, regulatory requirements and industry developments. Reference is also made to recognised sustainability frameworks to ensure alignment with market expectations.

Identified topics are evaluated based on their potential impact on the Group’s operations, financial performance and reputation, as well as their importance to stakeholders.

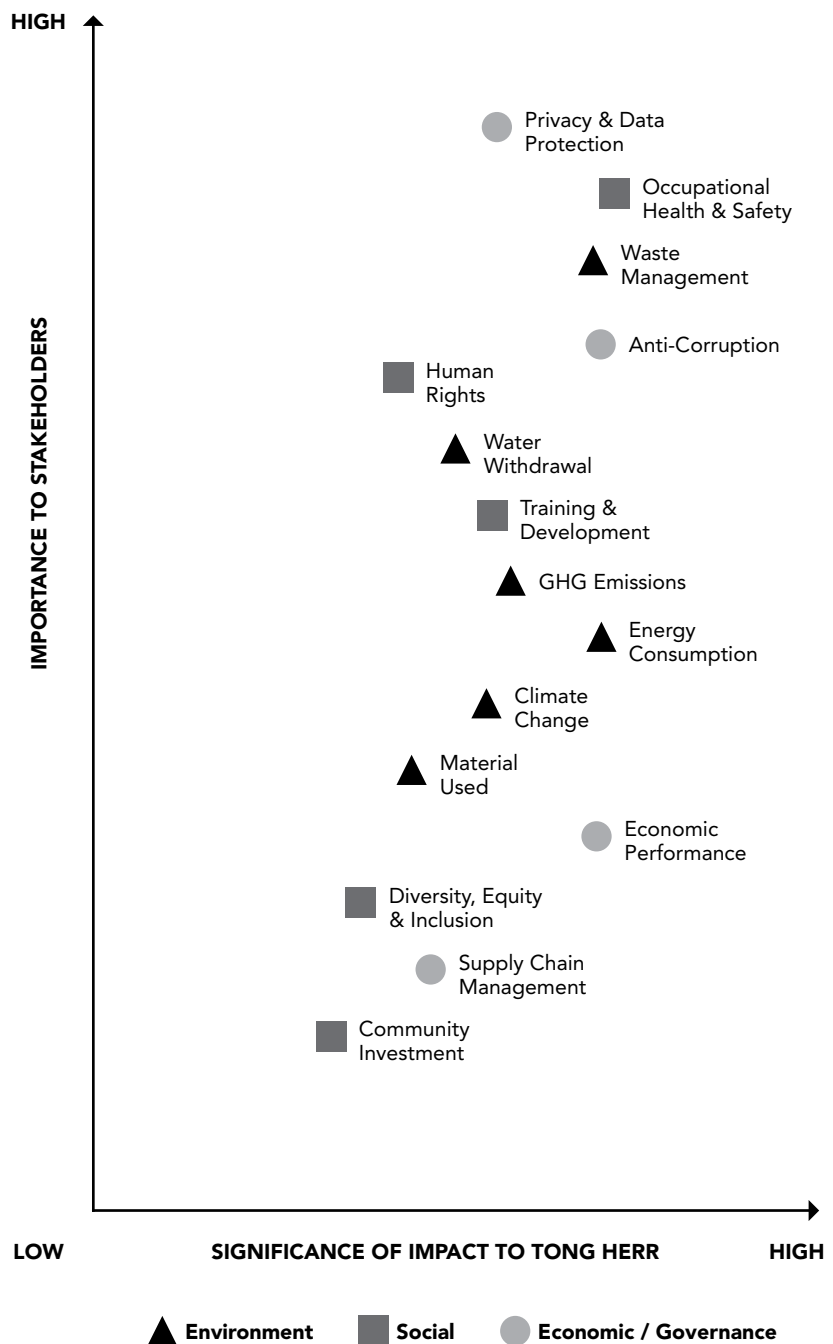
Each topic is assessed against two key dimensions:

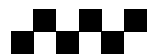
- **Importance to Stakeholders:** Reflecting the level of concern or interest expressed by stakeholders.
- **Significance of Impact to Tong Herr:** Reflecting the potential impact on the Group’s operations, financial performance, regulatory compliance, and long-term value creation.

Topics are then ranked and visualised in a Materiality Matrix, which categorises issues according to their level of significance. This process enables the Group to focus resources on the ESG matters that are most material to both stakeholders and the business.

### Materiality Matrix

The results are presented in the Materiality Matrix, which visually maps the relative priority of sustainability topics and supports the identification of material matters requiring greater management focus. The material matters identified through this process form the basis of the sustainability disclosures presented in this report and guide the Group’s sustainability strategies, management initiatives and performance monitoring.





## SUSTAINABILITY STATEMENT

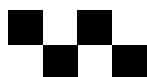
### MATERIALITY ASSESSMENT & MATERIALITY MATRIX (CONT'D)

#### Material Matters

Based on the FY2025 materiality assessment, Tong Herr identified a range of sustainability topics, of which 12 were prioritised as material matters for disclosure due to their significance to stakeholders and potential impact on the Group's long-term performance. These material matters form the basis for the ESG disclosures presented in this report.

MATERIAL TOPIC	WHY IT MATTERS	RELEVANT SDGS	REPORT SECTION
Occupational Health & Safety	Manufacturing activities expose employees to workplace hazards that require effective safety management.	SDG 8	Occupational Health & Safety
Privacy & Data Protection	Protecting personal and business information is essential to maintain stakeholder trust and regulatory compliance.	SDG 16	Privacy & Data Protection
Waste Management	Manufacturing processes generate metal scrap and industrial waste that require responsible management.	SDG 12	Circular Economy
Ethical Business Conduct & Anti-Corruption	Strong governance practices help prevent corruption and maintain stakeholder confidence.	SDG 16	Ethical Integrity
Human Rights	Respecting human rights supports responsible employment practices and protects employee welfare.	SDG 8	Human Rights & Labour Standards
Water Management	Responsible water use supports resource efficiency and regulatory compliance.	SDG 6	Water Stewardship
Employee Training & Development	Employee capability development supports operational efficiency and long-term business sustainability.	SDG 8	Training and Development
Energy Management & Climate Change	Energy consumption contributes to operating costs and greenhouse gas emissions.	SDG 7, SDG 13	Climate Action, & Energy Management
Economic Performance	Sustainable financial performance enables long-term value creation for shareholders and stakeholders.	SDG 8	Economic Performance
Diversity, Equity & Inclusion	An inclusive workplace promotes equal opportunities, employee engagement and organisational.	SDG 5, SDG 8	Workforce Profile
Supply Chain Management	Responsible supply chain practices help manage operational risks and uphold ethical standards across the value chain.	SDG 12	Supply Chain Management
Community Engagement & Social Contribution	Supporting local communities strengthens stakeholder relationships and contributes to social development.	SDG 11	Community Investment

The Group manages each material matter through established policies, management systems and operational initiatives integrated into its business practices. Further information on the management approach, performance indicators and progress is provided in the respective sections of this Sustainability Report. Tong Herr also recognises that sustainability priorities may evolve in response to regulatory developments, market conditions, stakeholder expectations and emerging risks. As such, the Group periodically reviews its materiality assessment to ensure that key ESG matters remain relevant and effectively addressed, supporting long-term business and sustainable value creation.



## SUSTAINABILITY STATEMENT

### SUSTAINABILITY TARGET AND 2025 PERFORMANCE

Tong Herr establishes sustainability targets to monitor progress in managing key environmental, social and governance (“ESG”) priorities identified through the Group’s materiality assessment. These targets provide measurable indicators to track performance and support continuous improvement across the Group’s operations. The table below summarises the sustainability targets established for FY2025, together with the Group’s performance against these targets during the year.

MATERIAL TOPIC	FY2025 TARGET (BASELINE: FY2024)	FY2025 PERFORMANCE	STATUS
Occupational Health & Safety (OSH)	Reduce workplace incidents by 10% and maintain zero workplace fatalities	Workplace incidents reduced by 8.33% (22 cases); Zero workplace fatalities recorded	⚠ Attention (Not achieve 10%)
Privacy & Data Protection	Maintain zero data breach incidents and establish Information Security & Data Protection Policy	Zero data breach incidents reported; Policy established in FY2025	✓ Achieved
Supply Chain Management	Achieve over 10% local procurement spending annually.	10.78% of procurement spending sourced from local suppliers	✓ Achieved
Business Ethics & ABAC	100% participation in ABAC refresher training and zero whistleblowing cases	100% participation achieved; Zero whistleblowing cases recorded	✓ Achieved
GHG Emissions	Reduce Scope 1 & Scope 2 GHG emission intensity by 1%	Scope 1: reduced by 12.65% Scope 2: reduced by 25.24%	✓ Achieved
Energy Management	Reduce electricity energy intensity by 2%	Reduced by 18.17%	✓ Achieved
Water Management	Reduce water withdrawal intensity by 1%	Reduced by 7.18%	✓ Achieved
Environmental Compliance	Maintain 100% compliance with DOE regulations	One minor non-compliance case related to scheduled waste labelling	⚠ Attention
Training / Development	Minimum 5 training hours per employee.	6.54 training hours per employee	✓ Achieved
People Management	To reduce our employee turnover rate to 20%.	21.68% turnover	⚠ Attention
Diversity, Equity & Inclusion (DEI)	Increase women in managerial roles to 30% by 2030	23.08% women in managerial positions	🟡 In Progress

Tong Herr will continue to monitor these sustainability targets and review them periodically to ensure alignment with the Group’s long-term sustainability strategy and evolving stakeholder expectations. Further details on the initiatives, management approaches and performance outcomes related to each material topic are presented in the respective sections of this Sustainability Report.



# SUSTAINABILITY STATEMENT

## SUSTAINABILITY-RELATED STRATEGY & FINANCIAL CONNECTIVITY (IFRS S1)

### STRATEGIC INTEGRATION, RISK & OPPORTUNITY MANAGEMENT

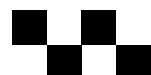
Tong Herr integrates sustainability considerations into its core business strategy, financial planning and capital allocation processes. Sustainability-related risks and opportunities are embedded in annual budgeting and medium-term investment planning, with priority given to projects that enhance operational efficiency, cost optimisation and long-term resilience.

Key sustainability-related risks include energy price volatility and carbon pricing in the short term, as well as physical climate risks such as flooding over the medium to long term. In parallel, opportunities arise from improving operational efficiency, strengthening market positioning and enhancing access to sustainable financing.

The table below summarises key sustainability-related risks and opportunities, their potential financial implications and the Group's strategic responses. Climate-specific risk and opportunities details are further elaborated under IFRS S2.

SUSTAINABILITY-RELATED RISK / OPPORTUNITY	POTENTIAL FINANCIAL IMPACT	STRATEGIC RESPONSE / MITIGATION	TIME HORIZON
Energy price volatility and carbon pricing (CBAM, local carbon tax)	Increase Operating costs and compliance expenditure; potential exposure to carbon penalties.	Invest in renewable energy and energy-efficiency projects; Optimise production scheduling; Establish internal carbon-cost tracking.	Short (1-3 years)
Climate-related physical risks (floods, heatwaves)	Asset damage, downtime, and higher insurance premiums.	Conduct site flood-risk assessments; Upgrade drainage and cooling systems; include criteria in new CAPEX.	Medium - Long (>5 years)
Changing customer and investor sustainability expectations	Revenue growth potential from new markets; reputational risk if non-compliant.	Develop low-carbon product lines for renewable-energy and enhance ESG disclosure and certification.	Short - Medium
Talent development and workforce wellbeing	Productivity loss if retention or skills gaps arise; cost of retraining.	Expand digital-skills and OSH programs; link performance incentives to ESG KPIs.	Ongoing / Short
Governance & ethical compliance (anti-corruption, data protection)	Legal fines and reputational loss; affects investor confidence.	Maintain 100 % ABAC training; strengthen whistleblowing and PDPA (Personal Data Protection) controls; integrate ESG into enterprise-risk framework.	Ongoing
Supply-chain disruption / raw-material scarcity	Possible revenue loss or margin compression from delayed deliveries or higher input cost.	Strengthen supplier due-diligence; increase local sourcing and recycling of process scrap.	Short - Medium

The Group applies risk-based assessments to evaluate the potential financial implications of sustainability-related factors and incorporates these into decision-making processes. Expected outcomes include improved cost efficiency, reduced operational disruption and strengthened financial resilience.



## SUSTAINABILITY STATEMENT

### FINANCIAL CONNECTIVITY (IFRS-S1)

Tong Herr ensures that sustainability-related disclosures are directly linked to financial performance, in line with IFRS S1. Sustainability factors such as energy consumption, emissions, and resource efficiency are systematically evaluated for their impact on operating costs, capital expenditure and long-term profitability.

The Sustainability Report and Annual Report are aligned in terms of reporting period (1 January 2025 to 31 December 2025) and organisational boundary, covering operations in Malaysia and Thailand.

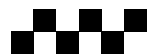
Operational improvements demonstrate clear financial benefits. Energy efficiency initiatives implemented since 2025 have reduced electricity intensity by approximately 18.17%, generating estimated annual cost savings of RM0.65 million. Ongoing process optimisation and automation are expected to deliver additional savings of approximately RM0.3 million annually between 2025 and 2027.

The Group has also plan allocate approximately RM1.1 million (10.27% of 2025 total CAPEX) towards climate-related investments, including energy-efficient equipment and battery energy storage systems (BESS). These investments support cost management by reducing peak electricity demand exposure and mitigating potential increases in energy costs.

To strengthen financial planning, Tong Herr assesses the sensitivity of key sustainability metrics and their potential impact on financial performance under different assumptions.

KEY METRIC	FINANCIAL LINKAGE	SCENARIO SENSITIVITY / ASSUMPTION	EXPECTED OUTCOME
Electricity Energy-intensity	Each 1 % improvement in energy efficiency reduces annual Electricity cost by approximately RM 73,920 per year.	A $\pm 5\%$ change in electricity tariff would change energy cost by approximately $\pm$ RM 369,600 per year, based on 2024 data.	Lower production cost and improved operating.
GHG emission (Scope 1 & Scope 2)	Reduces 5% potential carbon-cost exposure of about RM 321,917/year under CBAM (assuming $\text{€}80/\text{tCO}_2\text{e}$ or $\text{RM}350/\text{tCO}_2\text{e}$ ).	A $\pm$ $\text{€}10/\text{tCO}_2\text{e}$ or $\pm$ $\text{RM}45/\text{tCO}_2\text{e}$ changes in carbon price may change exposure by approximately $\pm$ RM 827,786 , based on 18,395 $\text{tCO}_2\text{e}$ exported volume to EU in 2024.	Maintains export competitiveness and margin stability.
Water-intensity	Water efficiency measures save 1% is about 2,765 $\text{m}^3$ /year, reducing water cost by approximately RM6,536 and lower supply-interruption risk.	A $\pm 5\%$ change in industrial water-tariff may affect savings by approximately $\pm$ RM32,683 per year, based on 2024 data.	Improved cost efficiency and regulatory compliance.

These financial sensitivities are reviewed annually as part of budgeting and capital planning. Close collaboration between Sustainability and Finance functions ensures that sustainability targets remain aligned with financial performance and investment priorities.



## SUSTAINABILITY STATEMENT

### FINANCIAL CONNECTIVITY (IFRS-S1) (CONT'D)

#### OUR ECONOMIC PERFORMANCE

Tong Herr consistently secures solid economic outcomes by effectively executing our detailed business plan. This plan emphasises 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.



	2023 (RM'000)	2024 (RM'000)	2025 (RM'000)
Economic value generated (i.e., revenue and other income)	608,723	542,106	<b>568,262</b>
Economic value distributed:			
- Operating costs	553,752	489,083	<b>511,249</b>
- Employee wages and benefits	38,338	41,615	<b>43,854</b>
- Payment to providers of capital. (i.e., dividend and financing cost)	31,801	12,403	<b>8,012</b>
- Payment to government (i.e., tax)	5,718	2,873	<b>965</b>
- Community investment	30	2	<b>2</b>
Total Economic value distributed:	629,639	545,976	<b>564,082</b>
Economic value retained	(20,916)	(3,870)	<b>4,180</b>

Tong Herr's economic performance over the three-year period reflects a gradual recovery following softer market conditions in 2024. Economic value generated declined in 2024, primarily due to weaker demand and pricing pressures, before improving in 2025 as market conditions stabilised and sales volumes recovered. Overall, the Group recorded negative economic value retained in 2023 and 2024 but returned to a positive position in 2025, supported by improved operational performance and cost discipline. This indicates strengthening financial resilience and positions Tong Herr for sustainable growth moving forward.

#### Moving Forward

Tong Herr remains focused on strengthening financial while supporting sustainable growth. Key priorities include:

- Expanding revenue opportunities through deeper customer engagement and new market development.
- Enhancing profitability through disciplined cost management and productivity improvements.
- Improving operational efficiency by optimising manufacturing processes and resource utilisation.
- Strengthening supply chain to ensure stable material availability and reliable customer delivery.



# SUSTAINABILITY STATEMENT

## FINANCIAL CONNECTIVITY (IFRS-S1) (CONT'D)



### SUPPLY CHAIN MANAGEMENT

Tong Herr relies on a diverse network of suppliers to support the production of stainless-steel fasteners and aluminium extrusion products. Effective supply chain management is therefore essential to maintaining operational continuity, product quality, and responsible sourcing practices.

The Group integrates sustainability considerations into procurement decisions to manage potential risks associated with supply disruptions, regulatory compliance, and environmental or social performance within the supply chain. Through regular supplier engagement and evaluation, Tong Herr encourages suppliers to align with our expectations on ethical business conduct, environmental responsibility, and regulatory compliance.

#### Our Approach

Tong Herr adopts a structured procurement process to strengthen supply chain transparency. Key elements of our approach include:

- **Supplier evaluation and monitoring**  
New and existing suppliers are assessed periodically based on quality, delivery reliability, regulatory compliance and responsible business practices.
- **Risk diversification**  
Procurement is managed across multiple suppliers and regions to reduce dependency on single sources.
- **Local sourcing encouragement**  
Where feasible, Tong Herr prioritises local suppliers to reduce logistics risks, improve supply responsiveness and support domestic economic development.
- **Supplier engagement**  
The Group maintains regular communication with suppliers to address operational challenges and encourage improvements in sustainability practices.

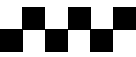
### OUR SUPPLY CHAIN PERFORMANCE

In 2025, Tong Herr allocated approximately RM51 million, representing 10.78% of total procurement spending, to local suppliers. This reflects a slight decrease in local procurement compared to previous years. While a significant portion of raw materials is sourced from overseas due to specialised material requirements, the Group remains committed to identifying opportunities to expand local procurement where feasible.



#### Moving Forward

Tong Herr will continue strengthening supply chain and transparency by enhancing supplier engagement and exploring opportunities to expand local sourcing. The Group also aims to progressively incorporate sustainability considerations into supplier evaluation processes, supporting responsible procurement practices while maintaining reliable material supply for our operations.



# SUSTAINABILITY STATEMENT

## ENVIRONMENTAL STEWARDSHIP & CLIMATE ACTION (IFRS-S2)



### CLIMATE ACTION STRATEGY

Climate change presents both risks and opportunities for Tong Herr, including potential impacts from rising energy costs, regulatory developments, supply chain disruptions and extreme weather events. At the same time, the global transition to a low-carbon economy creates opportunities to enhance energy efficiency and adopt cleaner technologies.

#### Climate Strategy and Governance

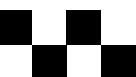
Tong Herr recognises climate change as a key business consideration that may affect operations, cost structures and long-term competitiveness. The Group's climate strategy focuses on strengthening resilience while supporting the transition to a lower-carbon economy.

Our climate strategy focuses on managing two key categories of climate-related risks:

- **Transition Risks** – including evolving climate regulations, carbon pricing mechanisms, technological changes and shifting customer demand for low-carbon products.

- **Physical Risks** – including extreme weather events such as floods, storms and heatwaves that may disrupt operation or damage assets.

The oversight for climate-related initiatives is integrated into the Group's Sustainability Governance framework. The further information can be found on page 47.



## SUSTAINABILITY STATEMENT

### CLIMATE ACTION STRATEGY (CONT'D)

#### CLIMATE SCENARIO ANALYSIS

To assess the resilience of its business strategy, Tong Herr conducts climate scenario analysis based on internationally recognised pathways developed by the Intergovernmental Panel on Climate Change (IPCC).

The Group evaluates three climate pathways:

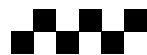
SCENARIO	DESCRIPTION	POTENTIAL IMPLICATION
SSP1-1.9 (1.5°C)	Sustainability-focused pathway with strong global decarbonisation.	Increased regulatory incentives for renewable energy and growing demand for low-carbon products.
SSP2-4.5 (2°C)	Moderate transition scenario with gradual climate policies.	Moderate carbon pricing and gradual increase in energy costs.
SSP5-8.5 (4°C)	High-emissions scenario with limited climate mitigation.	Increased physical risks including extreme weather events and higher operational disruption.

Based on this assessment, Tong Herr aims to align its long-term strategy with the SSP1-1.9 pathway, supporting global climate goals and strengthening competitiveness in a low-carbon economy.

To complement the qualitative scenario analysis, the Group conducted a high-level quantitative sensitivity assessment focusing on key operational parameters such as energy cost escalation and production downtime. Under a SSP5-8.5 (high-emissions) pathway, annual operating costs could increase by approximately RM16.5 million, primarily due to higher electricity tariffs and climate-related disruptions as following table.

SCENARIO	DOMINANT RISK TYPES	POTENTIAL FINANCIAL IMPACT VS 2024 BASELINE	MITIGATION STRATEGY
<b>SSP1-1.9</b> (1.5°C Sustainability Pathway)	<b>Transition Risks:</b> Rapid introduction of carbon taxes (CBAM), high demand for green steel, and technological obsolescence of high-emission machinery.	<b>+RM 3.1 million/year</b> increase in operating costs due to energy tariff hikes 10% and 8 hours/year of downtime by 2030 estimation.	Accelerate CAPEX for renewable energy, and AI-enabled Energy Management Systems (EMS) to achieve Net-Zero before 2050. Maintain export competitiveness through low-carbon product lines.
<b>SSP2-4.5</b> (2.0°C Moderate Transition)	<b>Balanced Risks:</b> Moderate energy cost escalation and intermittent supply chain disruptions from extreme weather.	<b>+RM 6.4 million/year</b> in costs from moderate energy tariff hikes 15% and 20 hours/year of downtime by 2030 estimation.	Incremental upgrades to high-efficiency machinery and progressive expansion of local procurement to diversify supply chain risk.
<b>SSP5-8.5</b> (4.0°C High Emissions)	<b>Physical Risks:</b> Frequent flash floods damaging Perai facilities, heatwaves affecting worker productivity, and asset damage.	<b>+RM 16.5 million/year</b> cost impact from energy tariff hikes 25% and 60 hours/year of downtime by 2030 estimation.	Conduct site-specific flood risk assessments for raw material storage and electrical rooms. Install stormwater pumps and upgrade drainage systems to safeguard production continuity.

All financial estimates are indicative projections used for internal climate risk assessment and do not represent forward-looking financial guidance.



## SUSTAINABILITY STATEMENT

### CLIMATE ACTION STRATEGY (CONT'D)

#### CLIMATE RISKS AND OPPORTUNITIES

Tong Herr identifies climate-related risks and opportunities that may impact operational continuity, cost efficiency and market competitiveness. These include physical risks, transition risks and opportunities linked to low-carbon investments and market demand.

RISK / OPPORTUNITY	TYPE	DESCRIPTION	TIME HORIZON	POTENTIAL FINANCIAL IMPACT	MITIGATION / STRATEGY
<b>Extreme Weather &amp; Flood Disruption</b>	Physical Risk	Flash floods, storms and long-term climate changes may damage facilities, disrupt manufacturing processes and delay logistics operations.	Short & Long Term	Production disruption, repair costs and potential revenue loss due to operational downtime.	Maintain insurance coverage and liquidity reserves. Conduct flood risk assessments and improve drainage systems to strengthen site resilience.
<b>Regulatory &amp; Policy Changes</b>	Transition Risk	Increasing climate regulations, carbon pricing and sustainability disclosure requirements may raise compliance obligations and operating costs.	Short & Long Term	Increased compliance costs and potential exposure to customer or investor ESG requirements (estimated revenue exposure up to 5–10%).	Sustainability Committee reports to the Board and Risk Management Committee. Monitor regulatory developments and provide training to relevant departments.
<b>Technology Transition</b>	Transition Risk	Energy-intensive manufacturing processes may become less competitive as customers and regulators demand lower-carbon production.	Long Term	Capital expenditure required for equipment upgrades (e.g., energy-efficient machinery, BESS) and potential loss of customers if emissions remain high.	Gradually upgrade inefficient machinery, adopt energy-efficient technologies. Implement Energy Management Systems (EMS) and expand renewable energy use.
<b>Market Demand Shift</b>	Transition Risk	Customers increasingly require low-carbon products and transparent supply chain practices, including Product Carbon Footprint (PCF) disclosure.	Short & Long Term	Reduced export demand, higher raw material costs, carbon border taxes and margin pressure.	Increase renewable energy adoption, improve energy efficiency and strengthen supplier engagement on low-carbon materials such as green steel.
<b>Reputation Risk</b>	Transition Risk	Stakeholders increasingly expect companies to demonstrate climate responsibility and transparent ESG reporting.	Short & Long Term	Loss of customers, reduced revenue and potential market access limitations if ESG expectations are not met.	Strengthen emissions reduction programmes, enhance sustainability reporting transparency and maintain proactive stakeholder engagement.



## SUSTAINABILITY STATEMENT

### CLIMATE ACTION STRATEGY (CONT'D)

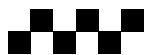
#### CLIMATE RISKS AND OPPORTUNITIES (CONT'D)

RISK / OPPORTUNITY	TYPE	DESCRIPTION	TIME HORIZON	POTENTIAL FINANCIAL IMPACT	MITIGATION / STRATEGY
<b>Renewable Energy Investment</b>	Opportunity	Investments in rooftop solar PV and Battery Energy Storage Systems (BESS) can reduce energy costs and support low-carbon manufacturing.	Short & Long Term	Potential electricity cost savings of 10–20% and reduction of Scope 2 emissions. Estimated solar and BESS CAPEX ≈ RM2.5 million with payback of 4–5 years.	Expand solar PV capacity, implement BESS to optimise peak demand and integrate Energy Management Systems (EMS) to improve energy efficiency.
<b>Low-Carbon Product Market</b>	Opportunity	Global demand for sustainable products is increasing, with customers requesting low-carbon materials and carbon footprint transparency.	Long Term	Potential revenue growth from ESG-focused customers and improved access to premium export markets.	Reduce product carbon footprint through renewable energy adoption and provide customers with PCF disclosure and sustainability performance updates.
<b>Government Incentives &amp; Green Financing</b>	Opportunity	Government initiatives support Green energy, energy-efficient machinery and industrial decarbonisation projects.	Short Term	Lower capital expenditure and improved project payback through tax incentives, grants and green financing programmes.	Monitor available grants and financing schemes and prioritise projects eligible for incentives, including solar PV, BESS and energy-efficient equipment upgrades.
<b>Net-Zero Transition Strategy</b>	Opportunity	The global transition towards net-zero emissions creates opportunities for companies that adopt low-carbon technologies and sustainable manufacturing practices.	Long Term	Improved operational efficiency, cost savings from energy optimisation and potential access to new low-carbon markets.	Expand renewable energy adoption, upgrade combustion equipment to electric alternatives and enhance Energy Management Systems to reduce emissions.

Tong Herr integrates these climate-related risks and opportunities into its risk management and strategic planning processes. The Group will continue monitoring regulatory developments, energy market trends and technological advancements to strengthen operational and support its transition towards a lower-carbon economy.

#### CLIMATE TRANSITION AND FUTURE OUTLOOK

Tong Herr is progressively advancing its transition towards lower emissions through targeted initiatives, including renewable energy adoption, energy efficiency improvements and process optimisation. These initiatives support the Group's long-term climate transition strategy, enabling Tong Herr to enhance operational efficiency, manage regulatory risks and meet increasing customer expectations for low-carbon manufacturing. The further information of climate risk management can be found in the Sustainability Governance section (page 47).



## SUSTAINABILITY STATEMENT

### GHG EMISSION & ENERGY MANAGEMENT

Tong Herr manages greenhouse gas (“GHG”) emissions and energy consumption as part of its broader climate strategy to reduce environmental impact. In FY2025, the Group disclosed Scope 1, Scope 2 and selected Scope 3 emissions in alignment with IFRS S2 and internationally recognised frameworks.

#### Our Approach

Tong Herr manages emissions and energy consumption through the following initiatives:

- Energy Efficiency – Improving operational processes to optimise electricity consumption across manufacturing facilities.
- Renewable Energy Adoption – Utilising Solar PV systems to increase renewable energy use and lower operational emissions.
- Emissions Monitoring – Tracking and reporting Scope 1, Scope 2 and selected Scope 3 emissions to strengthen emissions management and transparency.
- Continuous Improvement – Exploring opportunities to further enhance energy efficiency and emissions reduction.

Through these measures, the Group aims to reduce its carbon footprint while supporting more sustainable and efficient operations.

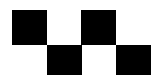
#### METRICS & TARGETS

Tong Herr’s GHG Scope 1 and Scope 2 emissions are calculated using the Bursa Centralised Sustainability Intelligence (CSI) Platform. Location-based emission factors applied include the Malaysia Electricity Industry Hub (MEIH) 2024 emission factor for Tong Heer Malaysia and the Thailand Standard Emission Factor 2023 for Tong Heer Thailand.

Scope 3 emissions currently cover Business Travel (Category 6) and Employee Commuting (Category 7), calculated using the GHG Protocol Transport Tool (version 2.7). All emissions calculations follow Bursa CSI Platform methodologies and relevant national grid emission factors to ensure credible and consistent reporting.

Tong Herr is currently strengthening its emissions baseline and will progressively establish science-aligned emission reduction targets to support its long-term net-zero ambition before 2050.

METRIC	UNIT	FY2023	FY2024	FY2025	TARGET (VS BASE YEAR)	TARGET YEAR
Scope 1 GHG Emissions	tCO <sub>2</sub> e	4,185.27	4,497.89	<b>4,154.07</b>	-5 % vs FY2025	2030
Scope 2 GHG Emissions	tCO <sub>2</sub> e	9,860.12	9,752.00	<b>7,708.58</b>	-5 % vs FY2025	2030
Scope 1 + Scope 2 GHG Emission	tCO <sub>2</sub> e	14,045.39	14,249.89	<b>11,862.65</b>	-5 % vs FY2025	2030
Scope 1 GHG Emission Intensity	tCO <sub>2</sub> e / tonne output	0.1115	0.1109	<b>0.0969</b>	-5 % vs FY2025	2030
Scope 2 GHG Emission Intensity	tCO <sub>2</sub> e/ tonne output	0.2626	0.2405	<b>0.1798</b>	-5 % vs FY2025	2030
Scope 1 + Scope 2 GHG Emission Intensity	tCO <sub>2</sub> e/ tonne output	0.3741	0.3514	<b>0.2767</b>	-5 % vs FY2025	2030
Electricity Energy-intensity	MWh/ tonne output	0.3981	0.3646	<b>0.2983</b>	-5 % vs FY2025	2030
Total Energy Consumption Intensity	MWh/ tonne output	0.9685	0.9225	<b>0.8630</b>	–	–
Renewable Total Energy Share	% of Total energy	5.39%	4.79%	<b>13.13%</b>	–	–
Scope 3 (C6 – Business Travel)	tCO <sub>2</sub> e	22.64	15.12	<b>13.99</b>	–	–
Scope 3 (C7 – Employee Commuting)	tCO <sub>2</sub> e	605.32	651.98	<b>443.94</b>	–	–
Total GHG Emissions	tCO <sub>2</sub> e	14,673	14,917	<b>12,321</b>	–	–



# SUSTAINABILITY STATEMENT

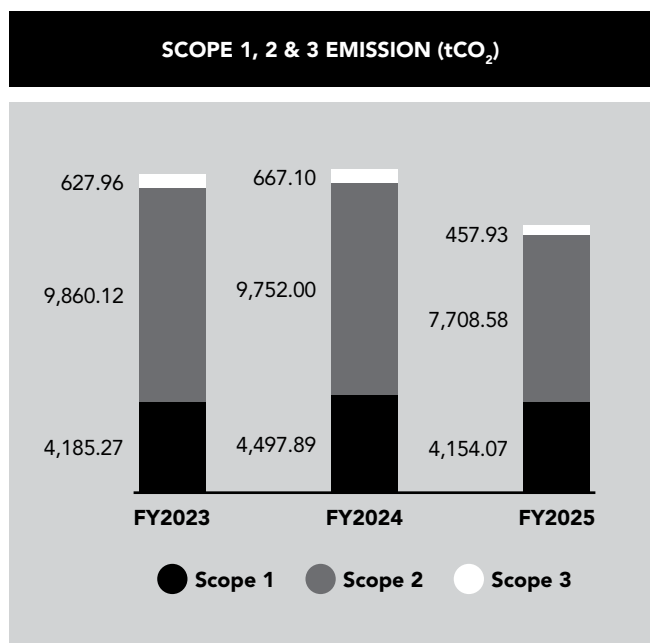
## GHG EMISSION & ENERGY MANAGEMENT (CONT'D)

### METRICS & TARGETS (CONT'D)

Tong Herr monitors its climate-related performance through key greenhouse gas (“GHG”), energy and carbon intensity indicators. These metrics support the Group’s decarbonisation strategy and provide a basis for tracking progress against established climate targets.

In FY2025, Tong Herr recorded total Scope 1 and Scope 2 GHG emissions of 11,862.65 tCO<sub>2</sub>e, a reduction from 14,249.89 tCO<sub>2</sub>e in FY2024. Correspondingly, Scope 1 and Scope 2 GHG emission intensity improved to 0.2767 tCO<sub>2</sub>e per tonne of product output, indicating enhanced emissions performance relative to production levels.

### GHG Emissions Performance (tCO<sub>2</sub>e) - Scope 1, Scope 2 & Scope 3: FY2023-FY2025

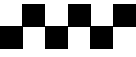


Over the three-year period from FY2023 to FY2025, Tong Herr achieved a gradual reduction in overall emissions, primarily driven by improvements in electricity consumption efficiency.

Scope 1 emissions remained relatively stable over the reporting period, decreasing slightly from 4,497.89 tCO<sub>2</sub>e in FY2024 to 4,154.07 tCO<sub>2</sub>e in FY2025, supported by operational efficiency improvements in manufacturing processes.

Scope 2 emissions decreased from 9,860.12 tCO<sub>2</sub>e in FY2023 to 9,752.00 tCO<sub>2</sub>e in FY2024, before declining significantly to 7,708.58 tCO<sub>2</sub>e in FY2025, representing a 20.95% year-on-year reduction. This improvement reflects enhanced energy management practices and increased renewable energy utilisation.





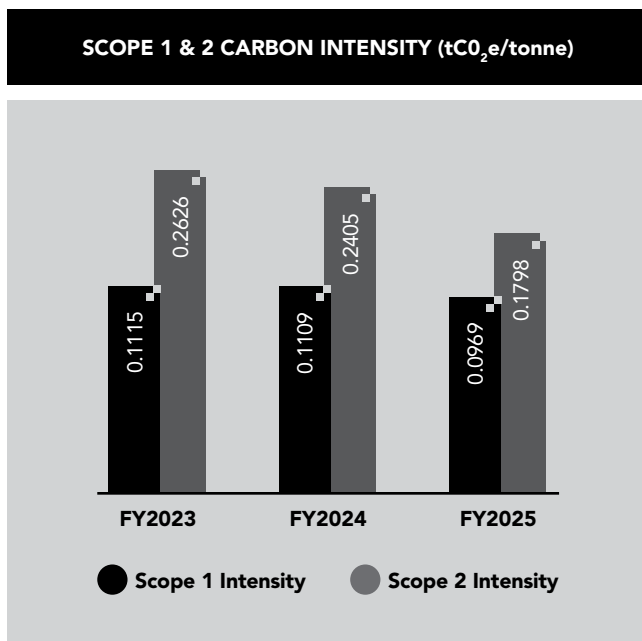
# SUSTAINABILITY STATEMENT

## GHG EMISSION & ENERGY MANAGEMENT (CONT'D)

### METRICS & TARGETS (CONT'D)



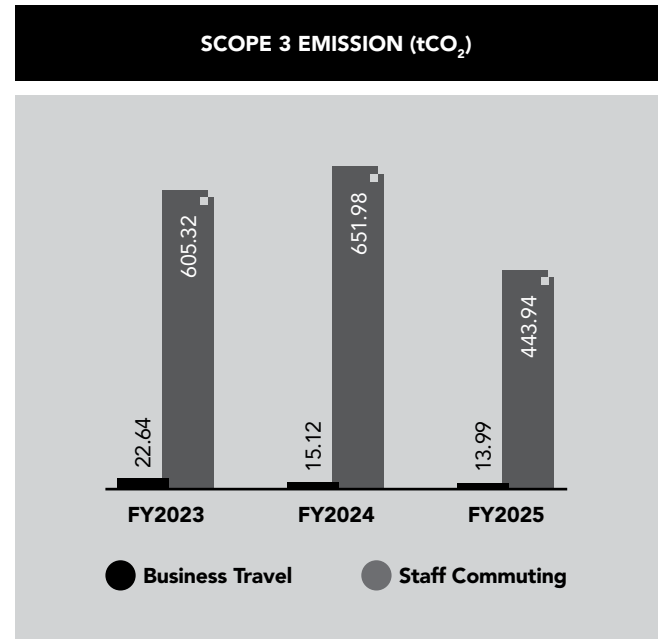
**GHG Scope 1 & 2 Carbon Intensity Performance (tCO<sub>2</sub>e/tonne):  
FY2023-FY2025**



Carbon intensity metrics provide insight into emissions performance relative to production output.

In FY2025, Scope 1 emissions intensity decreased to 0.0969 tCO<sub>2</sub>e per tonne, representing a 12.65% reduction compared with FY2024. Scope 2 emissions intensity declined to 0.1798 tCO<sub>2</sub>e per tonne, reflecting a 25.24% year-on-year reduction.

**GHG Scope 3 Emission ( tCO<sub>2</sub>e):  
FY2023-FY2025**

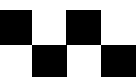


Tong Herr currently reports selected Scope 3 emissions categories, namely Business Travel (Category 6) and Employee Commuting (Category 7), as part of its ongoing efforts to enhance transparency and management of value chain emissions in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Standard.

Emissions from business travel decreased from 22.64 tCO<sub>2</sub>e in FY2023 to 13.99 tCO<sub>2</sub>e in FY2025, mainly attributable to reduced travel activities and the increased adoption of online virtual meetings and digital collaboration tools.

For employee commuting, emissions increased from 605.32 tCO<sub>2</sub>e in FY2023 to 651.98 tCO<sub>2</sub>e in FY2024, before declining to 443.94 tCO<sub>2</sub>e in FY2025, representing a 31.36% reduction year-on-year. The decrease in FY2025 was partly influenced by improvements in the emissions calculation methodology. In FY2025, the Group adopted a more comprehensive approach that differentiates vehicle types, including petrol cars and petrol motorcycles, whereas the previous calculation applied in FY2023 and FY2024 considered petrol cars only. As such, year-on-year comparability may be partially affected due to this methodology enhancement.

The Group will continue to strengthen its Scope 3 data collection and management processes, while progressively expanding the coverage of relevant categories and identifying opportunities to reduce value chain emissions as part of its broader climate transition strategy.



## SUSTAINABILITY STATEMENT

### GHG EMISSION & ENERGY MANAGEMENT (CONT'D)

#### ENERGY MANAGEMENT PERFORMANCE

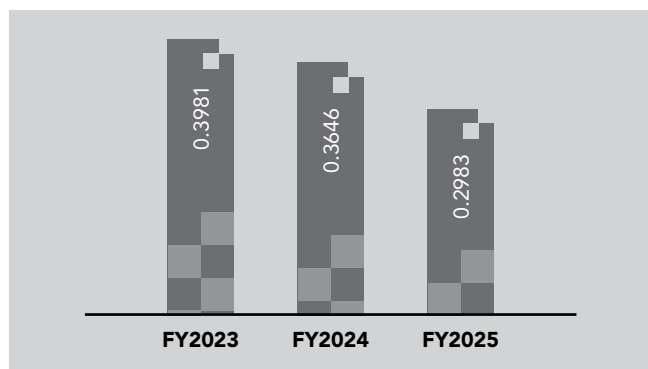
Energy management remains a key driver of emissions reduction. Over the past few years, Tong Herr has taken proactive steps to integrate renewable energy sources into our operations. Key improvement includes production process optimisation and reduces overall energy consumption through the adoption of energy-efficient technologies, including energy-efficient motors, motor inverters, LED lighting, and lighting sensors in stores and offices. These initiatives reflect our commitment to reducing our environmental footprint while aligning with global sustainability goals.

#### Energy Consumption FY2023-FY2025

Energy Consumption (MWh)	FY2023	FY2024	FY2025
Purchased Electricity Consumption (MWh)	14,944.18	14,784.00	<b>12,790.15</b>
Diesel (MWh)	1,989.68	2,218.25	<b>1,837.20</b>
Natural Gas (MWh)	15,754.08	16,692.28	<b>15,531.44</b>
Petrol RON95 (MWh)	349.15	268.57	<b>268.57</b>
Liquified Petroleum Gases, LPG (MWh)	1,357.89	1,640.93	<b>1,710.14</b>
Acetylene gas (MWh)	6.64	12.43	<b>7.73</b>
Renewable Energy Consumption (Solar, MWh)	1,958.04	1,793.21	<b>4,857.44</b>
<b>Total Energy Consumption (MWh) :</b>	<b>36,359.66</b>	<b>37,409.67</b>	<b>37,002.67</b>

#### Total Electricity Consumption Intensity (MWh/tonne) FY2023-FY2025

##### ELECTRICITY CONSUMPTION INTENSITY (MWh/tonne)



Over the past three years, Tong Herr has continued to advance our energy-efficiency performance, demonstrating our commitment to sustainable operations and responsible resource stewardship. Total electricity consumption decreased steadily from 14,944.18 MWh in 2023 to 14,784.00 MWh in 2024, and further to 12,790.15 MWh in 2025. Correspondingly, electricity consumption intensity improved by approximately 18.17%, declining from 0.3646 MWh/tonne in 2024 to 0.2983 MWh/tonne in 2025.

#### RENEWABLE ENERGY

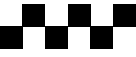
Tong Herr continues to advance its transition towards low-carbon operations through the progressive adoption of renewable energy. The Group significantly expanded its installed solar PV capacity, resulting in a substantial increase in renewable energy generation and consumption as shown in the table below.

Renewable Energy (Solar)	FY2023	FY2024	FY2025
Installed Capacity (kWp)	1,997.00	1,997.00	<b>4,307.95</b>
Solar PV Energy Generation (MWh)	2,624.87	2,459.83	<b>5,427.44</b>
Renewable Energy Consumption (MWh)	1,958.04	1,793.21	<b>4,857.44</b>
Renewable Energy Exported to Grid (MWh)	666.83	666.62	<b>570.00</b>

In FY2025, the Group expanded its solar photovoltaic (PV) capacity to 4,307.95 kWp, generating 5,427.44 MWh of renewable energy. The share of renewable energy in total electricity consumption reached 27.52%. This increase contributed to lower Scope 2 emissions, reduced dependence on grid electricity, and improved energy cost stability, supporting the Group's transition towards a lower-carbon operating model.

#### Moving Forward

Tong Herr will continue to strengthen governance, improve emissions data quality and integrate climate considerations into operations. The Group will prioritise energy efficiency, renewable energy and low-carbon technologies to reduce Scope 1 and Scope 2 emissions, while expanding Scope 3 coverage through improved data management and value chain engagement. These efforts support its decarbonisation strategy and commitment to net-zero emissions by 2050.



# SUSTAINABILITY STATEMENT

## WATER STEWARDSHIP

Water is an essential resource for Tong Herr’s manufacturing operations, and effective water management supports operational efficiency, regulatory compliance and environmental protection. The Group is committed to responsible water use to minimise environmental impact while ensuring long-term resource availability.

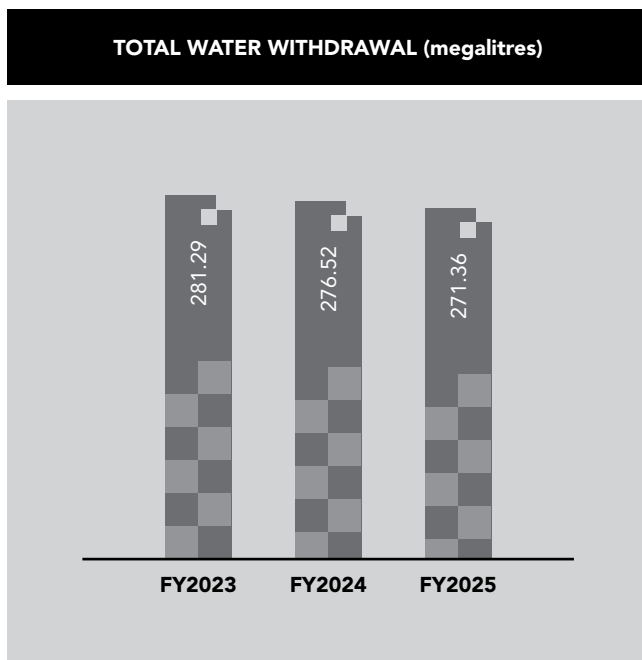
### Our Approach

Tong Herr’s water management strategy is designed to balance operational needs with long-term resource protection. It focuses on three key areas:

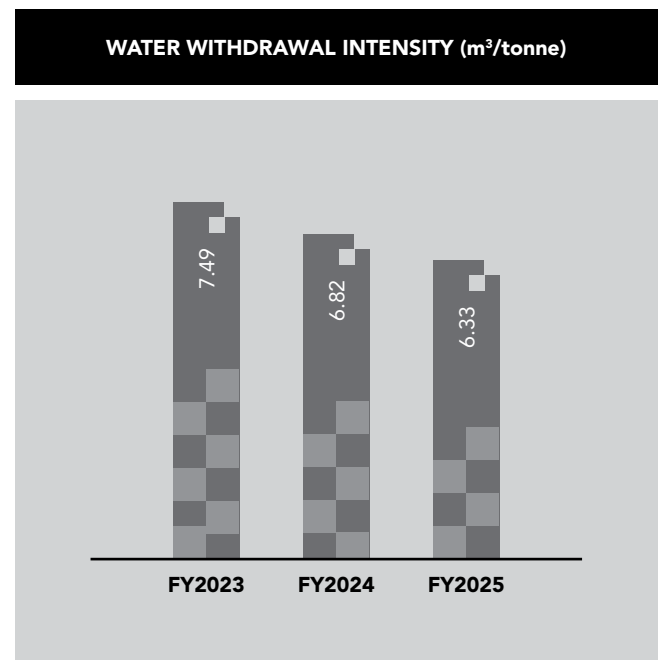
- **Optimising Water Use:** We closely monitor water consumption across all production lines, office areas, and utilities. Daily manual meter readings are consolidated monthly and reviewed by site managers to identify inefficiencies. Looking ahead, we plan to deploy automated water tracking systems between 2026 and 2027 to improve data accuracy and real-time monitoring.
- **Preventing Wastage and Leaks:** Regular inspections and maintenance help us detect and fix leaks promptly. Upgrades water-saving fittings have reduced our freshwater demand and minimised unnecessary losses.
- **Engaging Employees and Building Awareness:** Periodic training sessions, and best-practice sharing encourage responsible water use at all levels. We believe employee participation is critical to embedding water conservation into our daily routines.

### Our Performance

#### Water Withdrawal (megalitres) FY2023-FY2025



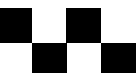
#### Water Withdrawal Intensity (m<sup>3</sup>/tonne) FY2023-FY2025



In FY2025, Tong Herr recorded total water withdrawal of 271.36 megalitres, a 1.87% reduction compared with FY2024. Water withdrawal intensity also improved by approximately 7.18%, declining from 6.82 m<sup>3</sup> per tonne product out in FY2024 to 6.33 m<sup>3</sup> per tonne product output in FY2025, reflecting enhanced operational optimisation and improved water management practices across our facilities.

To drive continuous improvement, the Environmental Safety Team as part of Tong Herr’s environmental management framework. Water consumption is currently monitored daily and monthly at site level and consolidated at Group level to support effective performance tracking and continuous improvement in water management practices.

In FY2025, the Group began assessing and disclosing the sources of water withdrawal, destinations of water discharges, and the level of water stress across its operational sites to better understand potential water scarcity risks and strengthen water management practices, in line with GRI 303 reporting requirements.



## SUSTAINABILITY STATEMENT

### WATER STEWARDSHIP (CONT'D)

Table: Total Water Withdrawals by Source

Year	Municipal (m <sup>3</sup> )	Surface Water (m <sup>3</sup> )	Ground water (m <sup>3</sup> )	Harvested Rainwater (m <sup>3</sup> )	External Wastewater Reused (m <sup>3</sup> )	Sea Water (m <sup>3</sup> )	Total (m <sup>3</sup> )
FY2023	281,289.85	0	0	0	0	0	281,289.85
FY2024	276,516.50	0	0	0	0	0	276,516.50
<b>FY2025</b>	<b>271,358.43</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>271,358.43</b>

Tong Herr sources 100% of its operational water from municipal supply, with no withdrawal from surface water, groundwater, seawater or other source.

Table: Total Water Discharges by Destination

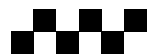
Year	Surface Water (m <sup>3</sup> )	Ocean (m <sup>3</sup> )	Subsurface (m <sup>3</sup> )	Off-site Treatment (m <sup>3</sup> )	Beneficial / Other Reuse (m <sup>3</sup> )	Total (m <sup>3</sup> )
FY2023	0	12,149.00	0	34,798.00	0	46,947.00*
FY2024	0	18,006.00	0	46,000.00	0	64,006.00*
<b>FY2025</b>	<b>0</b>	<b>152,972.00</b>	<b>0</b>	<b>46,245.60</b>	<b>0</b>	<b>199,217.60</b>

(\*) Note:

- Water discharge data reflects the volumes recorded from available monitoring systems during the respective reporting years. Prior to FY2025, certain discharge streams were not fully captured due to limitations in data recording and monitoring coverage.

In FY2025, the Group enhanced its data management practices by expanding monitoring to additional discharge points, resulting in more complete and comprehensive reporting. This improvement contributed to the higher discharge volumes reported for the year, amounting to 199,217.60m<sup>3</sup> (73.41% of total water withdrawal). Tong Herr will continue to strengthen its monitoring systems to enhance the accuracy and consistency of water-related disclosures in future reporting cycles.





# SUSTAINABILITY STATEMENT

## WATER STEWARDSHIP (CONT'D)

### WATER USE AT WATER-STRESSED SITES

In 2025, we conducted an assessment of our operational facilities using the World Resources Institute's Aqueduct Water Risk Atlas to evaluate exposure to water-stressed regions. The analysis confirmed that the majority of our facilities in Perai, Malaysia (THF and THAI), are located in low-risk areas, accounting for approximately 75.48% of our total facilities. Meanwhile, noting that our two sites in Thailand are operated in higher-risk regions, with combined withdrawals of 66,549.43 m<sup>3</sup> (24.52%). Recognising the potential business risks associated with operating in water-stressed regions. We continue to monitor these sites closely and implement measures to improve water efficiency.

**Table: 2025 Water Use at Water-Stressed Sites**

Facilities Operation Sites	Latitude-Longitude	Location	Baseline Water Stress	Total Withdrawals (m <sup>3</sup> )	% of Facilities Withdrawals	Total Consumption (m <sup>3</sup> )
THF	5.3548081-100.3935852	Perai, Malaysia	Low (< 10%)	36,758.00	13.55%	23,826.00
THAI	5.358693-100.412024	Perai, Malaysia	Low (< 10%)	168,051.00	61.93%	28,011.00
THFT (Amata)	13.4375408, 101.0365370	Amata, Thailand	Extremely High (>80%)	25,997.00	9.58%	5,500.20
THFT (Pinthong)	13.1174595, 101.0409315	Pinthong, Thailand	High (40% - 80%)	40,552.43	14.94%	14,803.63

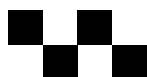
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[https://www.wri.org/applications/aqueduct/water-risk-atlas/#/?advanced=false&basemap=hydro&geoStore=f5adb1e8f4e8bc09bcf42d8b3c2ee5d8&indicator=bws\\_cat&lat=9.849803938000619&lng=102.42553710937501&mapMode=analysis&month=1&opacity=0.5&ponderation=DEF&predefined=false&projection=absolute&scenario=optimistic&scope=baseline&timeScale=annual&year=baseline&zoom=7](https://www.wri.org/applications/aqueduct/water-risk-atlas/#/?advanced=false&basemap=hydro&geoStore=f5adb1e8f4e8bc09bcf42d8b3c2ee5d8&indicator=bws_cat&lat=9.849803938000619&lng=102.42553710937501&mapMode=analysis&month=1&opacity=0.5&ponderation=DEF&predefined=false&projection=absolute&scenario=optimistic&scope=baseline&timeScale=annual&year=baseline&zoom=7)

**Notes:**

- "Water-stressed" classification is based on WRI Aqueduct ( <https://www.wri.org/aqueduct> )
- "Consumption" = Withdrawals minus discharges (Water not returned to the same basin).

### Moving Forward

Tong Herr will continue to strengthen its water management practices by improving monitoring systems, enhancing water efficiency and expanding the use of alternative water solutions such as recycling and rainwater harvesting. The Group targets a 5% reduction in water withdrawal intensity by 2030, supporting improved operational efficiency and sustainable water use over the long term.



## SUSTAINABILITY STATEMENT



## CIRCULAR ECONOMY

### POLLUTION, WASTE AND RESOURCES MANAGEMENT

At Tong Herr, we recognise that responsible management of natural resources and industrial by-products is essential to sustaining long-term business operations and protecting the environment. Our manufacturing processes rely on metals, energy, and water, and therefore require careful management to minimise environmental impact and optimise resource efficiency. We commit our fasteners and aluminium manufacturing processes align with environmental regulations while minimising ecological impact.

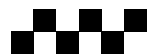
Guided by our Environmental Policy and applicable environmental regulations, Tong Herr integrates circular economy principles into our operational practices. This includes reducing pollution at source, improving material and recovering recyclable resources, and ensuring responsible waste management throughout our manufacturing activities. These efforts support regulatory compliance while contributing to broader environmental sustainability objectives.

Our environmental management framework applies across all operational sites in Malaysia and Thailand and focuses on three key areas:

- Air Emissions Management  
Monitoring and controlling emissions generated from manufacturing processes to protect air quality and ensure regulatory compliance.
- Waste Management  
Minimising waste generation while promoting reuse, recycling and responsible disposal practices.
- Raw Materials and Resource Use  
Improving resource efficiency through better material utilisation and recovery of production scrap.

To support continuous improvement, Tong Herr has established measurable environmental targets covering emissions reduction, waste recycling and resource efficiency. Environmental performance is monitored regularly by Management and reviewed by the Management Sustainability Committee (MSC), with oversight from the Risk Management & Sustainability Committee (RMSC) at Board level.

The following sections describe our management approach and performance across these key environmental areas.



## SUSTAINABILITY STATEMENT

### CIRCULAR ECONOMY (CONT'D)

#### AIR EMISSIONS MANAGEMENT

Air emissions generated from industrial activities may contribute to environmental pollution and affect air quality if not effectively controlled. Key pollutants such as nitrogen oxides (NO<sub>x</sub>), sulfur dioxide (SO<sub>2</sub>), particulate matter (PM) and other chemical emissions are commonly associated with manufacturing operations. Proper monitoring and management of these emissions are essential to ensure regulatory compliance, safeguard environmental quality, and minimise potential impacts on surrounding communities.

#### Our Approach

Tong Herr air emission monitoring is conducted periodically by qualified independent third-party consultants in accordance with the Environmental Quality (Clean Air) Regulations 2014, regulated by the Department of Environment (DOE), Malaysia. In line with the Environmental Quality (Clean Air) Regulations 2014, air pollution control systems, including scrubbers are installed to filter contaminants before release.

Our air emission management practices include:

- Periodic monitoring of air emission parameters at designated emission sources.
- Preventive maintenance of production equipment and emission control systems.
- Monitoring of compliance with regulatory emission limits.
- Continuous operational improvements to minimise air pollutant generation.

These measures enable the Group to monitor emission trends, identify potential improvement opportunities, and ensure compliance with environmental requirements.

#### Air Emission Performance

The table below summarises the results of air emission monitoring for key pollutants across our operations.

Year	Nitrogen Oxides (NO <sub>x</sub> ) (mg/m <sup>3</sup> )	Sulfur Dioxide (SO <sub>2</sub> ) (mg/m <sup>3</sup> )	Sodium Hydroxide (mg/m <sup>3</sup> )	Particulate Matter (mg/m <sup>3</sup> )	VOC
2023	0.9	-	1.32	22.86	-
2024	31.56	49.8	1.34	33.06	-
<b>2025</b>	<b>19.10</b>	<b>50.8</b>	<b>0.9</b>	<b>13.10</b>	-

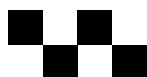
#### Notes:

- Nitrogen Oxides (NO<sub>x</sub>) refer to a group of air pollutants consisting primarily of nitrogen monoxide (NO) and nitrogen dioxide (NO<sub>2</sub>).
- Sulfur Dioxide (SO<sub>2</sub>) is a primary pollutant within the sulfur oxides (SO<sub>x</sub>) group.
- VOC (Volatile Organic Compounds) were not detected during the annual air emission monitoring conducted by an independent third-party consultant.

During FY2025, Tong Herr did not record any incidents of non-compliance with applicable air emission regulatory requirements.

#### Targets and Continuous Improvement

Tong Herr remains committed to improving its environmental performance through better monitoring, process optimisation, and responsible operational practices. As part of our environmental improvement efforts, the Group has established a target to reduce nitrogen oxides (NO<sub>x</sub>) emissions by 1% by FY2026, and maintain 100% regulatory compliance for air emissions by using the 2025 available performance data as the baseline. These initiatives support Tong Herr's broader commitment to responsible environmental management and sustainable industrial operations.



# SUSTAINABILITY STATEMENT

## CIRCULAR ECONOMY (CONT'D)

### WASTE MANAGEMENT

Tong Herr is committed to managing waste responsibly as part of its environmental stewardship. The Group applies structured waste management practices across its operations to minimise environmental impact and ensure compliance with applicable regulations.

#### Our Approach

Waste generated from Tong Herr's operations is managed in accordance with the Environmental Quality Act 1974 and the Environmental Quality (Scheduled Wastes) Regulations 2005, under the supervision of the Department of Environment (DOE), Malaysia. The Group's waste management approach is guided by the Reduce, Reuse and Recycle (3R) principles, with a focus on minimising waste generation and improving resource efficiency.

Our key practices include:

- Segregation of recyclable and non-recyclable waste at source.
- Recovery and recycling of production-related materials where feasible.
- Proper storage, labelling and handling of scheduled waste.
- Disposal of hazardous waste through DOE-licensed waste contractors.
- Implement the monitoring and tracking of production waste generation and disposal trends.
- Employee awareness initiatives to encourage responsible waste management practices.

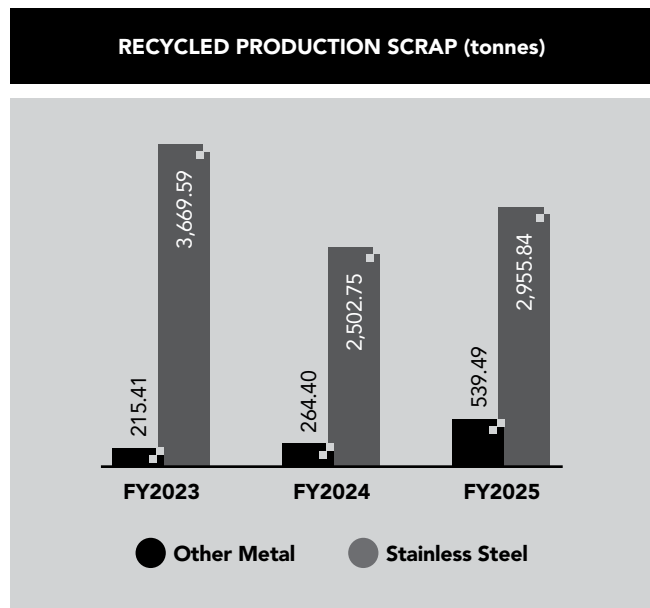
Through these measures, Tong Herr aims to minimise waste generation, improve resource efficiency and ensure compliance with applicable environmental regulations.

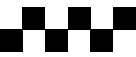
#### Our Waste Performance

##### i) Recyclable Production Scrap

Recyclable production scrap comprises stainless steel and other metal scrap generated from manufacturing processes. It constitutes the largest proportion of waste generated by Tong Herr's operations. These materials are recovered and sold to authorised recyclers for further processing.

In FY2025, the total amount of production scrap recycled increased by 26.32% compared to FY2024. In contrast, the total amount of production scrap recycled in FY2024 decreased by 28.77% compared to FY2023. These variations indicate that recycled production scrap volumes are primarily influenced by changes in production levels, prevailing market demand for recyclable metals, and the timing of sales transactions within the reporting period.





# SUSTAINABILITY STATEMENT

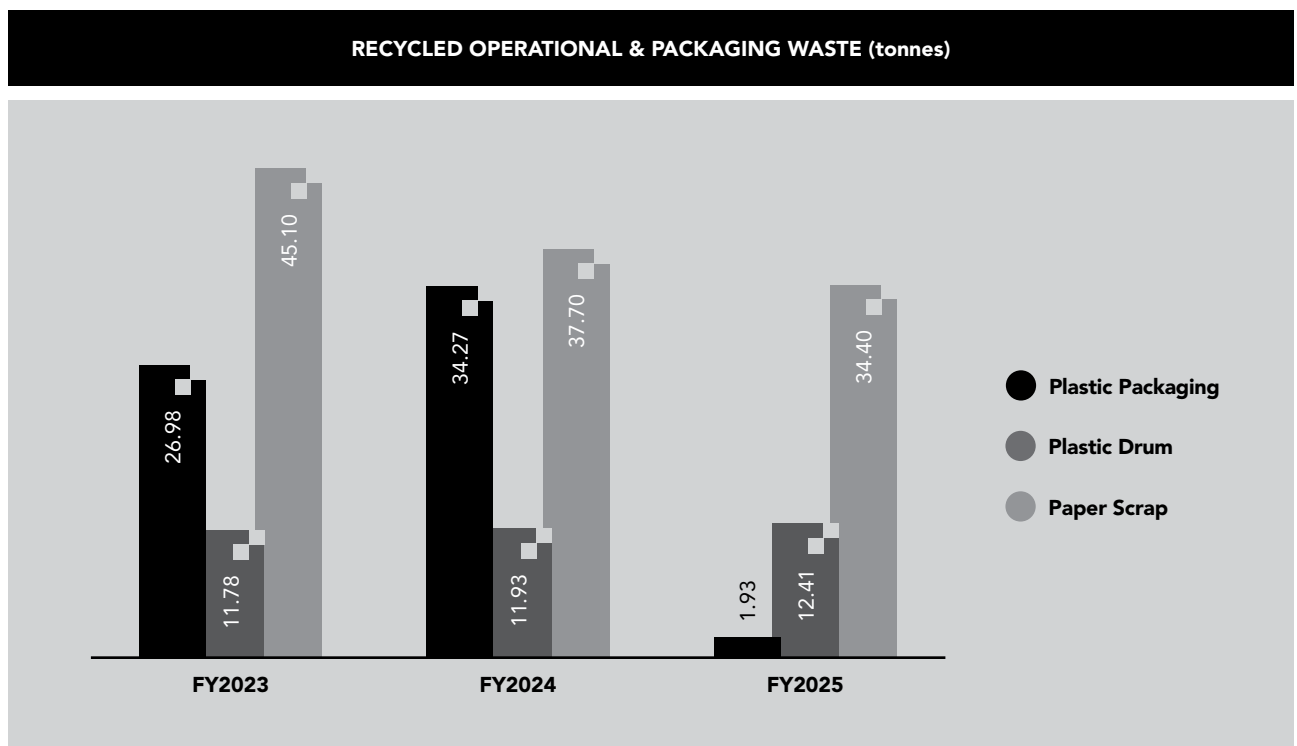
## CIRCULAR ECONOMY (CONT'D)

### WASTE MANAGEMENT (CONT'D)

#### Our Waste Performance (cont'd)

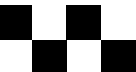
##### ii) Recycled Operational and Packaging Waste

Recycled operational and packaging waste comprises waste generated from manufacturing and packaging activities, including plastic packaging, plastic drums and paper scrap. Where feasible, these materials are collected and sent to licensed recyclers to minimise landfill disposal. This approach supports the Group's commitment to circular economy practices and resource efficiency.



In FY2025, the amount of plastic packaging recycled decreased by 94.37% from 34.27 tonnes in FY2024 to 1.93 tonnes. This lower plastic packaging recycling volume was mainly due to the timing of recyclable material collection and related sales transactions within the reporting period, resulting in fewer recorded collections and supporting invoices in FY2025. As such, the year-on-year variation does not necessarily indicate a decline in the Group's recycling practices.

Moving forward, Tong Herr will continue to strengthen its recycled waste tracking and monitoring processes, while promoting responsible waste segregation and recycling practices among employees and operational teams. These efforts support the Group's ongoing commitment to environmental stewardship and sustainable resource management.



# SUSTAINABILITY STATEMENT

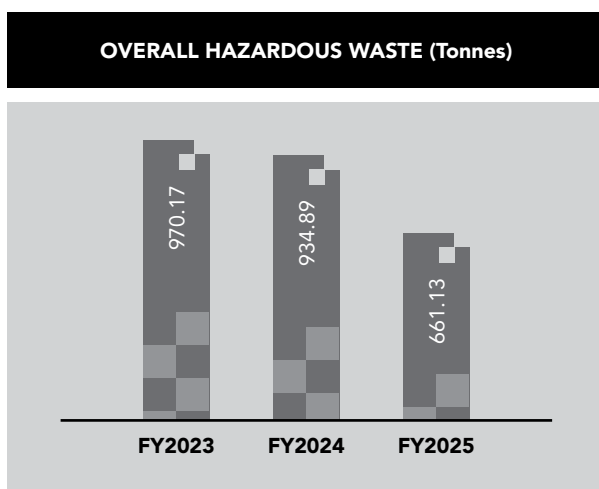
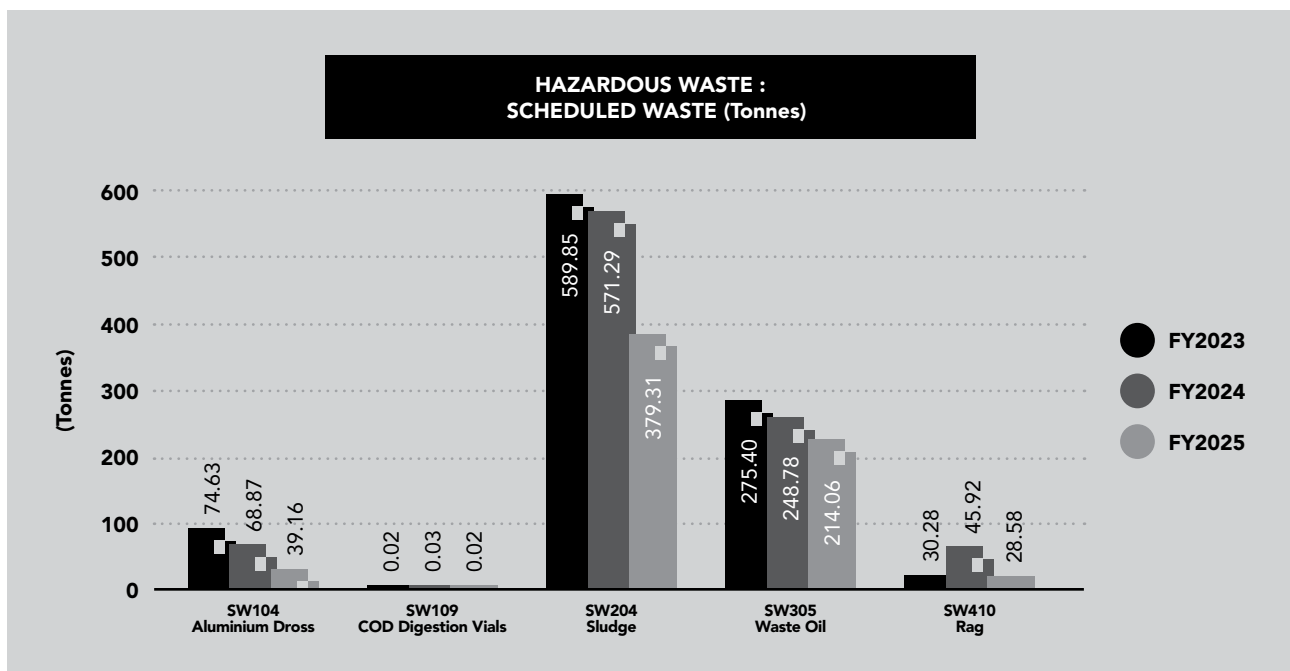
## CIRCULAR ECONOMY (CONT'D)

### WASTE MANAGEMENT (CONT'D)

#### Our Waste Performance (cont'd)

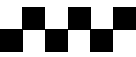
#### iii) Scheduled (Hazardous) Waste

Scheduled (hazardous) waste generated from production processes is handled in compliance with applicable regulatory requirements and disposed of via DOE-licensed waste management contractors. The breakdown of waste categories and total volumes is presented in the charts below.



#### Total Scheduled Hazardous Waste FY2023 - FY2025

In FY2025, total hazardous waste decreased to 661.13 tonnes, representing a reduction of approximately 29.28% compared to FY2024. The decrease was mainly due to lower aluminium production volumes during the year, which resulted in reduced generation of production-related scheduled waste such as aluminium dross (SW104) and sludge (SW204).

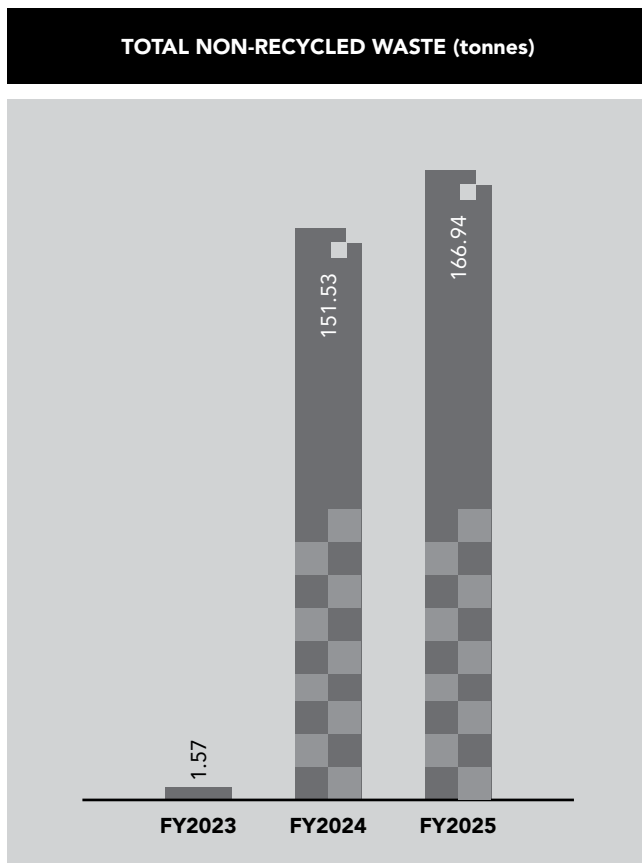


# SUSTAINABILITY STATEMENT

## CIRCULAR ECONOMY (CONT'D)

### WASTE MANAGEMENT (CONT'D)

#### Our Waste Performance (cont'd)



#### iv) Non-recycled Waste

Tong Herr began systematically tracking non-recycled general waste in FY2024 to strengthen waste monitoring and management practices. The total volumes are presented in the charts below.

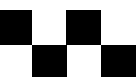
##### FY2023 - FY2025

In 2024, Tong Herr established a baseline for general waste management, recording a total of 151.53 tonnes. Correspondingly, the figure for FY2023 was 1.57 tonnes. In FY2025, the amount of non-recycled waste increased to 166.94 tonnes, reflecting more comprehensive data collection across all entities. This improvement in reporting contributed to the higher volumes recorded in FY2025.

Moving forward, the Group will continue to strengthen its waste management practices through improved monitoring, operational optimisation and employee engagement initiatives. Tong Herr has established a target to reduce total waste generation intensity per unit of product output by 1% in FY2026, using FY2025 as the baseline. These initiatives support the Group's broader objective of improving resource efficiency and reducing environmental impact. Information regarding the independent assurance of sustainability disclosures is presented in the Assurance Statement section of this Sustainability Report.

#### Regulatory Compliance of Waste

Tong Herr remains committed to complying with all applicable environmental regulations. From FY2023 to FY2024, the Group maintained a clean compliance record with zero environmental fines or penalties. In FY2025, Tong Herr received one minor fine of RM1,000 due to an operator oversight involving the labelling of a scheduled waste package at a temporary storage area. Corrective measures, including enhanced training and stricter internal monitoring procedures has been implemented to prevent recurrence.



## SUSTAINABILITY STATEMENT

### CIRCULAR ECONOMY (CONT'D)

#### RAW MATERIALS USED

Tong Herr adopts a resource efficiency and circularity approach in managing raw material consumption across its operations. Our manufacturing activities primarily rely on stainless steel wire rods and aluminium billets, which together account for the majority of material inputs. Wherever feasible, we prioritise sourcing materials with recycled content, supporting resource conservation and reducing the environmental footprint associated with primary material extraction.

Our procurement approach prioritises materials with recycled content and encourages suppliers to provide transparency on recycled material composition.

Material Category	Business Unit	Description / Usage	2025 Used Volume (tonnes)	% of Group Total	% Recycled Content	Notes
<b>Stainless Steel Wire Rods</b>	Fasteners	SUS 304/316 coils for cold heading & machining	32,388.64	69.98%	50~95% (supplier data)	Main input for fasteners
<b>Primary &amp; Secondary Aluminium Billets/Ingot</b>	Extrusion products	P1020A ingot. 6000 series billets for extrusion	11,855.08	25.62%	Primary: 0% Secondary: 50~70% (supplier data)	Main input for extruded profiles
<b>Alloying Elements</b>	Billet casting	Mg, Al-Si, Al-Ti-B additions	30.66	0.07%	Not applicable	For alloy composition adjustment
<b>Surface Treatment Chemicals</b>	Both	Acids (pickling, anodising), passivation, powder coating	385.56	0.83%	Not applicable	For finishing processes
<b>Packaging Materials</b>	Both	Paper, plastics, wood, cartons	1619.09	3.50%	~ 36.9% (paper-based)	For product shipment
<b>Total</b>	-	-	<b>46,279.03</b>	<b>100%</b>	-	-

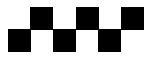
In FY2025, the Group consumed approximately 46,279.03tonnes of raw materials across its two core business segments: stainless steel fasteners and aluminium extrusion products. Stainless steel wire rods represented the largest share of inputs at 69.98%, followed by aluminium billets and ingots at 25.62%. Based on supplier information, a significant portion of these materials contains recycled content, ranging from 50% to 95% for stainless steel and 50% to 70% for secondary aluminium billets.

In addition to primary metals, our operations utilise smaller quantities of alloying elements, surface treatment chemicals, lubricants, process aids and packaging materials, which support production processes and product finishing. Packaging materials used for product shipment include paper-based, plastic and wooden materials, with approximately 36.9% derived from recycled paper-based sources. Tong Herr will also collect accurate, clear and comprehensive data on the recycled content of its packaging raw materials before setting targets to further improve the recycled content of packaging materials.

By monitoring both primary raw materials and supporting process inputs, Tong Herr enhances transparency in resource consumption and supports continuous efforts to improve material efficiency across its operations and supply chain.

#### Moving Forward

Tong Herr remains committed to strengthening its pollution prevention, waste reduction and resource efficiency practices as part of its broader sustainability strategy. The Group will continue to enhance operational controls, optimise material usage and promote responsible waste management practices across its manufacturing operations. Our improvement initiatives focus on reducing waste generation, increasing material efficiency and expanding the use of recycled materials where technically and commercially feasible. We will also continue to engage suppliers, employees and industry stakeholders to explore opportunities that support circular economy practices, responsible material sourcing and sustainable production. Through clear targets, transparent disclosure and continuous improvement, Tong Herr aims to minimise environmental impacts while strengthening operational and long-term sustainable growth.



# SUSTAINABILITY STATEMENT

## SOCIAL SUSTAINABILITY & PEOPLE

### HUMAN RIGHT & LABUOR STANDARDS

Tong Herr Resources Berhad ("Tong Herr") is committed to upholding responsible labour practices and internationally recognised human rights across its operations and supply chain. These principles are embedded in the Group's business conduct to support a fair, respectful and inclusive working environment. Our approach is guided by internationally recognised frameworks including the International Bill of Human Rights.

These principles are embedded within our Code of Conduct and Vendor Code of Conduct, which establish expectations for employees, contractors and suppliers.

Tong Herr maintains a zero-tolerance stance towards practices that violate human rights, including:

- Forced, bonded or compulsory labour
- Child labour
- Workplace harassment, discrimination or abuse

We also respect employees' rights to freedom of association and collective bargaining, allowing employees to join or form trade unions and engage in collective dialogue through their chosen representatives without fear of retaliation.

To further strengthen awareness and implementation of these principles, Tong Herr will progressively introduce human rights awareness training for employees and procurement personnel in FY2026.

#### Governance and Accountability

The oversight for human rights and labour practices is integrated into the Group's robust Sustainability Governance framework (see Page 47), with the RMSC reviewing performance metrics.

At the management level, responsibility is shared between:

- Group Human Resources, which manages employee welfare, labour practices and workplace policies; and
- Procurement Management, which oversees responsible sourcing practices and supplier compliance with Tong Herr's ethical standards.

This governance framework ensures that human rights considerations are integrated into operational management and risk oversight processes.

#### Human Rights Risk Management and Due Diligence

Tong Herr regularly assesses potential human rights risks that may arise within our operations and business relationships. Key salient human rights issues identified include:

- Safe and fair working conditions
- Equal treatment and non-discrimination
- Responsible recruitment and fair treatment of foreign workers
- Prevention of forced labour and child labour
- Respect for local communities and surrounding stakeholders

Higher-risk areas, including migrant labour management, contractors and key suppliers, will be prioritised in the assessment process. Outcomes and improvement actions will be reported to the RMSC to ensure appropriate oversight and follow-up.

#### Grievance and Remediation Mechanisms

Tong Herr maintains a Whistleblowing Policy that enables employees, contractors, suppliers and external stakeholders to report concerns related to unethical behaviour or human rights violations.

The reporting channel allows for confidential or anonymous submissions and covers issues such as:

- Workplace harassment or discrimination
- Forced or child labour concerns
- Unethical labour practices
- Potential impacts on communities or stakeholders

All reports are reviewed and investigated in accordance with established procedures. Tong Herr strictly prohibits retaliation against individuals who raise concerns in good faith, and appropriate remediation measures will be implemented where adverse impacts are identified.



## SUSTAINABILITY STATEMENT

### HUMAN RIGHT & LABUOR STANDARDS (CONT'D)

#### Performance and Future Priorities

Tong Herr recorded zero substantiated complaints relating to human rights violations from FY2023 to FY2025. Moving forward, we aim to strengthen our human rights governance by enhancing due diligence processes, improving supplier engagement and expanding employee awareness programmes on responsible labour practices.

#### Labour Standards and Workforce Well-being

At Tong Herr, our employees are the foundation of our operational success. We are committed to providing a workplace that promotes fairness, safety, respect and equal opportunities for all employees. Our labour practices comply with Malaysian employment laws and regulations, including provisions relating to wages, working hours, benefits and working conditions. We also strive to continuously improve our workplace practices beyond minimum legal requirements.

#### Fair Pay and Responsible Working Hours

Tong Herr is committed to providing fair and equitable remuneration for employees. Compensation decisions are based on factors such as job responsibilities, qualifications, experience and performance, without discrimination based on gender or personal characteristics. All employees receive at least the statutory minimum wage, and we comply fully with regulatory requirements relating to working hours and overtime compensation. To safeguard employee well-being, we monitor overtime practices and seek to prevent excessive working hours. The Group is also progressively assessing living wage benchmarks to better understand how remuneration can support a reasonable standard of living for employees and their families.

#### Diversity, Inclusion and Equal Opportunity

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 organisational 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, sexual orientation, disabilities or nationality.

While we currently do not have employees with disabilities (0.00%) as of 2025, our hiring policies strictly adhere to a non-discrimination framework, ensuring equal opportunities for all, including individuals with disabilities. To create pathways for underprivileged groups and youth, Tong Herr will continue launch apprenticeship and graduate trainee programmes to support the development of young talent and individuals from disadvantaged backgrounds.

#### Supporting Children's Rights

Tong Herr supports the protection and development of children's rights by strictly prohibiting child labour across our operations and supply chain. In addition, the Group supports children's development through community engagement initiatives and educational programmes that contribute to improved learning opportunities for youth in local communities.

#### Respecting Labour Rights and Employee Engagement

Tong Herr respects employees' rights to freedom of association and collective bargaining. Employees are able to engage with management through elected representatives and participate in constructive dialogue on workplace matters. Company policies related to labour rights are communicated through the Code of Conduct and internal communication platforms, and will progressively be translated into relevant local languages for employees in cross-border operations.

#### Labour Risk Management and Industry Collaboration

To strengthen labour governance, Tong Herr integrates labour-related considerations into its risk management framework. Tong Herr also intends to participate in industry forums and collaborative initiatives relating to labour rights and decent work in order to benchmark practices and adopt recognised best practices.

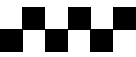
#### Workplace Grievance and Anti-Harassment Measures

Tong Herr maintains a zero-tolerance policy towards workplace bullying, harassment and misconduct. Employees may raise concerns through confidential reporting channels, including the whistleblowing mechanism and internal suggestion boxes, which ensure anonymity and protection against retaliation. In FY2026, training will be provided to management personnel on handling harassment complaints and workplace misconduct cases to ensure fair and appropriate resolution.

Tong Herr recorded zero incidents of labour standards non-compliance from FY2023 to FY2025, and the Group will continue to disclose grievance statistics and remedial actions in future sustainability reports.

#### Employee Development and Capability Building

Tong Herr is committed to supporting the continuous development of our employees through training and professional development programmes. Training initiatives cover areas such as leadership development, communication skills, digital capabilities and technical competencies, helping employees enhance their capabilities and prepare for evolving business needs. Key workforce indicators, including training hours, employee demographics and workforce composition, are disclosed in the sustainability performance data section of this report as following.



# SUSTAINABILITY STATEMENT

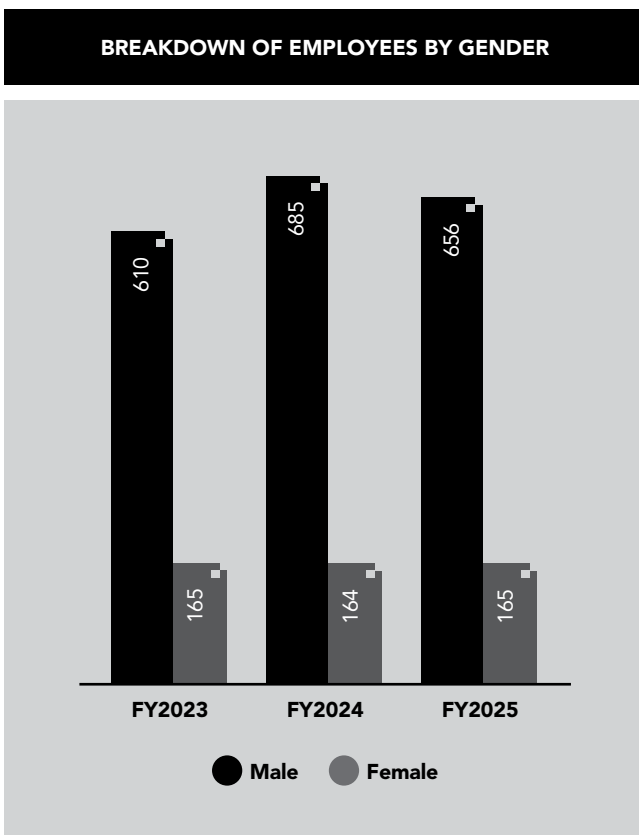


## WORKFORCE PROFILE

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.

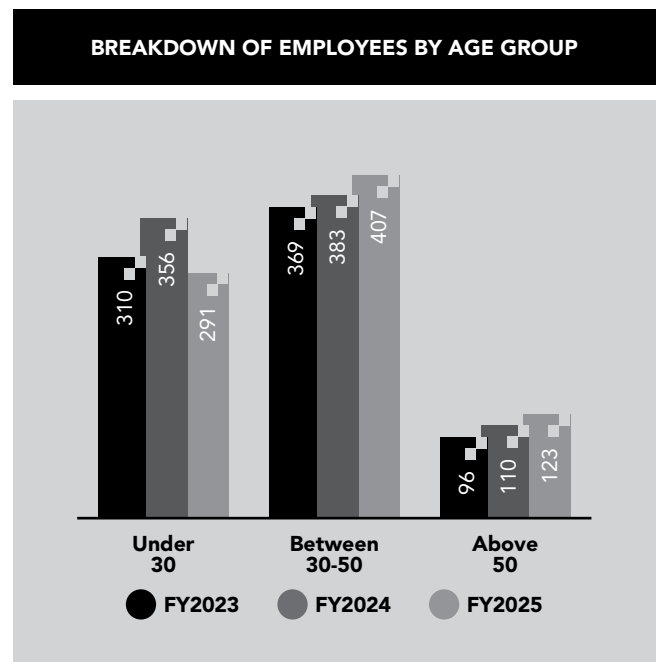
### FY2025 EMPLOYMENT CATEGORY DISTRIBUTION

Gender Distribution (FY2023 - FY2025)

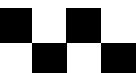


The data reflects changes in the hiring patterns of male and female employees within our office and production teams from FY2023 to FY2025, with a higher number of male employees due to the physically demanding nature of the work and the involvement of heavy-duty tasks.

Age Distribution (FY2023 - FY2025)



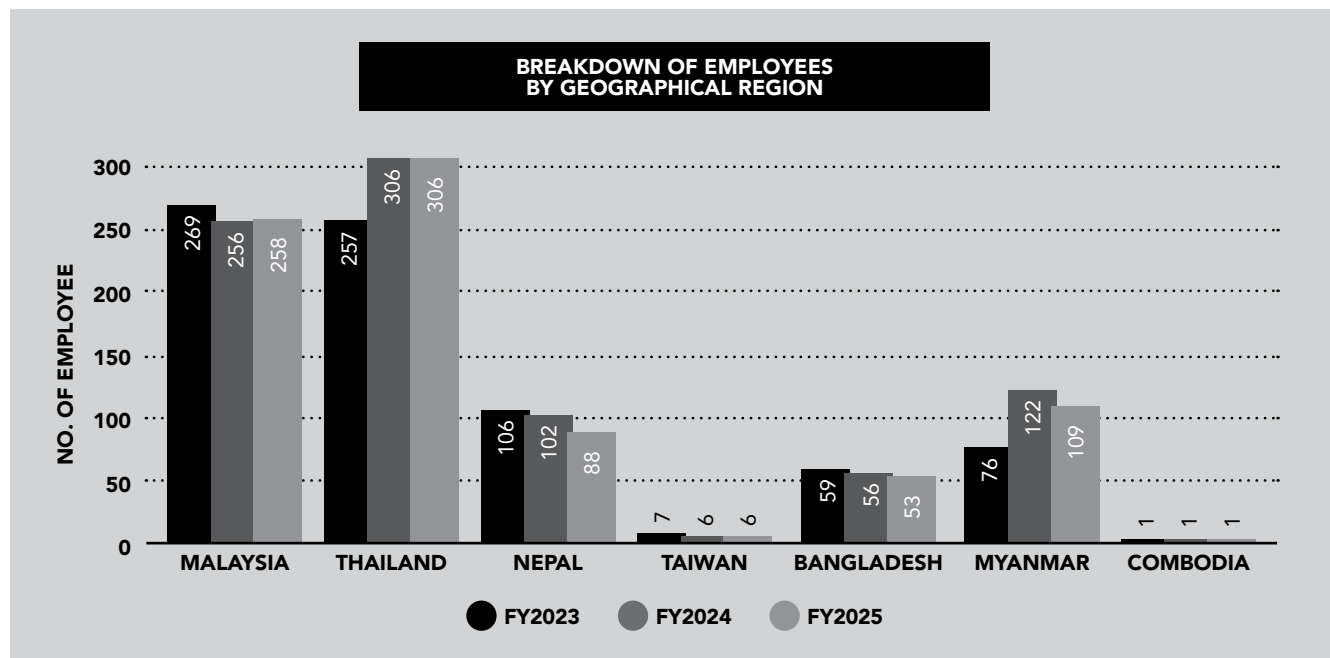
The age group analysis reveals a well-balanced workforce across various segments. With 291 individuals aged 30 or below, we will actively recruit young professionals for their fresh perspectives and emerging skills. The 30-50 age (407 employees) strike a balance between new hires and mid-career professionals, fostering innovation and stability. In the aged 51 or above (123 employees), we emphasise the value of experience, retaining and nurturing seasoned professionals who mentor younger team members. This intentional age distribution contributes to a diverse workplace, encompassing a mix of experiences and perspectives within our organisation.



# SUSTAINABILITY STATEMENT

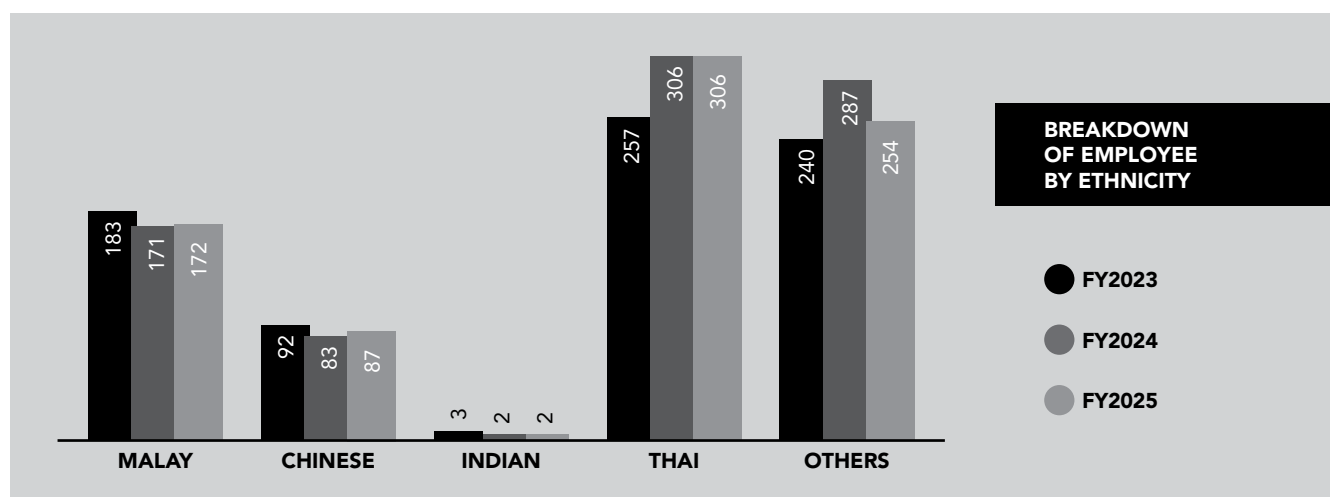
## WORKFORCE PROFILE (CONT'D)

Breakdown of Employees by geographical region (FY2023 - FY2025)

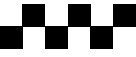


In our diverse workforce, Thailand leads with 306 staff, contributing significantly to both office and production roles. Malaysia closely follows with 258 staff, reflecting a substantial presence. In contrast, Taiwan has 6 office staff members, and Cambodia has 1 production staff member. Additionally, 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.

Breakdown of employees by ethnicity (FY2023 - FY2025)

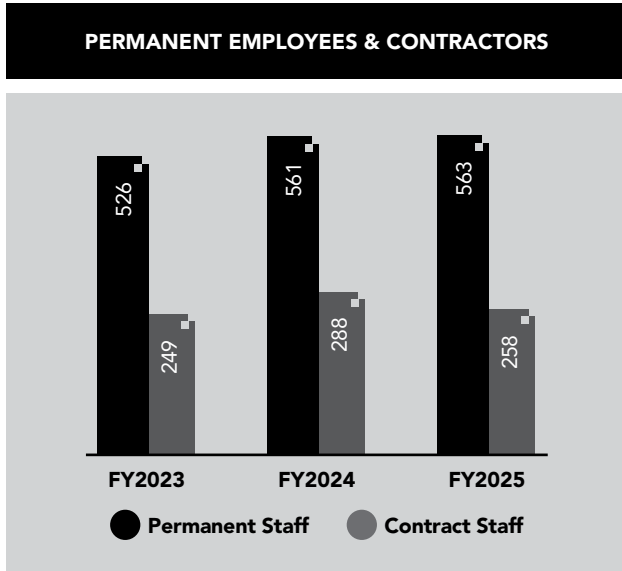


As at FY2025, Tong Herr employed a total of 821 employees, comprising 20.95% Malay, 10.60% Chinese, 0.24% Indian, 37.27% Thai and 30.94% other foreign nationalities (Nepalese, Myanmar, Cambodian and Bangladeshi). Over the three-year period, the overall composition remained broadly stable, with foreign workers continuing to represent a significant proportion of the workforce to support operational requirements. The number of Thai employees remained consistent at 306, while employees from other foreign nationalities decreased to 254. Local workforce representation remained stable, with Malay employees at 172, Chinese employees at 87 and Indian employees unchanged at 2.



# SUSTAINABILITY STATEMENT

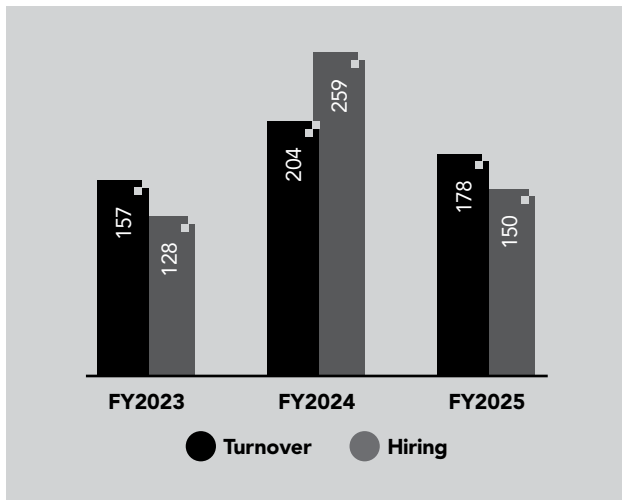
## WORKFORCE PROFILE (CONT'D)



### Permanent employees and contractors (FY2023 - FY2025)

As at FY2025, the Group’s workforce comprised 563 permanent employees (68.57%) and 258 contract employees (31.43%), totalling 821 employees. Permanent headcount remained stable, while contract headcount decreased from 288 in FY2024, reflecting ongoing workforce optimisation. Contract employees, primarily foreign workers from Nepal, Myanmar, Cambodia and Bangladesh, to support labour-intensive operations, enabling the Group to maintain operational flexibility while ensuring compliance with labour regulations and fair employment practices.

**BREAKDOWN OF EMPLOYEES HIRING AND TURNOVER**

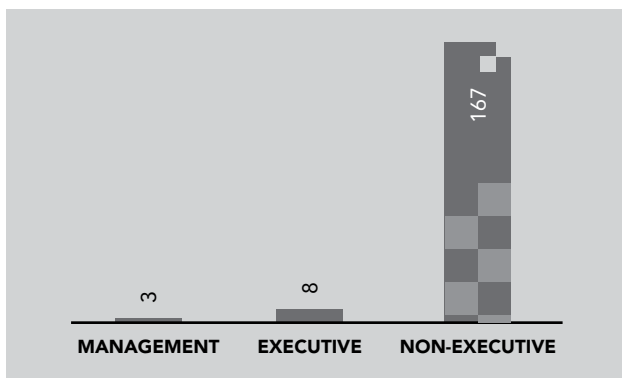


### Breakdown of employees by employee hiring and turnover (FY2023 - FY2025)

Tong Herr’s hiring and turnover data over the past three financial years provide insights into the Group’s workforce dynamics and human capital management. In terms of hiring, the Group recruited 128 employees (16.52% hiring rate) in FY2023, increasing to 259 employees (30.51%) in FY2024. In FY2025, hiring moderated to 150 employees (18.27%), reflecting more stable manpower requirements compared with the previous year.

For employee turnover, the Group recorded 157 departures (20.26% turnover rate) in FY2023, which increased to 204 employees (24.03%) in FY2024, before declining to 178 employees (21.68%) in FY2025. Of the employees who left in FY2025, 167 employees were Non-Executive staff, indicating that turnover was mainly concentrated within the operational workforce. This trend is consistent with the manufacturing sector, where operational roles typically experience higher workforce mobility.

**FY2025 TURNOVER BY EMPLOYEE CATEGORY**



Tong Herr remains committed to fostering a positive and inclusive work environment, promoting equal employment opportunities, and upholding employee rights in accordance with the Group’s corporate policies, while continuing to strengthen employee engagement initiatives, career development programmes, and workplace conditions to enhance employee retention, job satisfaction, and long-term workforce stability in support of sustainable business growth.



# SUSTAINABILITY STATEMENT

## OCCUPATIONAL HEALTH AND SAFETY

Tong Herr Resources Berhad is committed to providing a safe, healthy and secure working environment for all employees, contractors and visitors across its operations. Effective occupational health and safety (“OHS”) management is essential to protecting our workforce, maintaining operational reliability and supporting long-term business sustainability.

The Group promotes a proactive safety culture through structured risk management, employee engagement and continuous improvement. Safety considerations are integrated into daily operations to minimise workplace incidents and ensure that all employees share responsibility for maintaining a safe working environment.

### Our Approach to Safety

Tong Herr’s occupational health and safety framework is guided by Malaysian regulatory requirements and recognised industry practices. Our operations comply with the Occupational Safety and Health Act 1994 (Amendment 2024).

The Group also leverages technology and automation to reduce operational risks. The adoption of warehouse management systems, robotics and conveyor systems helps minimise manual handling, improve operational efficiency and reduce ergonomic-related injuries.

Safety awareness is reinforced through regular safety briefings, emergency preparedness training and fire drills. The use of appropriate Personal Protective Equipment (“PPE”) is mandatory in operational areas. In addition, targeted training programmes including forklift safety, scheduled waste handling and ergonomic awareness help employees recognise and manage workplace hazards effectively.

### Governance and Oversight

The Board of Directors maintains overall oversight of occupational health and safety (OHS) performance across the Group. The Managing Director serves as the designated Board-level representative responsible for overseeing health and safety matters across the Group on a monthly basis. The Safety and Health Management team supports the implementation of OHS initiatives across operational sites. Further details on sustainability governance are disclosed in the Sustainability Governance section of this report (see page 47).

### Managing Health and Safety Risks

Health and safety considerations are integrated into Tong Herr’s operational planning and risk management processes. All new projects, facility developments or process changes undergo safety assessments prior to implementation. Each operational site conducts annual Hazard Identification, Risk Assessment and Risk Control (HIRARC) reviews to identify potential hazards and implement appropriate control measures. Identified risks are documented and monitored until corrective actions are fully implemented.

### Employee Participation in Safety

Employee engagement is essential to maintaining a strong safety culture. Each operational site maintains an Occupational Safety and Health Committee (OSHC) comprising both management representatives and elected employee members. These committees meet regularly to review safety performance, discuss workplace hazards and recommend improvements. The platform enables open communication between employees and management, ensuring that worker feedback contributes to continuous safety improvement.

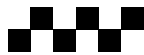
### Occupational Health and Safety Training

Training is a key component of Tong Herr’s safety management approach. Employees receive structured safety training to ensure they understand workplace hazards and safe work procedures. In FY2025, 448 employees (54.6% of total staff) participated in health and safety training programmes covering areas such as scheduled waste management, forklift operation, noise risk assessment and ergonomic practices. Moving forward, Tong Herr aims to increase participation in annual safety refresher training programmes to 70% of employees, with greater participation from office-based staff.

	FY2023	FY2024	FY2025
Staff trained on health and safety standard.	561	396	448

Tong Herr’s overarching OHS management framework focuses on:

- Promoting a safety-first culture
- Ensuring compliance with applicable laws and regulations
- Strengthening emergency preparedness and response capabilities
- Encouraging transparent communication of safety information
- Promoting employee participation in safety initiatives
- Monitoring and reporting safety performance on a monthly and annual basis



## SUSTAINABILITY STATEMENT

### OCCUPATIONAL HEALTH AND SAFETY (CONT'D)

#### Monitoring Our Safety Performance

Tong Herr monitors workplace safety performance through the Lost Time Injury Rate (LTIR) indicator, which measures the frequency of work-related injuries resulting in lost workdays. Safety performance is reviewed regularly by site management and the RMSC. Our safety performance is also benchmarked against industry references from Malaysia's Department of Occupational Safety and Health (DOSH).

Year	Total Hours Worked	Work related Fatalities (Employee)	Work related Fatalities (Contractor)	Number of Lost Time Injuries	LTIR
2023	1,885,098	0	0	7	0.74*
2024	2,069,027	0	0	24	2.32*
2025	<b>2,043,003</b>	<b>0</b>	<b>0</b>	<b>22</b>	<b>2.15</b>

(\*). Restated to correct an error in the LTIR formula.

The LTIR is calculated in accordance with Bursa Malaysia Sustainability Reporting Guide (3rd Edition):

$LTIR = (Number\ of\ Lost\ Time\ Injuries / Total\ Hours\ Worked) \times 200,000$

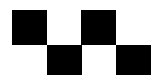
In FY2025, Tong Herr recorded 22 lost time injuries, resulting in a Lost Time Injury Rate (LTIR) of 2.15. All incidents were investigated to determine root causes and to identify corrective and preventive actions, and were reported to the Department of Occupational Safety and Health (DOSH). Investigation findings were reviewed by the Occupational Safety and Health Committee (OSHC) and the Safety and Health Management team to prevent recurrence.

There were no work-related fatalities or permanent disabilities reported among employees or contractors during the reporting period.

#### Moving Forward

Tong Herr remains committed to strengthening workplace safety across all levels of the organisation. Our focus moving forward includes enhancing risk mitigation measures, improving incident investigation processes and increasing employee participation in safety training programmes.

By continuously reinforcing safety awareness and preventive practices, we aim to create a safer and more resilient workplace for our employees, contractors and stakeholders. Information on the independent assurance of sustainability disclosures is provided in the Assurance Statement section of this report.



# SUSTAINABILITY STATEMENT

## TALENT & COMMUNITY

### TRAINING AND DEVELOPMENT

A skilled and capable workforce is essential to Tong Herr's operational efficiency and long-term sustainability. Continuous employee development enhances productivity, supports adaptation to evolving industry and technological requirements, and strengthens talent retention. By investing in training and career growth, the Group builds a workforce that can support business performance and future expansion.

#### Our Approach

Tong Herr is committed to developing a skilled and future-ready workforce by providing a supportive and inclusive working environment. The Group invests in employee training and development to strengthen technical and professional competencies, enabling employees to perform effectively and adapt to evolving operational and industry requirements.

Training programmes are designed to support employees' current roles while enhancing their long-term career development. These initiatives promote continuous learning, improve workforce capability and contribute to operational performance.

To attract and retain talent, the Group provides competitive remuneration and employee benefits, including leave entitlements, allowances, insurance coverage and workplace support such as uniforms, safety equipment, transportation arrangements for foreign workers and access to panel clinics.

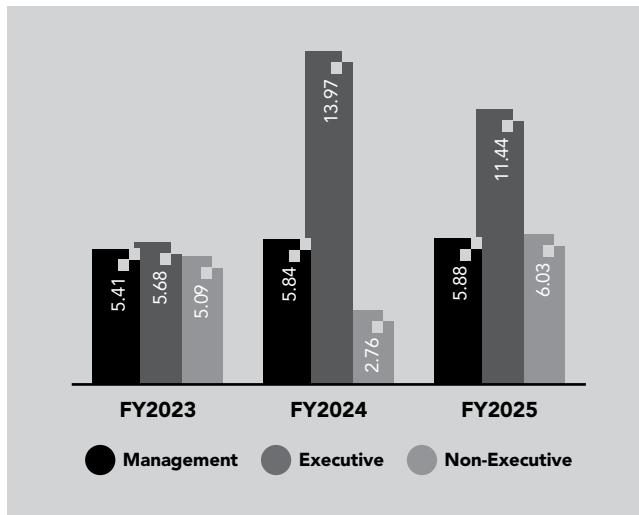
Through these efforts, Tong Herr aims to enhance employee well-being, support professional growth and maintain a capable workforce that contributes to the Group's long-term sustainability.

#### Our Performance

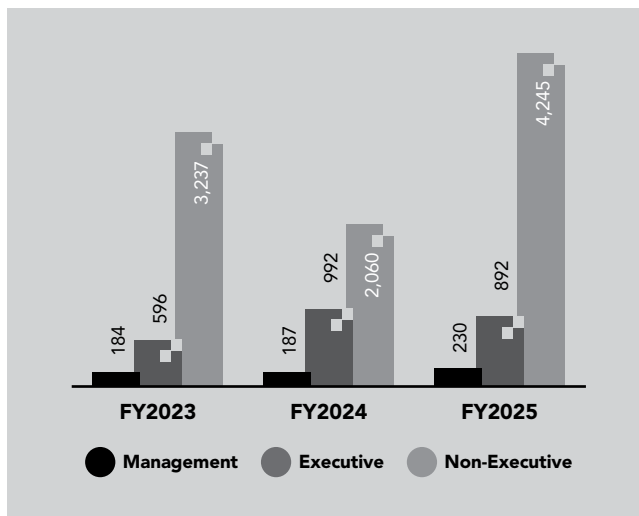
In FY2025, the Group invested RM80,790 in a comprehensive range of internal and external learning and development programs, totalling 5,367 training hours. Average training hours per employee increased to 6.54 hours in FY2025, up from 3.82 hours in FY2024, reflecting the Group's commitment to enhancing workforce capability and supporting continuous employee development.

Time spent on employee development training	Total hours of training		
	FY2023	FY2024	FY2025
Total Hours	4,017	3,239	<b>5,367</b>
Average hour per employee	5.18	3.82	<b>6.54</b>

### AVERAGE TRAINING HOURS PER EMPLOYEE CATEGORY

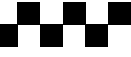


### TRAINING HOURS PER EMPLOYEE CATEGORY



In FY2025, average training hours per employee were 5.88 for management, 11.44 for executives, and 6.03 for non-executives, reflecting a continued focus on upskilling and professional development.

Total training hours in FY2025 increased for management and non-executives to 230 and 4,245 hours, respectively, while total hours for executives were 892. Compared with FY2024, the rise in non-executive training hours demonstrates the Group's commitment to strengthening operational skills at all levels, supporting workforce competency and long-term organisational sustainability.



# SUSTAINABILITY STATEMENT

## TALENT & COMMUNITY (CONT'D)

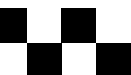
### TRAINING AND DEVELOPMENT (CONT'D)



*Illustration : Comprehensive Team Building & Training Program for FY2025*

#### Moving Forward

As we continue to embrace change and innovation, Tong Herr remains committed to evolving its training and development strategy to meet the demands of a rapidly changing business landscape. We will further strengthen our focus on personalised learning journeys and career progression opportunities to enhance employee engagement and retention. By fostering a culture of continuous learning, Tong Herr aims to empower its workforce to grow alongside the organisation and contribute meaningfully to its long-term success.



# SUSTAINABILITY STATEMENT

## TALENT & COMMUNITY (CONT'D)

### COMMUNITY INVESTMENT

Tong Herr recognises that strong, positive relationships with local communities are essential to creating shared long-term value. By investing in education, social welfare, and environmental stewardship, we aim to uplift lives, nurture local talent, and promote sustainable development in the areas where we operate.

#### Our Approach & Focus

Our community investment strategy prioritises initiatives that align with our business values and sustainability commitments:

#### Local community welfare and infrastructure

enhancing the well-being and resilience of communities near our operations.

#### Environmental conservation and awareness

supporting sustainable resource use and promoting environmental stewardship.

These focus areas are shaped through ongoing engagement with local communities and NGOs, including dialogue sessions, feedback surveys, and post-project reviews, with outcomes reported to the Risk Management and Sustainability Committee (RMSC).

#### Community Investment Outcomes

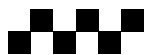
In FY2025, Tong Herr continued to prioritise community investments that advance local social welfare. The Group contributed a total of RM2,000 across two initiatives, supporting local welfare groups and engaging employees through volunteering activities. Previous years' contributions focused on education sponsorships and environmental awareness initiatives, reflecting our targeted approach to creating positive social impact.

Year	No. of Projects	Funding (RM)	Estimated Beneficiaries	Employee Volunteers	Volunteer Hours	Focus Area
2023	1	30,000	Community Institution	-	-	Education Support
2024	1	2,000	Local Community Group	1	1	Environment Awareness
2025	2	2,000	Local Welfare Groups	2	2	Social welfare
<b>Total (2023 - 2025)</b>	<b>4</b>	<b>34,000</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>-</b>

Through these initiatives, Tong Herr contributed to community well-being and social sustainability while reinforcing its engagement with local stakeholders.

#### Moving Forward

Moving forward, Tong Herr aims to further strengthen its community investment efforts by aligning initiatives with the needs of local communities and the Group's sustainability priorities. The Group plans to continue supporting education-related programmes, environmental initiatives and community welfare activities, while encouraging greater employee participation in volunteer programmes to enhance the long-term positive impact of our community engagement efforts.



## SUSTAINABILITY STATEMENT

### GOVERNANCE, ETHICS & COMPLIANCE

#### ETHICAL INTEGRITY & COMPLIANCE



Tong Herr Resources Berhad is committed to conducting business with integrity, transparency and accountability. The Group maintains a structured governance framework designed to prevent corruption, promote ethical conduct and ensure compliance with applicable laws and regulations.

This framework is supported by key policies and guidelines, including:

- Board Charter
- Directors' Code of Conduct and Ethics
- Group Anti-Bribery and Anti-Corruption ("ABAC") Policy
- Whistleblowing Policy
- Vendor Code of Ethics

These policies establish clear expectations for ethical behaviour across the Group and are periodically reviewed to ensure alignment with the Malaysian Anti-Corruption Commission (MACC) Act 2009, the Guidelines on Adequate Procedures, and international best practices. Through these measures, Tong Herr seeks to maintain a strong culture of integrity while safeguarding stakeholder confidence in the Group's governance practices.

#### Board Oversight of Anti-Corruption

The Board oversight for anti-corruption is integrated into the Group's robust sustainability governance framework (see Page 47) with the RMSC reviewing performance metrics. The Audit Committee provides independent oversight of whistleblowing reports and internal control enhancements.

Management provides periodic updates to the RMSC and Audit Committee covering:

- Whistleblowing reports and investigation outcomes
- Anti-corruption training participation rates
- Due diligence findings for third-party partners

Material issues are escalated to the Board to ensure appropriate governance oversight. The ABAC Policy is formally reviewed and updated where necessary to reflect regulatory developments and emerging corruption risks.

#### Ethics Awareness and Training

Tong Herr promotes a culture of ethical conduct through regular communication and structured training programmes. All employees receive induction training on the Code of Conduct, anti-corruption policies and governance expectations. Refresher training is conducted periodically to reinforce awareness of corruption risks and ethical responsibilities.

In FY2025, the Group achieved:

100%

anti-corruption training completion among management, executive and non-executive employees within Tong Herr group.

#### Anti-Corruption Due Diligence for Business Partners

Tong Herr applies a risk-based due diligence process when engaging suppliers, contractors, distributors and other business partners.

Pre-engagement screening typically includes reviews of:

- Ownership and management background
- Litigation and regulatory records
- Sanctions lists and adverse media reports

Business partners identified as higher risk are subject to enhanced due diligence and require senior management approval before engagement.

All suppliers and contractors are required to:

- Acknowledge and comply with the Vendor Code of Conduct
- Adhere to contractual anti-bribery provisions, including audit rights and termination clauses for non-compliance.

The Procurement function conducts periodic re-screening of key suppliers to ensure continued compliance. In FY2025, no corruption-related red flags were identified.



## SUSTAINABILITY STATEMENT

### ETHICAL INTEGRITY & COMPLIANCE (CONT'D)

#### Managing Corruption Risks Among Intermediaries

We apply the same risk-based approach to intermediaries such as contractors, agents, consultants, and distributors who act on our behalf.

- Intermediaries undergo the same corruption risk due diligence and risk rating process as suppliers.
- They are required to sign the Vendor Code of Conduct.
- High-risk intermediaries may be required to attend targeted anti-corruption briefings.
- The Procurement team conducts periodic performance reviews and re-screening, and any breaches trigger investigation and potential contract termination.

#### Enhanced Controls for High-Risk Operations

For operations identified as high-risk, Tong Herr implements enhanced anti-corruption controls including:

- Segregation of duties, dual approvals, and conflict of interest declarations.
- Enhanced due diligence on counterparties and stricter gifts & hospitality approvals.
- Periodic internal audits and data analytics to detect irregularities.
- Targeted anti-corruption training on specific risks (bribery, kickbacks, procurement fraud, facilitation payments, collusion).
- Escalation of suspected breaches to the Audit Committee, with disciplinary actions or referral to authorities as appropriate.

These enhanced procedures ensure proportionate controls in high-risk areas.

#### Whistleblowing Framework

Tong Herr maintains a formal Whistleblowing Policy to enable employees, suppliers, and stakeholders to report suspected corruption or unethical conduct confidentially or anonymously, without fear of retaliation.

Scope of reportable issues includes: bribery, facilitation payments, kickbacks, procurement or tender fraud, falsification of records, embezzlement, conflicts of interest, collusion, bid-rigging, and money laundering.

#### Reporting channels:

Email: [whistleblower@tong.com.my](mailto:whistleblower@tong.com.my)

Postal: Chairman of the Audit Committee,  
Tong Herr Resources Berhad, No. 2515,  
Tingkat Perusahaan 4A, Perai Free Trade  
Zone, 13600 Perai, Penang, Malaysia

#### Reporting channels: (cont'd)

All reports are reviewed independently by the Chairman of the Audit Committee, with investigation outcomes presented to the Audit Committee for appropriate action.

In FY2025, the Group recorded zero whistleblowing reports relating to corruption or bribery.

#### Whistleblowing & Anti-Corruption Performance Indicators

INDICATOR	FY2023	FY2024	FY2025
Total whistleblowing reports received	0	0	0
Whistleblowing reports related to corruption	0	0	0
Confirmed corruption incidents	0	0	0
Management completing anti-corruption training	100%*	100%*	100%
Executive employees completing training	100%*	100%*	100%
Non-executive employees completing training	100%*	100%*	100%

(\* ) The training completion rates reported above cover only THF (Malaysia) in FY2023 and FY2024. In 2025 we have expanded our disclosure to all entities.

#### Monitoring Non-Compliance and Ethical Conduct

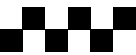
Tong Herr adopts a zero-tolerance approach towards regulatory breaches and unethical conduct. The Group will enhance transparency by disclosing the number and nature of confirmed non-compliance incidents, including regulatory breaches, violations of the Code of Conduct and enforcement actions taken.

All employees receive training on the Code of Conduct and Ethics during onboarding and through periodic refresher programmes. The effectiveness of the Code will be reviewed at least once every two years to ensure continued alignment with regulatory requirements and ethical standards.

#### Safeguarding Audit Independence

To maintain the integrity of financial reporting, Tong Herr requires the rotation of the external audit engagement partner every seven (7) financial years, with a five (5) years cooling-off period before reappointment.

This practice helps preserve auditor independence and strengthens stakeholder confidence in the Group's financial disclosures.



# SUSTAINABILITY STATEMENT

## ETHICAL INTEGRITY & COMPLIANCE (CONT'D)

### Moving Forward

Tong Herr will continue strengthening its governance and compliance framework through:

- Anti-corruption refreshment training across all subsidiaries
- Strengthening supplier and intermediary due diligence processes
- Increasing internal audit focus on higher-risk operational areas
- Periodically reviewing governance policies to align with evolving regulatory and international best practices.

These initiatives support the Group's commitment to responsible business conduct and sustainable value creation.



## PRIVACY & DATA PROTECTION

Tong Herr recognises the importance of safeguarding personal and business information as part of responsible business conduct and effective risk management. The Group is committed to maintaining robust data protection and cybersecurity practices to support operational integrity and regulatory compliance.

### Our Approach

Tong Herr adopts a structured approach to data privacy and cybersecurity, guided by its Information Security and Data Protection Policy, which aligns with the Personal Data Protection Act (PDPA) 2010. Oversight is led by the Management Information System (MIS) team, which is responsible for implementing and regularly updating cybersecurity controls to mitigate risks and prevent unauthorised access.

The Group emphasises transparency in its data governance practices by providing clear information on how personal data is collected, processed and used. This approach supports informed decision-making among employees, customers and suppliers, while reinforcing trust and accountability.

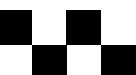
### Our Progress

In 2025, there were zero substantiated complaints related to data breaches or privacy violations—an indicator of our effective risk management and robust security infrastructure.

	FY2023	FY2024	FY2025
Number of substantiated complaints concerning breaches in customer privacy or data loss	0	0	0

### Moving Forward

We are committed to enhancing our cybersecurity and data protection systems. This includes refining our governance policies, strengthening training programs, and adopting emerging technologies to ensure our practices remain secure, transparent, and future-ready in a rapidly evolving digital landscape.



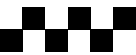
## SUSTAINABILITY STATEMENT

### APPENDIX AND REFERENCES INDICES

This section includes the ESG Performance Data, the BMLR Prescribed Table (Transition Period), SASB Content Index for Industrial Machinery & Goods, the GRI Content Index, and placeholders for the updated IFRS S1 and S2 Content Indices.

### ESG PERFORMANCE DATA TABLE

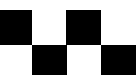
Data Category	Indicator	Unit	FY2023	FY2024	FY2025
<b>ECONOMIC</b>					
<b>Financial Performance</b>	Economic value generated	RM'000	608,723	542,106	<b>568,262</b>
	Economic value distributed:				
	- Operating costs	RM'000	553,752	489,083	<b>511,249</b>
	- Employee wages and benefits	RM'000	38,338	41,615	<b>43,854</b>
	- Payment to providers of capital	RM'000	31,801	12,403	<b>8,012</b>
	- Payment to government	RM'000	5,718	2,873	<b>965</b>
	- Community investment	RM'000	30	2	<b>2</b>
	Total Economic value distributed:	RM'000	629,639	545,976	<b>564,082</b>
Economic value retained	RM'000	-20,916	-3,870	<b>4,180</b>	
<b>Procurement Practices</b>	Local Supplier purchased	%	11.07%	13.82%	<b>10.78%</b>
<b>ENVIRONMENTAL</b>					
<b>Energy</b>	Purchased Electricity Consumption (MWh)	MWh	14,944.18	14,784.00	<b>12,790.15</b>
	Diesel (MWh)	MWh	1,989.68	2,218.25	<b>1,837.20</b>
	Natural Gas (MWh)	MWh	15,754.08	16,692.28	<b>15,531.44</b>
	Petrol RON95 (MWh)	MWh	349.15	268.57	<b>268.57</b>
	Liquified Petroleum Gases, LPG (MWh)	MWh	1,357.89	1,640.93	<b>1,710.14</b>
	Acetylene gas (MWh)	MWh	6.64	12.43	<b>7.73</b>
	Renewable Energy Consumption (Solar, MWh)	MWh	1,958.04	1,793.21	<b>4,857.44</b>
	Total Energy Consumption (MWh) :	MWh	36,359.66	37,409.67	<b>37,002.67</b>
	Total Energy Consumption Intensity	MWh/tonne	0.9685	0.9225	<b>0.8630</b>
	Electricity Consumption Intensity	MWh/tonne	0.3981	0.3646	<b>0.2983</b>
	Installed Solar Capacity	kWp	1,997.00	1,997.00	<b>4,307.95</b>
	Solar PV Energy Generation	MWh	2,624.87	2,459.83	<b>5,427.44</b>
	Renewable Energy Consumption	MWh	1,958.04	1,793.21	<b>4,857.44</b>
	Solar Energy Exported to Grid	MWh	666.83	666.62	<b>570.00</b>
	Renewable Energy Share (%) in Electricity	%	11.58%	10.82%	<b>27.52%</b>
	Renewable Energy Share (%) in Total Energy	%	5.39%	4.79%	<b>13.13%</b>
	<b>Water</b>	Factory Water Withdrawal	m <sup>3</sup>	262,233.00	266,320.00
Hostel Water Withdrawal		m <sup>3</sup>	19,056.85	10,196.50	<b>9,489.43</b>
Total Water Withdrawal		m <sup>3</sup>	281,289.85	276,516.50	<b>271,358.43</b>
Water Withdrawal intensity		m <sup>3</sup> /tonne	7.49	6.82	<b>6.33</b>
Total Water Withdrawal (megalitres)		megalitres	281.29	276.52	<b>271.36</b>
Total Water Used (megalitres)		megalitres	234.34	212.51	<b>72.14</b>



# SUSTAINABILITY STATEMENT

## ESG PERFORMANCE DATA TABLE (CONT'D)

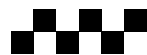
Data Category	Indicator	Unit	FY2023	FY2024	FY2025
<b>ENVIRONMENTAL</b>					
<b>Water Source Withdrawals</b>	Municipal	m <sup>3</sup>	281,290.00	276,516.50	<b>271,358.43</b>
	Surface Water	m <sup>3</sup>	0	0	<b>0</b>
	Ground water	m <sup>3</sup>	0	0	<b>0</b>
	Harvested Rainwater	m <sup>3</sup>	0	0	<b>0</b>
	External Wastewater Reused	m <sup>3</sup>	0	0	<b>0</b>
	Sea Water	m <sup>3</sup>	0	0	<b>0</b>
<b>Water Discharge</b>	Surface Water	m <sup>3</sup>	0	0	<b>0</b>
	Ocean	m <sup>3</sup>	12,149.00	18,006.00	<b>152,972.00</b>
	Subsurface	m <sup>3</sup>	0	0	<b>0</b>
	Off-site Treatment	m <sup>3</sup>	34,798.00	46,000.00	<b>46,245.60</b>
	Beneficial / Other Reuse	m <sup>3</sup>	0	0	<b>0</b>
	Total Waste Water Discharges (m <sup>3</sup> )	m <sup>3</sup>	46,947.00	64,006.00	<b>199,217.60</b>
	Total Waste Water Discharges (megalitres)	megalitres	46.95	64.01	<b>199.22</b>
<b>GHG Emission</b>	Total Scope 1	tCO <sub>2</sub> e	4,185.27	4,497.89	<b>4,154.07</b>
	Total Scope 2	tCO <sub>2</sub> e	9,860.12	9,752.00	<b>7,708.58</b>
	Total (Scope 1 + Scope 2)	tCO <sub>2</sub> e	14,045.39	14,249.89	<b>11,862.65</b>
	Scope 1 Intensity	tCO <sub>2</sub> e/ tonne product	0.1115	0.1109	<b>0.0969</b>
	Scope 2 Intensity	tCO <sub>2</sub> e/ tonne product	0.2626	0.2405	<b>0.1798</b>
	Total (Scope 1 + Scope 2) Intensity	tCO <sub>2</sub> e/ tonne product	0.3741	0.3514	<b>0.2767</b>
	Scope 3 (Category 6 - Business Travel)	tCO <sub>2</sub> e	22.64	15.12	<b>13.99</b>
	Scope 3 (Category 7 - Staff Commuting)	tCO <sub>2</sub> e	605.32	651.98	<b>443.94</b>
	Total Scope 3	tCO <sub>2</sub> e	627.96	667.10	<b>457.93</b>
	Total Emission (Scope 1 + 2 + 3)	tCO <sub>2</sub> e	14,673	14,917	<b>12,321</b>
Overall Carbon intensity (tCO <sub>2</sub> e/ tonne product)	tCO <sub>2</sub> e/ tonne product	0.3908	0.3678	<b>0.2873</b>	
<b>Hazardous Waste</b>	SW104 Aluminium Dross	Tonnes	74.63	68.87	<b>39.16</b>
	SW109 COD Digestion Vials	Tonnes	0.02	0.03	<b>0.02</b>
	SW204 Sludge	Tonnes	589.85	571.29	<b>379.31</b>
	SW305 Waste oil	Tonnes	275.40	248.78	<b>214.06</b>
	SW410 Rag	Tonnes	30.28	45.92	<b>28.58</b>
	Overall Hazardous Waste	Tonnes	970.17	934.89	<b>661.13</b>
<b>Recycled Waste</b>	Plastic Packaging	Tonnes	26.98	34.27	<b>1.93</b>
	Plastic Drum	Tonnes	11.78	11.93	<b>12.41</b>
	Paper Scrap	Tonnes	45.10	37.70	<b>34.40</b>
	Other Metal	Tonnes	215.41	264.40	<b>539.49</b>
	Stainless Steel	Tonnes	3,669.59	2,502.75	<b>2,955.84</b>
	Overall Recycled Waste	Tonnes	3,968.87	2,851.05	<b>3,544.07</b>



# SUSTAINABILITY STATEMENT

## ESG PERFORMANCE DATA TABLE (CONT'D)

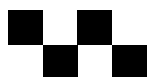
Data Category	Indicator	Unit	FY2023	FY2024	FY2025
<b>ENVIRONMENTAL</b>					
<b>Overall Waste</b>	Total Waste Generated (tonnes)	Tonnes	N/A	N/A	<b>4372.15</b>
	Diverted from Disposed = SW + Recycled (Tonnes)	Tonnes	4,939.04	3,785.94	<b>4,205.21</b>
	Directed to Disposed = General Waste (Tonnes)	Tonnes	1.57	151.53	<b>166.94</b>
<b>SOCIAL</b>					
<b>Employee Profile</b>	Total staffs	Number	775	849	<b>821</b>
<b>Employee Gender</b>	Male	Number	610	685	<b>656</b>
	Female	Number	165	164	<b>165</b>
	Male (%)	%	78.71%	80.68%	<b>79.90%</b>
	Female (%)	%	21.29%	19.32%	<b>20.10%</b>
<b>Employment Type</b>	Permanent Staff	Number	526	561	<b>563</b>
	Contract Staff	Number	249	288	<b>258</b>
	Permanent Staff (%)	%	67.87%	66.08%	<b>68.57%</b>
	Contract Staff (%)	%	32.13%	33.92%	<b>31.43%</b>
<b>Employee Age</b>	Under 30	%	40.00%	41.93%	<b>35.45%</b>
	Between 30-50	%	47.61%	45.11%	<b>49.57%</b>
	Above 50	%	12.39%	12.96%	<b>14.98%</b>
<b>Employee Gender</b>	Management Male	%	74.00%	81.00%	<b>76.92%</b>
	Management Female	%	26.00%	19.00%	<b>23.08%</b>
	Executive Male	%	61.00%	48.00%	<b>28.21%</b>
	Executive Female	%	39.00%	52.00%	<b>71.79%</b>
	Non-executive/Technical Staff Male	%	82.00%	84.00%	<b>85.80%</b>
	Non-executive/Technical Staff Female	%	18.00%	16.00%	<b>14.20%</b>
<b>Employment</b>	Turnover	Number	157	204	<b>178</b>
	Hiring	Number	128	259	<b>150</b>
	Turnover rate	%	20.26%	24.03%	<b>21.68%</b>
	Hiring rate	%	16.52%	30.51%	<b>18.27%</b>
<b>Board Profile</b>	Director male	Number	5	5	<b>5</b>
	Director female	Number	4	4	<b>4</b>
	Director Age under 30	Number	0	0	<b>0</b>
	Director Age between 30-50	Number	4	4	<b>4</b>
	Director Age above 50	Number	5	5	<b>5</b>
	Director male	%	55.56%	55.56%	<b>55.56%</b>
	Director female	%	44.44%	44.44%	<b>44.44%</b>
	Director Age under 30 (%)	%	0.00%	0.00%	<b>0.00%</b>
	Director Age between 30-50 (%)	%	44.44%	44.44%	<b>44.44%</b>
	Director Age above 50 (%)	%	55.56%	55.56%	<b>55.56%</b>



## SUSTAINABILITY STATEMENT

### ESG PERFORMANCE DATA TABLE (CONT'D)

Data Category	Indicator	Unit	FY2023	FY2024	FY2025
<b>SOCIAL</b>					
<b>Non-discrimination</b>	Total Number of Incidences of Discrimination	Number	0	0	0
<b>Human Rights</b>	Number of Substantiated Complaints Concerning Human Rights Violations	Number	0	0	0
<b>Training</b>	Average Training hours per employee	Hours	5.18	3.82	<b>6.54</b>
	Management (Average hours)	Hours	5.41	5.84	<b>5.88</b>
	Executive (Average hours)	Hours	5.68	13.97	<b>11.44</b>
	Non-Executive (Average hours)	Hours	5.09	2.76	<b>6.03</b>
	Management (Total hours)	Hours	184	187	<b>230</b>
	Executive (Total hours)	Hours	596	992	<b>892</b>
	Non-Executive (Total hours)	Hours	3,237	2,060	<b>4,245</b>
	Total Hours on employee training	Hours	4,017	3,239	<b>5,367</b>
	Total Training Cost incurred	RM	39,161.79	91,417.00	<b>80,790.00</b>
<b>Occupational Health and Safety</b>	Safety Training pax	Number	561	396	<b>448</b>
	Safety Training % of employee	%	72.4%	46.6%	<b>54.6%</b>
	Total Hours Worked	Hours	1,885,098.0	2,069,027.5	<b>2,043,003</b>
	Work related Fatalities (Employee)	Number	0	0	<b>0</b>
	Work related Fatalities (Contractor)	Number	0	0	<b>0</b>
	Number of Lost Time Injuries	Number	7	24	<b>22</b>
	Lost Time Incident Rate (LTIR)	Rate	0.74	2.32	<b>2.15</b>
<b>Community Investment</b>	Total Amount Invested in Local Communities	RM'000	30	2	<b>2</b>
	Total Number of Beneficiaries from Local Communities	Number	1	1	<b>2</b>
<b>Others</b>	Percentage of employees with a disability	%	0.00%	0.00%	<b>0.00%</b>
<b>GOVERNANCE</b>					
<b>Business Ethics</b>	Total whistleblowing reports received	Number	0	0	<b>0</b>
	Whistleblowing reports related to corruption	Number	0	0	<b>0</b>
	Confirmed corruption incidents	Number	0	0	<b>0</b>
	Customer privacy or data loss incidents	Number	0	0	<b>0</b>
	Management completing anti-corruption training	%	100%*	100%*	<b>100%</b>
	Executive employees completing anti-corruption training	%	100%*	100%*	<b>100%</b>
	Non-executive employees completing anti-corruption training (* : THFM only)	%	100%*	100%*	<b>100%</b>
<b>Compliance with Regulations</b>	Labour Standards fines	Cases	0	0	<b>0</b>
	Environmental Standards fines	Cases	0	0	<b>1</b>
	Total Fines Amounts	RM	0	0	<b>1,000</b>



## SUSTAINABILITY STATEMENT

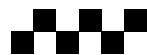
### SASB CONTENT INDEX – INDUSTRIAL MACHINERY & GOODS

SASB Topic	Accounting Metric	Page No.
<b>Energy Management</b>	Total energy consumed (GJ or MWh)	66
	Percentage of energy from renewable sources	63, 66
<b>Greenhouse Gas (GHG) Emissions</b>	Scope 1 emissions (tCO <sub>2</sub> e)	64 - 65
	Scope 2 emissions (tCO <sub>2</sub> e)	64 - 65
<b>Water Management</b>	Total water withdrawn (ML or m <sup>3</sup> )	67 - 69
	Percentage of water recycled and reused	68
<b>Waste Management</b>	Total hazardous waste generated (tonnes)	74
	Percentage of waste recycled (Production scrap/packaging)	73
<b>Employee Health &amp; Safety</b>	Total Recordable Incident Rate / Work-related injuries	83
	Lost Time Injury Rate (LTIR)	83
<b>Product Lifecycle Management</b>	Percentage of products designed for recyclability	72, 76
<b>Business Ethics &amp; Governance</b>	Percentage of key suppliers assessed/audited for ESG	58
	Anti-corruption training coverage (%)	88

### GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

<b>Statement of Use</b>	Tong Herr Resources Berhad has reported with reference to GRI Standards for the period from 1 January 2025 to 31 December 2025.
<b>GRI 1 Used</b>	GRI 1: Foundation 2021

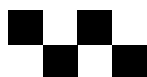
GRI Standard	Disclosure	Page No.
<b>GRI 2: General Disclosures 2021</b>	2-1 Organisational details	41
	2-2 Entities included in sustainability reporting	42
	2-3 Reporting period, frequency and contact point	40, 43
	2-4 Restatements of information	83
	2-5 External assurance	43
	2-29 Approach to stakeholder engagement	49
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	52
	3-2 List of material topics	53
	3-3 Management of material topics	52-54



# SUSTAINABILITY STATEMENT

## GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX (CONT'D)

GRI Standard	Disclosure	Page No.
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	57
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	58
<b>GRI 205: Anti-Corruption 2016</b>	205-1 Operations assessed for risks related to corruption	87
	205-2 Communication and training about anti-corruption	87
	205-3 Confirmed incidents of corruption and actions taken	88
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organisation	66
	302-4 Reduction of energy consumption	66
<b>GRI 303: Water and Effluents 2018</b>	303-5 Water consumption	67–69
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	64
	305-2 Energy indirect (Scope 2) GHG emissions	64
	305-3 Other indirect (Scope 3) GHG emissions	65
	305-5 Reduction of GHG emissions	64
<b>GRI 306: Waste 2020</b>	306-3 Waste generated	72–75
	306-5 Waste directed to disposal	75
<b>GRI 403: Occupational Health &amp; Safety 2018</b>	403-1 Occupational health and safety management system	82
	403-2 Hazard identification, risk assessment, and investigation	82
	403-3 Occupational health services	82
	403-4 Worker participation, consultation, and communication	82
	403-5 Worker training on occupational health and safety	82
	403-6 Promotion of worker health	82
	403-7 Prevention and mitigation of OHS impacts	82
	403-8 Workers covered by an OHS management system	82
	403-9 Work-related injuries	83
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	84
	404-2 Programs for upgrading employee skills	84
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	79–81
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions	78
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement	86
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of privacy	89



# SUSTAINABILITY STATEMENT

## IFRS S1 & IFRS S2 CONTENT INDEX

Standard	Disclosure Requirement	Report Section	Page No.
IFRS S1	<b>Governance</b>	3. Sustainability Governance	47–48
	<b>Strategy</b>	5. Sustainability-Related Strategy	55
	<b>Risk Management</b>	5. Strategic Integration, Risk & Opportunity Management	55
	<b>Metrics and Targets</b>	4. Sustainability Target and 2025 Performance	54
	<b>Connected Information</b>	5. Financial Connectivity (IFRS S1)	56
	<b>Reporting Boundary</b>	1. Reporting Scope and Boundary	42
IFRS S2	<b>Climate Governance</b>	3. Sustainability Governance (Board & RMSC Oversight)	47–48
	<b>Climate Strategy</b>	6. Climate Action Strategy	59
	<b>Climate Scenario Analysis</b>	6. Climate Scenario Analysis (SSP Pathways)	60
	<b>Climate Risks &amp; Opportunities</b>	6. Climate Risks and Opportunities	61–62
	<b>Transition Plan</b>	6. Climate Transition and Future Outlook	62
	<b>GHG Emissions (Scope 1 &amp; 2)</b>	6. Metrics & Targets (GHG Emissions)	63–65
	<b>GHG Emissions (Scope 3)</b>	6. Metrics & Targets (Categories 6 & 7)	65
	<b>Climate Targets</b>	2. Our Sustainability Roadmap / 6. Metrics & Targets	46, 63



# SUSTAINABILITY STATEMENT

## BURSA MALAYSIA LISTING REQUIREMENTS (BMLR) PRESCRIBED TABLE (TRANSITION PERIOD)

Date & Time: 2026-03-24\_14:04:30  
FYE 31/12/2025

Tong Herr Resources Berhad  
BMLR Transition Period

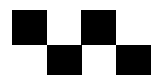
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Anti-corruption	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category - Management	Percentage	100	100%	Internal
Anti-corruption	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category - Executive	Percentage	100	100%	Internal
Anti-corruption	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category - Non-Executive	Percentage	100	100%	Internal
Anti-corruption	Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100	100%	Internal
Anti-corruption	Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	Zero incident.	Internal
Community/Society	Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	2000	—	Internal
Community/Society	Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	2	—	Internal
Diversity	Bursa C3(a) Percentage of employees by Management under Age 30	Percentage	0	—	Internal
Diversity	Bursa C3(a) Percentage of employees by Management between Age 30-50	Percentage	50.00	—	Internal
Diversity	Bursa C3(a) Percentage of employees by Management above Age 50	Percentage	50.00	—	Internal

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This report was generated on the Bursa Malaysia CSI Platform on 2026-03-24\_14:04:30

Note :

Internal Assurance: Reviewed by internal Management Sustainability Committee (MSC) and relevant departments.



# SUSTAINABILITY STATEMENT

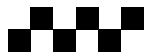
## BURSA MALAYSIA LISTING REQUIREMENTS (BMLR) PRESCRIBED TABLE (TRANSITION PERIOD)

Sustainability Matter		Metric	Measurement Unit	2025	Target	Assurance
Diversity	Bursa C3(a) Percentage of employees by Executive under Age 30	Percentage	30.77	—	Internal	
Diversity	Bursa C3(a) Percentage of employees by Executive between Age 30-50	Percentage	65.38	—	Internal	
Diversity	Bursa C3(a) Percentage of employees by Executive above Age 50	Percentage	3.85	—	Internal	
Diversity	Bursa C3(a) Percentage of employees by Non-Executive under Age 30	Percentage	37.98	—	Internal	
Diversity	Bursa C3(a) Percentage of employees by Non-Executive between Age 30-50	Percentage	47.80	—	Internal	
Diversity	Bursa C3(a) Percentage of employees by Non-Executive under Age 30	Percentage	14.22	—	Internal	
Diversity	Bursa C3(a) Percentage of employees by Management Male	Percentage	76.92	—	Internal	
Diversity	Bursa C3(a) Percentage of employees by Management Female	Percentage	23.08	30% female in managerial roles by FY 2030	Internal	
Diversity	Bursa C3(a) Percentage of employees by Executive Male	Percentage	28.21	—	Internal	
Diversity	Bursa C3(a) Percentage of employees by Executive Female	Percentage	71.79	—	Internal	
Diversity	Bursa C3(a) Percentage of employees by Non-Executive Male	Percentage	85.80	—	Internal	
Diversity	Bursa C3(a) Percentage of employees by Non-Executive-Female	Percentage	14.20	—	Internal	

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# SUSTAINABILITY STATEMENT

## BURSA MALAYSIA LISTING REQUIREMENTS (BMLR) PRESCRIBED TABLE (TRANSITION PERIOD)

Date & Time: 2026-03-24\_14:04:30  
FYE 31/12/2025

Tong Herr Resources Berhad  
BMLR Transition Period

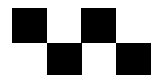
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity	Bursa C3(b) Percentage of directors by Male	Percentage	55.56	—	Internal
Diversity	Bursa C3(b) Percentage of directors by Female	Percentage	44.44	—	Internal
Diversity	Bursa C3(b) Percentage of directors by age group under 30	Percentage	0.00	—	Internal
Diversity	Bursa C3(b) Percentage of directors by age group between 30-50	Percentage	44.44	—	Internal
Diversity	Bursa C3(b) Percentage of directors by age group above 50	Percentage	55.56	—	Internal
Energy management	Bursa C4(a) Total energy consumption	MWh	37002.67	Reduce 2% Electricity energy intensity in FY2026, and 5% Electricity intensity in FY2030. (base year FY2025)	Internal
Health and safety	Bursa C5(a) Number of work-related fatalities	Number	0	Zero fatalities.	Internal
Health and safety	Bursa C5(b) Lost time incident rate ("LTIR")	Rate	215	Below 1 by yearly.	Internal
Health and safety	Bursa C5(c) Number of employees trained on health and safety standards	Number	448	—	Internal
Labour practices and standards	Bursa C6(a) Total hours of training by employee category Management	Hours	230	Minimum 5 training hours average per employee.	Internal
Labour practices and standards	Bursa C6(a) Total hours of training by employee category Executive	Hours	892	Minimum 5 training hours average per employee.	Internal
Labour practices and standards	Bursa C6(a) Total hours of training by employee category Non-Executive	Hours	4245	Minimum 5 training hours average per employee.	Internal

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# SUSTAINABILITY STATEMENT

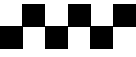
## BURSA MALAYSIA LISTING REQUIREMENTS (BMLR) PRESCRIBED TABLE (TRANSITION PERIOD)

Tong Herr Resources Berhad BMLR Transition Period		Date & Time: 2026-03-24_14:04:30 FYE 31/12/2025			
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Labour practices and standards	Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	31.43	—	Internal
Labour practices and standards	Bursa C6(c) Total number of employee turnover by employee category Management	Number	3	Reduce overall employee turnover rate to 20% yearly.	Internal
Labour practices and standards	Bursa C6(c) Total number of employee turnover by employee category Executive	Number	8	Reduce overall employee turnover rate to 20% yearly.	Internal
Labour practices and standards	Bursa C6(c) Total number of employee turnover by employee category Non-executive	Number	167	Reduce overall employee turnover rate to 20% yearly.	Internal
Labour practices and standards	Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	Zero case.	Internal
Supply chain management	Bursa C7(a) Proportion of spending on local suppliers	Percentage	10.78	Achieve over 10% local procurement spending annually.	Internal
Data privacy and security	Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	Zero case.	Internal
Water	Bursa C9(a) Total volume of water used	Megallitres	72.14	Reduce 1% water withdrawal intensity in 2026, and 5% in 2030. (Base year FY2025)	Internal
Waste management	Bursa C10(a) Total waste generated	Metric tonnes	4372.15	Reduce 1% waste generated intensity in 2026 (Base year FY2025)	Internal
Waste management	Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	4205.21	—	Internal
Waste management	Bursa C10(a)(ii) Total waste deflected to disposal	Metric tonnes	166.94	—	Internal

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Internal Assurance: Reviewed by internal Management Sustainability Committee (MSC) and relevant departments.



# SUSTAINABILITY STATEMENT

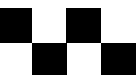
## BURSA MALAYSIA LISTING REQUIREMENTS (BMLR) PRESCRIBED TABLE (TRANSITION PERIOD)

Tong Herr Resources Berhad BMLR Transition Period		Date & Time: 2026-03-24_14:04:30 FYE 31/12/2025				
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	
Emissions management	Bursa C11(a) Scope 1 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	415407	Reduce 1% emissions intensity in 2026, and 5% emissions intensity in 2030. (Base year FY2025)	Internal	
Emissions management	Bursa C11(b) Scope 2 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	770658	Reduce 1% emissions intensity in 2026, and 5% emissions intensity in 2030. (Base year FY2025)	Internal	
Emissions management	Bursa C11(c) Scope 3 emissions in tonnes of CO <sub>2</sub> e (Categories of business travel and employee commuting)	Metric tonnes	45793	—	Internal	

This report was generated on the Bursa Malaysia CSI Platform on 2026-03-24\_14:04:30

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Note :  
Internal Assurance: Reviewed by internal Management Sustainability Committee (MSC) and relevant departments.



# 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 2025. This statement has been prepared in accordance with 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. It outlines the nature and state of the Group's risk management and internal control systems throughout FY 2025.

## Board Responsibility

The Board of Directors acknowledges its overall responsibility for establishing and maintaining a sound risk management and internal control framework to safeguard the shareholders' investments and the Group's assets. This responsibility encompasses ensuring the effectiveness of financial, operational, organisational, regulatory and compliance controls as part of good corporate governance practices.

The Board recognises that the framework in place is designed to manage, rather than eliminate, the risk of failing to achieve the Group's business objectives. As such, it can provide only reasonable, and not absolute, assurance against material misstatements in 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 achieving its objectives and strategies. This process includes enhancing the risk management and internal control systems whenever there are changes in the business environment or regulatory requirements. To ensure alignment with the dynamic business landscape, the Group's risk management and internal control systems are reviewed and updated periodically to maintain its effectiveness, adequacy and integrity. This process has been in place throughout the year under review and is carried out through the following structure:-

### Board of Directors

The Board is fully responsible for determining the Group's risk appetite and level of risk exposure. During regular Board Meetings, significant risk and material issues requiring decisions are brought to the Directors' attention. To safeguard shareholders' interest and the Group's assets, the Board ensures that business risks are properly identified, assessed and managed in the Group's strategic planning and decision-making process.

### Audit Committee

The Audit Committee ("AC") is supported by the in-house Internal Auditor ("IA"), who performs regular independent review to monitor and ensure compliance with the Group's policies, procedures and systems of risk management and internal control. At every AC Meeting, the Committee reviews internal audit reports prepared by the IA, considers major audit findings and management's responses, and monitors the status of corrective actions. Ongoing follow ups are conducted to ensure that identified risks and control lapses are effectively addressed.

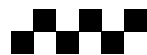
### Operating Business Units

Standard Operating Policies and Procedures (SOPP) have been formalised to guide the operations of the Group's business units. These procedures document how transactions are recorded, captured and where internal controls are applied. 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 subsequently presented to the Board for deliberation and approval.

## Internal Audit Function

The Group has established an in-house Internal Audit Function, whereby the Internal Audit Personnel reports independently to the Audit Committee. The Audit Committee is responsible for reviewing and approving the internal audit plan on an annual basis. The internal audit plan is designed to evaluate, assess and identify control gaps and areas that require improvement to enhance efficiency and effectiveness. The cost incurred in maintaining the internal audit function for the financial year amounted to RM46,000.

The Internal Audit Personnel conducts independent reviews of the Group's internal controls and activities. During the financial year ended 31 December 2025, the Internal Audit Personnel did not report any significant control weaknesses that could result in any material losses, uncertainties or contingencies requiring disclosure in the Group's Annual Report.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### Internal Control

The key elements of the Group's internal control system are as follows:

- i. Clear segregation of duties between the Board and management. The Independent Directors review the financial statements presented to the Board by the Executive Directors and the Financial Controller;
- ii. Board deliberations on financial and operational matters are conducted during Board Meetings, during which Management presents key issues and the corresponding measures undertaken to mitigate organisational risks;
- iii. Quality management systems are in place within the subsidiaries, with continuous compliance to the requirements set by the respective certification bodies;
- iv. The Group maintains insurance coverage for risks such as fire, perils, money, burglary, trade credit, product liability and public liability to minimise financial exposures and potential losses;
- v. Physical security controls, including CCTV surveillance and security guards, are implemented at strategic locations such as production areas, offices, perimeter fencing and entry gate;
- vi. The Group has implemented a Whistle Blowing Policy that enables, supports and encourages employees and third parties to report genuine concerns regarding possible improprieties in financial reporting, compliance, malpractices and unethical business behaviour at the earliest opportunity and through appropriate channels; and
- vii. An Anti-Bribery and Anti-Corruption Policy has been established to guide Directors and employees on standards of behaviour expected of them, and to provide direction on preventing, identifying and addressing bribery and corruption issues. The policy also outlines the responsibilities required to ensure compliance with the relevant laws.
- viii. The Group maintains appropriate information technology controls through the establishment of Information Security and Data Protection policies. These include access restrictions, system security measures and data backup procedures to safeguard sensitive information. Relevant policies are in place to ensure compliance with applicable data protection laws, supported by periodic monitoring and continuous improvements to address emerging risks.
- ix. An Environmental Policy has been established, and the Group is committed to complying with all applicable environmental regulations while minimising its environmental impact. This is achieved through efficient utilisation of resources, proper waste management practices and continuous improvement initiatives, supported by employee awareness programmes and regular monitoring of environmental performance.

### Other Risk and Control Process

In addition to the above, the Group has implemented the following key elements to further strengthen its risk management and internal control environment:

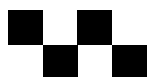
- A well-defined organisational structure that clearly outlines areas of responsibility, authority limits and segregation of duties.
- Quarterly reviews by the Audit Committee of the Group's financial results to monitor performance. Any material variances identified by the Internal Audit Personnel are reported to the Board for attention and action.
- A formal employee appraisal system that enables fair assessment of employee performance and attendance, providing the basis for recognition and rewards.
- Continues review and updates the Standard Operating Procedures for key processes across all departments to ensure effective governance over the daily operations. These procedures are regularly monitored, refined and reviewed to support efficient management of the Group's operations.

The Board remains responsible for maintaining a sound internal control system and acknowledges that such a system must evolve in tandem with the Group's operational needs. To this end, the Board and Management will continue to enhance the internal control environment to safeguard shareholders' capital and the Group's assets.

Based on the risk management and internal control system implemented, the Board has received assurance from the Group Managing Director that the Company's risk management and internal control systems are operating adequately 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 2025, in accordance with 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 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, nor do they believe it is factually inaccurate.

This statement was made in accordance with the Board of Directors' resolution dated 31 March 2026.



# 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 Main Market Listing Requirements (MMLR) and the Principles and Practices of the Malaysian Code on Corporate Governance (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 2025, and the attendance record of each Committee member was as follows:

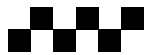
Name	No. of Meetings Attended
Datin Nik Haslinda Binti Nik Mohd Hashim	4/4
Soon Gim Wooi	4/4
Rohaiza Binti Mohamed Basir	4/4

The Finance Manager, Internal Audit Personnel, and representatives of the External Auditors were invited to attend the meetings where relevant. The External Auditors may also request the Chairperson of the Audit Committee to convene a meeting should they deem it necessary.

## 5. Authority

The Committee operates under clearly defined TOR through which specific responsibilities are delegated by the Board. The Committee is granted full and unrestricted access to any information pertaining to the Company or the Group.

The Committee maintains direct communication channels with both the External Auditors and the Internal Audit personnel. It is also authorised to seek independent legal or professional advice whenever necessary. In addition, the Committee has the right to convene meetings with the External Auditors, the Internal Audit personnel or both, without the presence of other Directors or employees, whenever deemed appropriate.



## AUDIT COMMITTEE REPORT (CONT'D)

### 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.
- 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 and Related Party Transactions (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 discharging its duties and responsibilities. The Internal Audit Personnel consists of one staff member who holds a Bachelor of Accountancy and is free from any relationships or conflicts of interest that could impair her objectivity and independence.

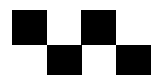
She assists the Audit Committee in reviewing the effectiveness of the internal control systems and ensures that there an appropriate balance between controls and risks is maintained throughout the Group in achieving its business objectives, in accordance with a recognised framework. The internal audit function is conducted based on the internal audit plan reviewed and approved by the Audit Committee, with the objective of assessing the adequacy and integrity of the Group's internal control systems.

With the internal audit function in place, remedial actions can be taken promptly in relation to weaknesses identified within the systems and controls of the respective operating units. The establishment of this function is aimed to enhancing and promoting better management of resources across 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:

- Assess the adequacy of internal controls across all business units, subsidiaries, and joint ventures.
- Evaluate prevention actions, including operational, financial, compliance, and reputational risks.
- Conduct special audits or investigations requested by the Audit Committee or Board.
- Investigate fraud and access the Conflict of Interest on Directors and Senior Management.



# 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 2025.

## 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 2025.

## 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.

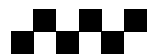
## AUDIT AND NON-AUDIT FEES

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 2025 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 2025.



## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

### 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 28th Annual General Meeting of the Company held on 29 May 2025 to 26 March 2026, which represents the latest practicable date prior to the printing of the RRPT Circular, were as follows:

#### a) Proposed Renewal of Shareholders' 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		-
Winlink Fasteners Co., Ltd. (WFC)	THF	Purchase of goods		1,948,624
Tong Win International Co., Ltd. (TWI)	THF	Sales of goods		15,573,827
Tonglink Enterprise Co., Ltd. (TLE)	THF	Provision of consultation services by TLE to THF	Tsai, Ching-Tung <sup>(d)</sup> Tsai, Hung-Chuan <sup>(a)</sup> Tsai, Jane-Rong <sup>(h)</sup> Tsai Chia-Yen <sup>(g)</sup>	47,933
TLE	THF	Sales of goods by THF to TLE	Tsai Ming Ti <sup>(c)</sup>	41,886
WFC	Tong Heer Fasteners (Thailand) Co., Ltd. THFT	Purchase of goods	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>	1,851,222
TWI	THFT	Sales of goods		54,682,823
TME	THFT	Purchase of goods		208,346
TLE	THFT	Provision of consultation services by TLE to THFT		52,209
TLE	THFT	Sales of goods by THFT to TLE		-
Tong Ming Fasteners Co., Ltd. (TMF)	THF	Sales of goods		13,371
TMF	THFT	Sales of goods		1,625,892



## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

### 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. He is the son of Tsai Ching-Tung, a Director of TME.*
- (b) *Tsai Yi Ting is the Managing Director of THR and a Major Shareholder of THR by virtue of his interest in RHL. He is also a major shareholder of TMEC, the holding company of Mandated Related Parties. He is a Director of WFC, the subsidiary of TMEC. He is the son of Tsai Ming Ti and Tsai Liao Chin Yeh, and brother of Tsai Pei Chen.*
- (c) *Tsai Ming Ti is a Director of THR and Major Shareholder of THR by virtue of his interest in RHL. He has direct interest of 9.51% in TMEC, the holding company of Mandated Related Parties and a Director of TME. He is the brother of Tsai, Ching-Tung.*
- (d) *Tsai Ching-Tung is a Director of TME. He is also the brother of Tsai Ming Ti.*
- (e) *Tsai Liao Chin Yeh is the spouse of Tsai Ming Ti.*
- (f) *Tsai Pei Chen is a Director and Major Shareholder of THR by virtue of her interest in RHL. She is the daughter of Tsai Ming Ti and Tsai Liao Chin Yeh, and sister of Tsai Yi Ting.*
- (g) *Tsai, Chia-Yen is a Director and sister of Tsai, Hung-Chuan. She is also a Director of TLE, a subsidiary of TMEC.*
- (h) *Major Shareholder of THR Group by virtue of her interest in Allrich, a Major Shareholder of THR, and also sister of Tsai, Hung-Chuan and Tsai, Chia-Yen.*
- (i) *Allrich and RHL are the Major Shareholders of THR.*

The Company intends to seek shareholders' approval on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction of Revenue or Trading Nature to be tabled at this forthcoming Annual General Meeting.

# FINANCIAL STATEMENT

<b>110</b>	Directors' Report	<b>121</b>	Consolidated Statement of Cash Flows
<b>114</b>	Statement By Directors	<b>123</b>	Statement of Financial Position
<b>114</b>	Statutory Declaration	<b>124</b>	Statement of Comprehensive Income
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<b>118</b>	Consolidated Statement of Financial Position	<b>126</b>	Statement of Cash Flows
<b>119</b>	Consolidated Statement of Comprehensive Income	<b>127</b>	Notes To The Financial Statements
<b>120</b>	Consolidated Statement of Changes in Equity		

# 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 2025. 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	5,756	1,343
- Non-controlling interests	2,955	0
	8,711	1,343

## Dividends

During the financial year, the Company paid a final single tier dividend of 3.3 sen per share amounting to RM5,066,084 in respect of the financial year ended 31 December 2024.

A final single tier dividend of 3.3 sen per share in respect of the financial year ended 31 December 2025 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

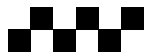
Before the financial statements were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate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

### 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 names of directors who served during the financial year and up to the date of this report are as follows:

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

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:

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



## DIRECTORS' REPORT (CONT'D)

### 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					
	Direct interest			Deemed interest		
	Balance at 1.1.2025	Bought	Sold	Balance at 31.12.2025	Balance at 1.1.2025	Balance at 31.12.2025
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
Tsai, Chia-Yen	0	0	0	0	61,191,043	61,191,043
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, Tsai Pei Chen and Tsai, Chia-Yen 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 directors' remuneration as disclosed in the "Directors' Remuneration" section of this report) 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.

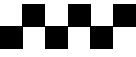
### Directors' remuneration

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:

	From the Company RM'000	From subsidiaries RM'000	Total RM'000
Fees	120	260	380
Other short-term employee benefits	5	923	928
Defined contribution plans	0	132	132
Estimated money value of benefits-in-kind	0	46	46
	<u>125</u>	<u>1,361</u>	<u>1,486</u>

### 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.



## DIRECTORS' REPORT (CONT'D)

### **Subsidiaries**

The details of the subsidiary name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary are disclosed in Note 6 to the financial statements.

### **Auditors**

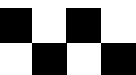
The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The auditors' remuneration of the Group and of the Company for the financial year were RM57,000 and RM165,000 respectively.

**Signed in accordance with a resolution of the directors dated 31 March 2026**

**Tsai Yi Ting**

**Tan Ban Leong**



# STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 118 to 162 give a true and fair view of the financial position of the Group and the Company as at 31 December 2025 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.

**Signed in accordance with a resolution of the directors dated 31 March 2026**

**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 118 to 162 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 31 March 2026

**Khoo Su Jun**  
Financial Controller

Before me

**Shamini A/P M Shanmugam**  
**No. P157**  
Commissioner for Oaths



# 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 2025 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 118 to 162.

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 2025, 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"), as applicable to audits of financial statements of public interest entities, 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 (CONT'D) 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.

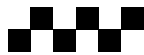
#### *Auditors' responsibilities for the audit of the financial statements*

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 (CONT'D) 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

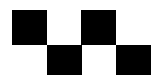
This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

**Eddy Chan Wai Hun**  
02182/10/2027 J  
Chartered Accountant

Date: 31 March 2026

Penang

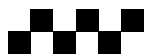


# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	4	116,789	122,067
Right-of-use assets	5	16,906	16,811
Other investment	7	0	1,532
Deferred tax assets	8	596	514
		<b>134,291</b>	<b>140,924</b>
<b>Current assets</b>			
Inventories	9	307,069	327,612
Receivables	10	43,534	55,055
Derivatives	11	0	472
Prepayments		9,066	28,238
Current tax assets		3,110	2,256
Cash and cash equivalents	12	157,362	129,797
		<b>520,141</b>	<b>543,430</b>
<b>Current liabilities</b>			
Payables	13	32,077	42,650
Loans and borrowings	14	26,287	41,177
Lease liabilities	15	282	112
Derivatives	11	93	0
Contract liabilities	16	765	2,004
Current tax liabilities		205	991
		<b>59,709</b>	<b>86,934</b>
<b>Net current assets</b>		<b>460,432</b>	<b>456,496</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	8	2,275	3,121
Lease liabilities	15	1,066	538
Retirement benefits	17	2,025	1,515
		<b>5,366</b>	<b>5,174</b>
<b>Net assets</b>		<b>589,357</b>	<b>592,246</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		35,446	39,984
Retained profits		309,224	308,820
Equity attributable to owners of the Company		<b>532,539</b>	<b>536,673</b>
Non-controlling interests	19	56,818	55,573
<b>Total equity</b>		<b>589,357</b>	<b>592,246</b>

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

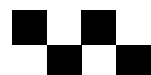


# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
Revenue	20	<b>560,763</b>	536,380
Cost of goods sold		<b>(527,308)</b>	(506,925)
Gross profit		<b>33,455</b>	29,455
Impairment gains on financial assets	21	<b>85</b>	65
Other income		<b>7,499</b>	5,726
Distribution costs		<b>(9,198)</b>	(8,470)
Administrative and general expenses		<b>(18,684)</b>	(15,370)
Finance costs		<b>(2,946)</b>	(889)
Loss on derecognition of financial assets measured at amortised cost		<b>(535)</b>	(21)
Profit before tax	22	<b>9,676</b>	10,496
Tax expense	23	<b>(965)</b>	(2,873)
Profit for the financial year		<b>8,711</b>	7,623
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
- Remeasurement of defined benefit liability		<b>(357)</b>	0
- Deferred tax effect thereof		<b>71</b>	0
<i>Item that may be reclassified subsequently to profit or loss:</i>			
- Currency translation differences for foreign operation		<b>(4,538)</b>	(7,726)
Total other comprehensive income for the financial year		<b>(4,824)</b>	(7,726)
Comprehensive income for the financial year		<b>3,887</b>	(103)
Profit for the financial year attributable to:			
- Owners of the Company		5,756	1,682
- Non-controlling interests	19	<b>2,955</b>	5,941
		<b>8,711</b>	7,623
Comprehensive income for the financial year attributable to:			
- Owners of the Company		<b>932</b>	(6,044)
- Non-controlling interests		<b>2,955</b>	5,941
		<b>3,887</b>	(103)
Earnings per share:	24		
- Basic (sen)		<b>3.75</b>	1.10
- Diluted (sen)		<b>3.75</b>	1.10

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



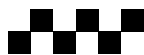
# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Non-distributable			Distributable		Equity attributable to owners of the Company		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		
<b>Balance at 1 January 2024</b>	185,930	(8,190)	10,129	47,710	318,652	54,772	554,231	609,003
Dividend to owners of the Company (Note 25)	0	0	0	0	(11,514)	0	(11,514)	(11,514)
Dividends to non-controlling interests	0	0	0	0	0	(5,140)	0	(5,140)
Total transactions with owners	0	0	0	0	(11,514)	(5,140)	(11,514)	(16,654)
Profit for the financial year	0	0	0	0	1,682	5,941	1,682	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)	(7,726)
Comprehensive income for the financial year	0	0	0	(7,726)	1,682	5,941	(6,044)	(103)
<b>Balance at 31 December 2024</b>	185,930	(8,190)	10,129	39,984	308,820	55,573	536,673	592,246
Dividend to owners of the Company (Note 25)	0	0	0	0	(5,066)	0	(5,066)	(5,066)
Dividends to non-controlling interests	0	0	0	0	0	(1,710)	0	(1,710)
Total transactions with owners	0	0	0	0	(5,066)	(1,710)	(5,066)	(6,776)
Remeasurement of defined benefit liability	0	0	0	0	(357)	0	(357)	(357)
Deferred tax effect thereof	0	0	0	0	71	0	71	71
Currency translation differences for foreign operation (representing other comprehensive income for the financial year)	0	0	0	(4,538)	0	0	(4,538)	(4,538)
Total other comprehensive income for the financial year	0	0	0	(4,538)	(286)	0	(4,824)	(4,824)
Profit for the financial year	0	0	0	0	5,756	2,955	5,756	8,711
Comprehensive income for the financial year	0	0	0	(4,538)	5,470	2,955	932	3,887
<b>Balance at 31 December 2025</b>	185,930	(8,190)	10,129	35,446	309,224	56,818	532,539	589,357

\* 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.

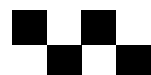


# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
<b>Cash flows from operating activities</b>			
Profit before tax		9,676	10,496
Adjustments for:			
Depreciation		15,379	13,961
Fair value losses/(gains) on financial instruments		(2,438)	(1,968)
Gain on disposal of property, plant and equipment		(66)	(564)
Impairment gains on financial assets		(85)	(65)
Interest expense		2,946	889
Interest income		(1,092)	(1,202)
Inventories written down		399	20
Loss on derecognition of financial assets measured at amortised cost		535	21
Loss on derecognition on financial instrument		1,312	0
Property, plant and equipment written off		0	29
Provision for retirement benefits		198	189
Reversal of inventories written down		(778)	(381)
Unrealised loss on foreign exchange		1,750	438
Operating profit before working capital changes		27,736	21,863
Changes in:			
Inventories		20,922	8,066
Receivables		10,768	(6,462)
Prepayments		19,172	(24,681)
Payables		(10,569)	14,079
Derivatives		472	(230)
Contract liabilities		(1,239)	1,153
Cash generated from operations		67,262	13,788
Interest and fund distributions received		3,592	3,609
Tax paid		(3,590)	(4,514)
Tax refunded		159	0
Retirement benefits paid		(19)	0
Net cash from operating activities		67,404	12,883

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

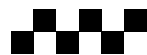


## CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(10,712)	(9,245)
Proceeds from disposal of other investment		220	0
Proceeds from disposal of property, plant and equipment		66	564
Net cash used in investing activities		(10,426)	(8,681)
<b>Cash flows from financing activities</b>			
Dividend paid to owners of the Company	25	(5,066)	(11,514)
Dividends paid to non-controlling interests		(1,710)	(5,140)
Interest paid		(2,897)	(844)
Net (decrease)/increase in short-term loans and borrowings	26	(14,245)	20,984
Payment of lease liabilities	26	(187)	(129)
Net cash (used in)/from financing activities		(24,105)	3,357
Currency translation differences		(5,308)	(5,494)
Net increase in cash and cash equivalents		27,565	2,065
Cash and cash equivalents brought forward		129,797	127,732
Cash and cash equivalents carried forward	12	157,362	129,797

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



# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
<b>Non-current assets</b>			
Investments in subsidiaries	6	<b>190,233</b>	190,233
<b>Current assets</b>			
Receivables	10	<b>2</b>	2
Current tax assets		<b>7</b>	22
Cash and cash equivalents	12	<b>2,603</b>	6,315
		<b>2,612</b>	6,339
<b>Current liabilities</b>			
Payables	13	<b>189</b>	193
		<b>189</b>	193
<b>Net current assets</b>		<b>2,423</b>	6,146
<b>Net assets</b>		<b>192,656</b>	196,379
<b>Equity</b>			
Share capital	18	<b>185,930</b>	185,930
Treasury shares	18	<b>(8,190)</b>	(8,190)
Retained profits		<b>14,916</b>	18,639
<b>Total equity</b>		<b>192,656</b>	196,379

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

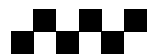


# STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
Revenue - Dividend income		<b>1,530</b>	10,920
Other income		<b>138</b>	174
Administrative and general expenses		<u><b>(325)</b></u>	<u>(364)</u>
Profit before tax	22	<b>1,343</b>	10,730
Tax expense	23	<u><b>0</b></u>	<u>(32)</u>
Profit for the financial year		<u><b>1,343</b></u>	<u>10,698</u>
Other comprehensive income for the financial year		<u><b>0</b></u>	<u>0</u>
Comprehensive income for the financial year		<u><b>1,343</b></u>	<u>10,698</u>

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

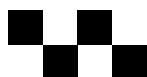


# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Share capital RM'000	Treasury shares RM'000	Retained profits RM'000	Total equity RM'000
<b>Balance at 1 January 2024</b>	185,930	(8,190)	19,455	197,195
Dividend (representing total transactions with owners) (Note 25)	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	185,930	(8,190)	18,639	196,379
Dividend (representing total transactions with owners) (Note 25)	0	0	(5,066)	(5,066)
Profit (representing comprehensive income) for the financial year	0	0	1,343	1,343
Balance at 31 December 2025	<b>185,930</b>	<b>(8,190)</b>	<b>14,916</b>	<b>192,656</b>

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

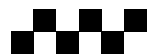


# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
<b>Cash flows from operating activities</b>			
Profit before tax		<b>1,343</b>	10,730
Adjustments for:			
Dividend income		<b>(1,530)</b>	(10,920)
Fair value gains on financial instruments		<b>(135)</b>	(48)
Interest income		<b>(3)</b>	(126)
Operating loss before working capital changes		<b>(325)</b>	(364)
Change in payables		<b>(4)</b>	13
Cash absorbed by operations		<b>(329)</b>	(351)
Interest and fund distributions received		<b>138</b>	143
Tax paid		<b>(1)</b>	(1)
Tax refunded		<b>16</b>	0
Net cash used in operating activities		<b>(176)</b>	(209)
<b>Cash flows from investing activity</b>			
Dividends received		<b>1,530</b>	10,920
Net cash from investing activity		<b>1,530</b>	10,920
<b>Cash flows from financing activity</b>			
Dividend paid	25	<b>(5,066)</b>	(11,514)
Net cash used in financing activity		<b>(5,066)</b>	(11,514)
Net decrease in cash and cash equivalents		<b>(3,712)</b>	(803)
Cash and cash equivalents brought forward		<b>6,315</b>	7,118
Cash and cash equivalents carried forward	12	<b>2,603</b>	6,315

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



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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, 21<sup>st</sup> Floor, Menara Northam, 55 Jalan Sultan Ahmad Shah, 10050 George Town, Penang, Malaysia and its principal place of business is located at No. 2515, Tingkat Perusahaan 4A, Perai Free Trade Zone, 13600 Perai, Penang, Malaysia.

The consolidated financial statements set out on pages 118 to 122 together with the notes thereto cover the Company and its subsidiaries ("Group"). The separate financial statements of the Company set out on pages 123 to 126 together with the notes thereto cover the Company solely.

The functional and 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 31 March 2026.

## 2. Basis of preparation of financial statements

The financial statements of the Group and 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
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Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
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The initial application of the above MFRS did not have any significant impacts on the financial statements.

The Group and the Company has 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
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MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
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Amendments to MFRS 9 and MFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
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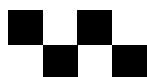
Amendments to MFRS 9 and MFRS 7 <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
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Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
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Amendments to MFRS 19: <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
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Amendments to MFRS 121 <i>Translation to a Hyperinflationary Presentation Currency</i>	1 January 2027
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Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026
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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 2. Basis of preparation of financial statements (cont'd)

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.

### 3. Material accounting policy information

#### 3.1 Critical accounting estimates and judgements

##### ***Key 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

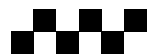
Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews involve judgements and estimation uncertainty in forming expectations about future sales and demands. Any changes in these accounting estimates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

##### Impairment of receivables

The Group recognise 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).

##### ***Critical 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.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 3. Material accounting policy information (cont'd)

#### 3.2 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.

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. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

#### 3.3 Basis of consolidation

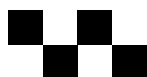
A subsidiary is an entity that is controlled by another entity. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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.

#### 3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 3. Material accounting policy information (cont'd)

#### 3.4 Property, plant and equipment (cont'd)

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%

#### 3.5 Right-of-use assets and lease liabilities

##### (a) Short-term leases and leases of low-value assets

The Group and the Company apply the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

##### (b) Right-of-use assets

Right-of-use assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

##### (c) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

#### 3.6 Investments in subsidiaries

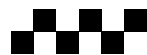
As required by the Companies Act 2016, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any.

#### 3.7 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.

#### 3.8 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. 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.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 3. Material accounting policy information (cont'd)

#### 3.9 Financial instruments

##### (a) Financial assets

###### Financial assets through profit or loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes include interest income.

###### Financial assets at amortised cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

##### (b) Financial liabilities

###### Financial liabilities through profit or loss

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes include interest expense.

###### Financial liabilities at amortised cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

##### (c) Equity

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

##### (d) Derivatives

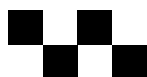
Derivatives are initially measured at fair value. Subsequent to the initial recognition, the derivatives are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss.

##### (e) Financial guarantee contracts

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to the initial recognition, the financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the reimbursement is recognised as a liability and measured at the higher of the amount of loss allowance determined using the expected credit loss model and the amount of financial guarantee initially recognised less cumulative amortisation.

#### 3.10 Government grants

Grants related to income are presented under "other income" in the statement of comprehensive income.



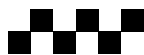
## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 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 2024	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
Additions	0	7	8,425	1,278	646	356	10,712
Disposals/Write-offs	0	0	(34)	0	(790)	0	(824)
Reclassifications	0	0	1,362	252	0	(1,614)	0
Currency translation differences	(508)	(851)	(2,068)	(71)	(37)	(5)	(3,540)
Balance at 31 December 2025	29,821	90,326	271,187	11,608	6,695	87	409,724
<b>Accumulated depreciation</b>							
Balance at 1 January 2024	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
Depreciation	0	3,592	9,844	747	406	0	14,589
Disposals/Write-offs	0	0	(34)	0	(790)	0	(824)
Currency translation differences	0	(480)	(1,577)	(49)	(33)	0	(2,139)
Balance at 31 December 2025	0	56,269	222,295	9,087	5,284	0	292,935
<b>Carrying amount</b>							
Balance at 1 January 2024	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
Balance at 31 December 2025	29,821	34,057	48,892	2,521	1,411	87	116,789



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 5. Right-of-use assets

#### Group

	Leasehold land RM'000	Building RM'000	Motor vehicles RM'000	Total RM'000
Balance at 1 January 2024	16,740	99	76	16,915
Remeasurement of lease liabilities	0	597	0	597
Depreciation	(577)	(99)	(25)	(701)
Balance at 31 December 2024	16,163	597	51	16,811
Addition	0	0	882	882
Remeasurement of lease liabilities	0	0	3	3
Depreciation	(576)	(100)	(114)	(790)
Balance at 31 December 2025	<b>15,587</b>	<b>497</b>	<b>822</b>	<b>16,906</b>

The Group acquired the rights to use the leasehold land as its principal places of business for 10 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.

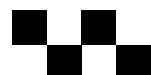
### 6. Investments in subsidiaries

#### Company

	2025 RM'000	2024 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
		2025	2024	
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
<b>Subsidiaries of THAI</b>				
Acme Aluminium Sdn. Bhd.	Malaysia	<b>40.80%</b>	40.80%	Trading of aluminium extrusion products and parts



**NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D)**  
31 DECEMBER 2025

**6. Investments in subsidiaries (cont'd)**

The details of the subsidiaries are as follows: (cont'd)

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2025	2024	
Hwang Shin Industrial (M) Sdn. Bhd.	Malaysia	51.00%	51.00%	Investment holding

**7. Other investment**

**Group**

	2025 RM'000	2024 RM'000
Unquoted shares - at fair value	<u>0</u>	<u>1,532</u>

**8. Deferred tax assets and deferred tax liabilities**

**Group**

	2025 RM'000	2024 RM'000
Balance at 1 January	<b>(2,607)</b>	(3,866)
Deferred tax incoming relating to origination and reversal of temporary differences	<b>755</b>	1,277
Deferred tax liabilities (under)/over provided in prior year	<b>181</b>	(11)
Currency translation differences	<b>(8)</b>	(7)
Balance at 31 December	<b><u>(1,679)</u></b>	<u>(2,607)</u>
Disclosed as		
- Deferred tax assets	<b>596</b>	514
- Deferred tax liabilities	<b><u>(2,275)</u></b>	<u>(3,121)</u>
	<b><u>(1,679)</u></b>	<u>(2,607)</u>
In respect of :		
- (Taxable)/Deductible temporary differences of:		
- Property, plant and equipment	<b>(3,464)</b>	(3,468)
- Right-of-use assets	<b>(1,558)</b>	(1,423)
- Inventories	<b>302</b>	332
- Financial instruments	<b>233</b>	(40)
- Lease liabilities	<b>323</b>	156
- Retirement benefits	<b>405</b>	303
- Unused capital allowances	<b>1,715</b>	1,339
- Unused tax losses	<b>365</b>	194
	<b><u>(1,679)</u></b>	<u>(2,607)</u>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 9. Inventories

#### Group

	2025 RM'000	2024 RM'000
Raw materials	104,976	97,882
Work-in-progress	46,714	49,655
Finished goods	95,747	102,048
Consumables	34,386	33,345
Goods-in-transit	25,246	44,682
	<b>307,069</b>	<b>327,612</b>
Recognised in profit or loss:		
- Inventories recognised as cost of sales	527,308	506,925
- Inventories written down	399	20
- Reversal of inventories written down	(778)	(381)

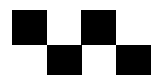
### 10. Receivables

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Trade receivables:				
- Related parties*	555	3,674	0	0
- Unrelated parties	41,468	50,223	0	0
	42,023	53,897	0	0
- Loss allowance	(179)	(313)	0	0
	41,844	53,584	0	0
Other receivables	1,175	817	0	0
Deposits	515	654	2	2
	43,534	55,055	2	2

\* Being corporations in which certain directors of the Company and their close family members have substantial financial interests

#### Trade receivables

The credit terms of trade receivables range from 30 to 180 days.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 11. Derivatives

#### Group

	2025 RM'000	2024 RM'000
Forward exchange contracts - at fair value		
- Current assets	0	472
- Current liabilities	(93)	0
	<u>(93)</u>	<u>472</u>

Forward exchange contracts are used to hedge the exposure to currency risk. The Group does not apply hedge accounting. As at 31 December 2025, the Group had contracts with financial institutions due within 1 year to deal with the following currencies at contractual forward rates:

	2025		2024	
	To buy '000	To sell '000	To buy '000	To sell '000
Contract I	<b>USD1,056</b>	<b>EUR900</b>	USD2,001	EUR1,800
Contract II	<b>USD758</b>	<b>RM3,160</b>	RM2,605	USD600

### 12. Cash and cash equivalents

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash and bank balances	<b>78,762</b>	53,115	6	8
Term deposits with licensed bank	<b>14,096</b>	0	0	0
Short-term funds - at fair value	<b>64,504</b>	76,682	<b>2,597</b>	6,307
	<u><b>157,362</b></u>	<u>129,797</u>	<u><b>2,603</b></u>	<u>6,315</u>

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.

The effective interest rates of term deposits as at 31 December 2025 was 2% (2024 : Nil) per annum. The term deposits have maturity periods of 30 (2024 : Nil) days.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 13. Payables

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Trade payables:				
- Related parties*	289	39	0	0
- Unrelated parties	18,900	27,603	0	0
	19,189	27,642	0	0
Other payables	1,611	2,652	4	8
Accruals	11,273	12,340	185	185
Amount due to related party*	4	16	0	0
	<b>32,077</b>	<b>42,650</b>	<b>189</b>	<b>193</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.

#### Amounts due to related party

The amount due to related party is unsecured, interest free and repayable on demand.

### 14. Loans and borrowings

#### Group

	2025 RM'000	2024 RM'000
<b>Unsecured</b>		
Banker acceptances	6,445	14,764
Foreign currency trade loans	19,842	26,413
	<b>26,287</b>	<b>41,177</b>

The effective interest rates of loans and borrowings as at 31 December 2025 ranged from 3.21% to 5.00% (2024 : 3.30% to 5.60%) 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.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 15. Lease liabilities

#### Group

	2025 RM'000	2024 RM'000
Current liabilities	282	112
Non-current liabilities	1,066	538
	<u>1,348</u>	<u>650</u>

The incremental borrowing rates applied to lease liabilities as at 31 December 2025 ranged from 3.50% to 5.85% (2024: 3.50% to 5.85%) per annum.

### 16. Contract liabilities

#### Group

	2025 RM'000	2024 RM'000
Balance at 1 January	2,004	851
Revenue recognised from opening contract liabilities	(2,004)	(851)
Excess of consideration over revenue recognised	765	2,004
Balance at 31 December	<u>765</u>	<u>2,004</u>

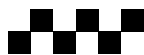
The Group generally satisfies its performance obligations at a point in time upon delivery of goods. Any consideration received or due in advance before a performance obligation is satisfied is presented as contract liability.

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

	2025 RM'000	2024 RM'000
Present value of defined benefit obligations:		
- Balance at 1 January	1,515	1,363
- Defined benefit costs	536	189
- Currency translation differences	(26)	(37)
- Balance at 31 December	<u>2,025</u>	<u>1,515</u>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 17. Retirement benefits (cont'd)

The components of defined benefit costs are as follows:

	2025 RM'000	2024 RM'000
Current service cost	140	137
Interest expense	58	52
Benefit paid	(19)	0
Remeasurement of defined benefit liability :		
- Actuarial gains arising from changes in financial assumptions	428	0
- Actuarial losses arising from experience adjustment	(71)	0
	<u>536</u>	<u>189</u>

The principal actuarial assumptions used to determine the present value of the defined benefit obligations are as follows:

	2025 %	2024 %
Discount rates	2.44 to 2.46	4.15 to 4.44
Future salary growth	<u>5.00</u>	<u>5.00</u>

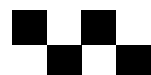
The following table demonstrates the sensitivity of the defined benefit obligations to changes in each principal actuarial assumption that were reasonably possible at the end of the reporting period, with all other variables held constant:

	(Decrease)/Increase in defined benefit obligations	
	2025 RM'000	2024 RM'000
Increase in discount rate by 1%	(268)	(176)
Decrease in discount rate by 1%	327	213
Increase in future salary growth by 1%	<u>309</u>	<u>236</u>
Decrease in future salary growth by 1%	<u>(259)</u>	<u>(196)</u>

The liability durations of the defined benefit obligations range from 19 to 21 years.

### 18. Share capital

	2025 RM'000	2024 RM'000
<b>Issued and fully paid</b>		
157,430,000 ordinary shares with no par value	<u>185,930</u>	<u>185,930</u>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 18. Share capital (cont'd)

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company.

#### 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 2025, there were 3,912,000 (2024 : 3,912,000) ordinary shares purchased from the open market and held as treasury shares at total cost of RM8,190,000 (2024 : RM8,190,000). The number of outstanding shares in issue after excluding the treasury shares is 153,518,000 (2024 : 153,518,000).

### 19. Non-controlling interests ("NCI")

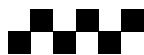
#### Group

	Accumulated NCI		Profit allocated to NCI	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Tong Heer Aluminium Industries Sdn. Bhd. and its subsidiaries	<b>56,818</b>	55,573	<b>2,955</b>	5,941
Tong Heer Fasteners (Thailand) Co., Ltd.	<b>*0</b>	*0	<b>*0</b>	*0
	<b>56,818</b>	55,573	<b>2,955</b>	5,941

\* Negligible

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
		2025	2024	
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



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 19. Non-controlling interests ("NCI") (cont'd)

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:

	2025 RM'000	2024 RM'000
Non-current assets	<b>23,136</b>	21,285
Current assets	<b>115,521</b>	127,350
Current liabilities	<b>(21,380)</b>	(34,544)
Non-current liabilities	<b>(2,905)</b>	(2,161)
Net assets	<b>114,415</b>	111,930
Revenue	<b>144,960</b>	162,465
Profit (representing comprehensive income)	<b>5,681</b>	11,760
Dividends declared to NCI	<b>1,710</b>	5,140
Net cash from operating activities	<b>9,385</b>	25,736
Net cash used in investing activities	<b>(4,035)</b>	(544)
Net cash used in financing activities	<b>(11,656)</b>	(6,633)
Net cash (outflow)/inflow	<b>(6,306)</b>	18,559

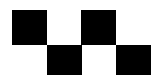
### 20. Revenue

#### Group

	2025 RM'000	2024 RM'000
Revenue from sale of goods	<b>560,763</b>	536,380
Disaggregated by major products:		
- Stainless steel fasteners	<b>415,803</b>	373,915
- Aluminium products	<b>144,960</b>	162,465
	<b>560,763</b>	536,380
Disaggregated by geographical areas:		
- Malaysia	<b>130,218</b>	148,278
- Republic of China (Taiwan)	<b>109,162</b>	84,221
- United States of America	<b>176,591</b>	140,685
- Others	<b>144,792</b>	163,196
	<b>560,763</b>	536,380

Revenue from sale of goods is recognised at a point in time when goods have been delivered and accepted by customers.

There is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve (12) months. There were no variable elements in the sales consideration and no warranties were given to the customers.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

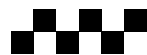
### 21. Impairment gains on financial assets

#### Group

	2025 RM'000	2024 RM'000
Trade receivables from contracts with customers	<u>85</u>	<u>65</u>

### 22. Profit before tax

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit before tax is arrived at after charging:				
Auditors' remuneration:				
- Auditors of the company	165	165	57	57
- Other auditors	58	57	0	0
	<b>223</b>	222	<b>57</b>	57
Depreciation of property, plant and equipment	14,589	13,260	0	0
Depreciation of right-of-use assets	790	701	0	0
	<b>15,379</b>	13,961	<b>0</b>	0
Employee benefits expense (including key management personnel compensation as disclosed in Note 27):				
- Short-term employee benefits	41,352	39,430	125	125
- Defined benefits plans	541	189	0	0
- Defined contribution plans	1,961	1,996	0	0
	<b>43,854</b>	41,615	<b>125</b>	125
Fair value losses on financial instruments mandatorily measured at fair value through profit or loss:				
- Other investment	0	1,256	0	0
- Derivatives	1,436	0	0	0
Interest expense for financial liabilities not measured at fair value through profit or loss	2,888	885	0	0
Interest expense for lease liabilities	58	4	0	0
Lease expense relating to:				
- Short-term leases	1,014	1,115	0	0
- Leases of low-value assets (other than short-term leases)	45	42	0	0



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 22. Profit before tax (cont'd)

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Loss on derecognition of financial instruments	1,312	0	0	0
Loss on foreign exchange:				
- Realised	0	0	0	1
- Unrealised	1,750	438	0	0
Property, plant and equipment written off	0	29	0	0
and crediting:				
Fair value gains on financial instruments mandatorily measured at fair value through profit or loss:				
- Derivatives	0	1,224	0	0
- Short-term funds	2,531	2,752	135	48
Gain on disposal of property, plant and equipment	66	564	0	0
Interest income for financial assets measured at amortised cost	1,092	1,202	3	126
Government grant	38	44	0	0
Realised gain on foreign exchange	514	48	0	0

### 23. Tax expense

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Tax based on results for the year:				
- Current tax	1,901	4,381	0	32
- Deferred tax	(684)	(1,277)	0	0
- Real property gains tax	0	24	0	0
	1,217	3,128	0	32
Tax (over)/under provided in prior year:				
- Current tax	(71)	(266)	0	0
- Deferred tax	(181)	11	0	0
	965	2,873	0	32



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 23. 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	
	2025 %	2024 %	2025 %	2024 %
Applicable tax rate	<b>24.00</b>	24.00	<b>24.00</b>	24.00
Non-deductible expenses	<b>4.90</b>	8.74	<b>3.34</b>	0.72
Non-taxable income	<b>(14.16)</b>	(2.95)	<b>(27.34)</b>	(24.42)
Effect of differential tax rates	<b>(2.16)</b>	0.02	<b>0.00</b>	0.00
Average effective tax rate	<b>12.58</b>	29.81	<b>0.00</b>	0.30

### 24. 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:

	2025	2024
Profit for the financial year attributable to owners of the Company (RM'000)	<b>5,756</b>	1,682
Weighted average number of shares in issue ('000)	<b>153,518</b>	153,518
Basic earnings per share (sen)	<b>3.75</b>	1.10

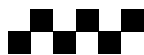
The diluted earnings per share equals the basic earnings per share as the Company did not have any dilutive potential ordinary shares during the financial year.

### 25. Dividends

#### Group and Company

	2025 RM'000	2024 RM'000
Based on 157,430,000 ordinary shares:		
Final single tier dividend of 3.3 sen per share in respect of the financial year ended 31 December 2024	<b>5,066</b>	0
Final single tier dividend of 7.5 sen per share in respect of the financial year ended 31 December 2023	<b>0</b>	11,514
	<b>5,066</b>	11,514

A final single tier dividend of 3.3 sen per share in respect of the financial year ended 31 December 2025 will be proposed for shareholders' approval at the forthcoming annual general meeting.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 26. Notes to consolidated statement of cash flows

#### Group

#### Acquisition of right-of-use assets

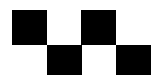
	2025 RM'000	2024 RM'000
Cost of right-of-use assets acquired	882	0
Acquisition by means of leases	(882)	0
Net cash disbursed	<u>0</u>	<u>0</u>

#### Short-term loans and borrowings

	2025 RM'000	2024 RM'000
Balance at 1 January	41,177	19,807
Net cash flow changes	(14,245)	20,984
Currency translation differences	(694)	340
Other changes	49	46
Balance at 31 December (Note 14)	<u>26,287</u>	<u>41,177</u>

#### Lease liabilities

	2025 RM'000	2024 RM'000
Balance at 1 January	650	182
Acquisition of right-of-use assets	882	0
Remeasurement from reassessment or lease modifications	3	597
Payments	(187)	(129)
Balance at 31 December (Note 15)	<u>1,348</u>	<u>650</u>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 26. Notes to consolidated statement of cash flows (cont'd)

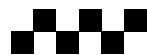
The total cash outflow for leases is as follows:

	2025 RM'000	2024 RM'000
<b>Operating activities</b>		
Lease expense recognised in profit or loss (Note 22)	1,059	1,157
<b>Investing activities</b>		
Acquisition of right-of-use assets	882	0
<b>Financing activities</b>		
Interest portion of lease liabilities (Note 22)	58	4
Principal portion of lease liabilities	187	129
	<u>2,186</u>	<u>1,290</u>

### 27. Key management personnel compensation

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Directors of the Company:				
- Fees	380	370	120	120
- Other short-term employee benefits	928	1,009	5	5
- Defined contribution plans	132	147	0	0
	<u>1,440</u>	<u>1,526</u>	<u>125</u>	<u>125</u>
Directors of subsidiaries:				
- Fees	220	200	0	0
- Other short-term employee benefits	819	835	0	0
- Defined contribution plans	56	132	0	0
	<u>1,095</u>	<u>1,167</u>	<u>0</u>	<u>0</u>
Total directors' remuneration	<u>2,535</u>	<u>2,693</u>	<u>125</u>	<u>125</u>
Other key management personnel:				
- Short-term employee benefits	657	737	0	0
- Defined contribution plans	119	134	0	0
	<u>776</u>	<u>871</u>	<u>0</u>	<u>0</u>
	<u>3,311</u>	<u>3,564</u>	<u>125</u>	<u>125</u>

The estimated money value of benefits received or receivable by certain directors otherwise than in cash from the Group amounted to RM45,883 (2024 : RM46,100).



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 28. Related party disclosures

The subsidiaries are disclosed in Note 6.

Transactions with related parties during the financial year are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Acquisition of property, plant and equipment from other related party*	404	99	0	0
Dividends declared from subsidiaries	0	0	1,530	10,920
Purchase of goods from other related parties*	6,680	7,776	0	0
Receiving of services from other related party*	235	192	0	0
Sale of goods to other related parties*	102,103	77,666	0	0
Rental charged to other related parties*	156	0	0	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

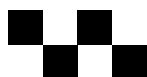
For management purposes, the Group is organised into business units based on their products and services and has the following reportable operating segments:

- (i) Manufacture and sale of stainless steel fasteners
- (ii) Manufacture and sale of aluminium products

The accounting policies of operating segments are the same as those described in the respective notes to the financial statements. The Group evaluates performance on the basis of profit or loss from operations before tax not including nonrecurring gain/(losses), such as bargain purchase gain and goodwill on consolidation written off. These policies have been applied consistently throughout the current and previous financial years.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements.

The inter-segment assets are adjusted against the segment assets to arrive at total assets reported in the statements of financial position. The inter-segment liabilities are adjusted against the segment liabilities to arrive at total liabilities reported in the statements of financial position.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

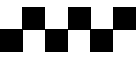
31 DECEMBER 2025

### 29. Segment reporting (cont'd)

#### Operating segments (cont'd)

	Manufacture and sale of stainless steel fasteners RM'000	Manufacture and sale of aluminium products RM'000	Unallocated non- operating segments RM'000	Total RM'000
<b>2025</b>				
<u>Statement of financial position</u>				
Segment assets	<b>513,163</b>	<b>138,657</b>	<b>2,612</b>	<b>654,432</b>
Included in the measure of segment assets are:				
- Additions to non-current assets	<b>6,451</b>	<b>4,261</b>	<b>0</b>	<b>10,712</b>
Segment liabilities	<b>40,602</b>	<b>24,285</b>	<b>188</b>	<b>65,075</b>
<u>Statement of comprehensive income</u>				
Segment profit/(loss)	<b>3,217</b>	<b>5,681</b>	<b>(187)</b>	<b>8,711</b>
Included in the measure of segment profit/(loss) are:				
- External revenue	<b>415,803</b>	<b>144,960</b>	<b>0</b>	<b>560,763</b>
- Interest income	<b>1,044</b>	<b>45</b>	<b>3</b>	<b>1,092</b>
- Non-cash income	<b>863</b>	<b>238</b>	<b>0</b>	<b>1,101</b>
- Interest expense	<b>2,126</b>	<b>820</b>	<b>0</b>	<b>2,946</b>
- Depreciation	<b>13,615</b>	<b>1,764</b>	<b>0</b>	<b>15,379</b>
- Other non-cash expenses	<b>2,566</b>	<b>2,067</b>	<b>0</b>	<b>4,633</b>
- Tax (income)/expense	<b>(1,002)</b>	<b>1,967</b>	<b>0</b>	<b>965</b>

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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

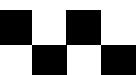
31 DECEMBER 2025

### 29. Segment reporting (cont'd)

#### Operating segments (cont'd)

	Manufacture and sale of stainless steel fasteners RM'000	Manufacture 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	529,379	148,636	6,339	684,354
Included in the measure of segment assets are:				
- Additions to non-current assets	8,700	545	0	9,245
Segment liabilities	55,209	36,706	193	92,108
<u>Statement of comprehensive income</u>				
Segment (loss)/profit	(3,915)	11,760	(222)	7,623
Included in the measure of segment (loss)/profit are:				
- External revenue	373,915	162,465	0	536,380
- Interest income	1,041	35	126	1,202
- Non-cash income	1,008	0	0	1,008
- Interest expense	242	647	0	889
- Depreciation	12,531	1,430	0	13,961
- Other non-cash expenses	551	1,491	0	2,042
- Tax (income)/expense	(1,308)	4,148	33	2,873

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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Malaysia	<b>130,218</b>	148,278	<b>53,264</b>	51,573
Thailand	<b>16,433</b>	20,268	<b>80,431</b>	87,305
Republic of China (Taiwan)	<b>109,162</b>	84,221	<b>0</b>	0
United States of America	<b>176,591</b>	140,685	<b>0</b>	0
Others	<b>128,359</b>	142,928	<b>0</b>	0
	<b>560,763</b>	536,380	<b>133,695</b>	138,878

#### Major customers

The Group did not have any major customer that contributed 10% or more of its total revenue.

### 30. Contractual commitments

#### Group

	2025 RM'000	2024 RM'000
Acquisition of property, plant and equipment	<b>2,730</b>	3,095

### 31. Financial instruments

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.

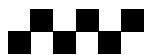
The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

#### 31.1 Financial risk management policies

##### Credit risk

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposures to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Also, the Company's exposure to credit risk includes corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to serve their loans on an individual basis.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 31. Financial instruments (cont'd)

#### 31.1 Financial risk management policies (cont'd)

##### Credit risk (cont'd)

(i) Credit risk concentration profile

The Group determines credit risk concentrations in terms of counterparties and geographical areas. As at 31 December 2025, 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	
	2025 RM'000	2024 RM'000
Malaysia	<b>16,455</b>	13,537
United States of America	<b>10,025</b>	15,992
Others	<b>15,543</b>	24,368
	<b>42,023</b>	53,897

(ii) Maximum exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries of to RM27,990,000 (2024 : RM43,944,000), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair values on initial recognition were not material.

(iii) Assessment of impairment losses

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the receivables. The Group closely monitors the receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group evaluates whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

##### Trade receivables

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses using the simplified approach. Such lifetime expected credit losses are calculated using a provision matrix based on historical observed default rates (adjusted for forward-looking estimates).

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.



**NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D)**  
31 DECEMBER 2025

**31. Financial instruments (cont'd)**

**31.1 Financial risk management policies (cont'd)**

**Credit risk (cont'd)**

(iii) Assessment of impairment losses (cont'd)

Trade receivables (cont'd)

*Allowance for impairment losses*

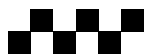
The changes in the loss allowance are as follows:

	Group	
	2025 RM'000	2024 RM'000
Balance at 1 January	313	385
Impairment gains	(85)	(65)
Write-offs	(48)	0
Currency translation differences	(1)	(7)
Balance at 31 December	<u>179</u>	<u>313</u>

The following table details the credit exposure and loss allowances recognised for trade receivables. As the Company'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**

	Gross amount RM'000	Lifetime collective allowance RM'000	Lifetime collective allowance RM'000	Carrying amount RM'000
<b>2025</b>				
Not past due	31,581	0	(4)	31,577
1 to 30 days past due	6,813	0	(5)	6,808
31 to 60 days past due	3,000	0	(5)	2,995
61 to 90 days past due	150	0	(3)	147
More than 90 days past due	345	0	(28)	317
Credit-impaired	134	(134)	0	0
	<u>42,023</u>	<u>(134)</u>	<u>(45)</u>	<u>41,844</u>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 31. Financial instruments (cont'd)

#### 31.1 Financial risk management policies (cont'd)

##### Credit risk (cont'd)

(iii) Assessment of impairment losses (cont'd)

##### Trade receivables (cont'd)

*Allowance for impairment losses (cont'd)*

##### Group (cont'd)

	Gross amount RM'000	Lifetime collective allowance RM'000	Lifetime collective allowance RM'000	Carrying amount RM'000
<u>2024</u>				
Not past due	32,240	0	(50)	32,190
1 to 30 days past due	16,113	0	(37)	16,076
31 to 60 days past due	3,639	0	(9)	3,630
61 to 90 days past due	1,048	0	(7)	1,041
More than 90 days past due	674	0	(27)	647
Credit-impaired	183	(183)	0	0
	<u>53,897</u>	<u>(183)</u>	<u>(130)</u>	<u>53,584</u>

The average credit loss rates were based on the payment profile of revenue over a period of 36 (2024 : 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.

##### Other receivables

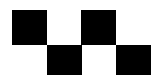
The Group applies the general approach to measuring expected credit losses for its other receivables. Under this approach, the Group assesses whether there is a significant increase in credit risk for receivables by comparing the risk of a default as at the reporting date with the risk of default as at the date of initial recognition.

##### *Allowance for impairment losses*

No expected credit loss is recognised on other receivables as it is negligible.

##### Cash and cash equivalents

The Group and the Company considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group and the Company is of the view that the loss allowance is immaterial and hence, it is not provided for.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

## 31. Financial instruments (cont'd)

### 31.1 Financial risk management policies (cont'd)

#### Credit risk (cont'd)

(iii) Assessment of impairment losses (cont'd)

##### Financial guarantee contracts

Corporate guarantees for borrowing facilities granted to subsidiaries are financial guarantee contract.

The Company closely monitors the subsidiaries' financial strength to reduce the risk of loss.

The Company considers there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. A financial guarantee contract is credit impaired when:

- the subsidiary is unlikely to repay its obligation to the bank in full; or
- the subsidiary is having a deficit in equity and is continuously loss making.

The Company determines the probability of default of the guaranteed amounts individually using internal information available.

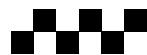
##### *Allowance for impairment losses*

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

#### Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practise prudent risk management by maintaining sufficient cash and the availability of funding through standby credit facilities.

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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 31. Financial instruments (cont'd)

#### 31.1 Financial risk management policies (cont'd)

##### Liquidity risk (cont'd)

###### Maturity analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period as disclosed in the respective notes to the financial statements):

##### Group

	Effective interest rate %	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	Within 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000
<b>2025</b>						
<b>Non-derivative financial liabilities</b>						
Payables	-	32,077	32,077	32,077	0	0
Loans and borrowings	3.21 - 5.00	26,287	26,287	26,287	0	0
Lease liabilities	3.50 - 5.85	1,348	1,533	350	1,183	0
Derivative financial liabilities						
Forward exchange contracts						
(gross settled):	-	93				
- gross payments			7,531	7,531	0	0
- gross receipts			(4,285)	(4,285)	0	0
		<b>59,805</b>	<b>63,143</b>	<b>61,960</b>	<b>1,183</b>	<b>0</b>
<b>2024</b>						
<b>Non-derivative financial liabilities</b>						
Payables	-	42,650	42,650	42,650	0	0
Loans and borrowings	3.30 - 5.60	41,177	41,177	41,177	0	0
Lease liabilities	3.50 - 5.85	650	761	145	498	118
		<b>84,477</b>	<b>84,588</b>	<b>83,972</b>	<b>498</b>	<b>118</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 31. Financial instruments (cont'd)

#### 31.1 Financial risk management policies (cont'd)

##### Liquidity risk (cont'd)

##### Maturity analysis (cont'd)

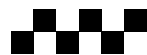
The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period as disclosed in the respective notes to the financial statements): (Cont'd)

##### Company

	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	Within 1 year RM'000
<b>2025</b>			
<b>Non-derivative financial liabilities</b>			
Payables	189	189	189
Financial guarantee contracts*	0	27,990	27,990
	<b>189</b>	<b>28,179</b>	<b>28,179</b>
<b>2024</b>			
<b>Non-derivative financial liabilities</b>			
Payables	193	193	193
Financial guarantee contracts*	0	43,944	43,944
	<b>193</b>	<b>44,137</b>	<b>44,137</b>

\* The disclosure represents the maximum amount that is required to be settled in the event of a default and the lenders, where applicable call on the Company to pay for a subsidiary.

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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 31. Financial instruments (cont'd)

#### 31.1 Financial risk management policies (cont'd)

##### Currency risk

The Group's exposure to currency risk arises mainly from transactions entered into in currencies other than its functional currency, i.e. Ringgit Malaysia ("RM") and Thai Baht ("THB"). The major foreign currencies transacted are US Dollar ("USD") and Euro ("EUR"), and 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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Receivables	<b>11,958</b>	29,539	<b>1,811</b>	5,996
Cash and cash equivalents	<b>84,960</b>	34,267	<b>2,676</b>	5,270
Payables	<b>(12,949)</b>	(19,884)	<b>0</b>	(131)
Loans and borrowings	<b>(19,841)</b>	(26,412)	<b>0</b>	0
	<b>64,128</b>	17,510	<b>4,487</b>	11,135

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.

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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 31. Financial instruments (cont'd)

#### 31.1 Financial risk management policies (cont'd)

##### Currency 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)		Equity	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Appreciation of USD against RM by 3% (2024 : 5%)	207	(546)	0	0
Depreciation of USD against RM by 3% (2024 : 5%)	(207)	546	0	0
Appreciation of USD against THB by 2% (2024 : 4%)	895	1,011	0	0
Depreciation of USD against THB by 2% (2024 : 4%)	(895)	(1,011)	0	0
Appreciation of EUR against RM by 2% (2024 : 4%)	63	326	0	0
Depreciation of EUR against RM by 2% (2024 : 4%)	(63)	(326)	0	0
Appreciation of THB against RM by 1% (2024 : 1%)	0	0	2,705	2,700
Depreciation of THB against RM by 1% (2024 : 1%)	0	0	(2,705)	(2,700)

##### Interest rate risk

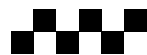
The Group exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely term deposits, loans and borrowings and lease liabilities, which are fixed rate instruments.

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.

#### 31.2 Capital risk 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.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 31. Financial instruments (cont'd)

#### 31.2 Capital risk management (cont'd)

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, available cash less interest-bearing debts. Capital includes equity attributable to the owners of the Group. The debt-to-equity ratio of the Group at the end of the reporting period are as follows:

	Group	
	2025 RM'000	2024 RM'000
Available cash	157,362	129,797
Loans and borrowings	(26,287)	(41,177)
Lease liabilities	(1,348)	(650)
Total interest-bearing debts	(27,635)	(41,827)
Net cash	129,727	87,970
Total equity	589,357	592,246
Debt-to-equity ratio (times)	*	*

\* Not applicable as the Group's cash and cash equivalents exceed its borrowings

The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.

#### 31.3 Classification of financial instruments

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Financial assets</b>					
<u>Fair value through profit or loss</u>					
Other investments	7	0	1,532	0	0
Short-term funds	12	64,504	76,682	2,597	6,307
Derivatives	11	0	472	0	0
		64,504	78,686	2,597	6,307
<u>Amortised cost</u>					
Receivables	10	43,534	55,055	2	2
Cash and bank balances	12	92,858	53,115	6	8
		136,392	108,170	8	10



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 31. Financial instruments (cont'd)

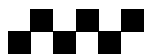
#### 31.3 Classification of financial instruments (cont'd)

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Financial liabilities</b>					
<u>Fair value through profit or loss</u>					
Derivatives	11	<b>93</b>	0	<b>0</b>	0
<u>Amortised cost</u>					
Payables	13	<b>32,077</b>	42,650	<b>189</b>	193
Loans and borrowings	14	<b>26,287</b>	41,177	<b>0</b>	0
		<b>58,364</b>	83,827	<b>189</b>	193

#### 31.4 Gains or losses arising from financial instruments

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Net gains/(losses) on:				
- Financial assets at fair value through profit or loss	<b>1,219</b>	2,720	<b>135</b>	48
- Financial assets at amortised costs	<b>(6,112)</b>	(2,084)	<b>3</b>	126
- Financial liabilities at fair value through profit or loss	<b>(1,436)</b>	0	<b>0</b>	0
- Financial liabilities at amortised costs	<b>2,630</b>	2,055	<b>0</b>	0

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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### 31. Financial instruments (cont'd)

#### 31.5 Fair value information

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. The following table sets out the fair value profile of financial instruments that are carried at fair value at the end of the reporting period:

Group	Fair value of financial instruments carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		

#### 2025

##### Financial assets

Short-term funds	64,504	0	0	64,504	64,504
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##### Financial liabilities

Derivatives	93	0	0	93	93
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#### 2024

##### Financial assets

Unquoted investments	0	0	1,532	1,532	1,532
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Derivatives	472	0	0	472	472
-------------	-----	---	---	-----	-----

Short-term funds	76,682	0	0	76,682	76,682
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Company	Fair value of financial instruments carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		

#### 2025

##### Financial assets

Short-term funds	2,597	0	0	2,597	2,597
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#### 2024

##### Financial assets

Short-term funds	6,307	0	0	6,307	6,307
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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

### **31. Financial instruments (cont'd)**

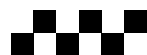
#### **31.5 Fair value information (cont'd)**

##### Fair value of financial instruments carried at fair value

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.

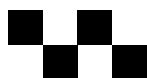
The fair values of derivatives and short-term funds are directly measured using their unadjusted market values quoted by financial institutions.

There were no transfers between Level 1, Level 2 and Level 3 during the financial year.



## LIST OF PROPERTIES

Location	Year of Acquisition / * Valuation	Description	Approximate Land Area (square metres)	Age of Building (years)	Tenure	Carrying Amount at 31.12.2025 (RM'000)
2515 Tingkat Perusahaan 4A Perai Free Trade Zone 13600 Perai	* 26 Jun 1995	Industrial Land	49,127	-	Leasehold (60 years)	3,220
2517 Tingkat Perusahaan 4A Perai Free Trade Zone 13600 Perai	20 Sep 2006 362 mths to expiry incl. Sept. 06	Industrial Land	22,356	-	Leasehold (60 years)	2,224
	1 Jan 2010	Factory building	13,602	16	-	5,605
Amata Nakorn Industrial Estate 700/553 Moo 7, Thambon Don Hua Roh Amphur Muang Chonburi 20000 Thailand	17 Jan 2005	Industrial Land	25,136	21	Freehold	5,853
Pinthong Industrial Estate (Laem chabang) 150, Moo 9 Nong-Kham Sriracha, Chonburi 20110 Thailand	9 Feb 2011	Industrial Land	120,429	-	Freehold	22,365
	1 Apr 2013	Factory Building	13,935	13	-	6,004
	1 Apr 2021	Factory Building	9,796	-	Freehold	8,695
Plot 17A Jalan Perusahaan Prai Industrial Estate 13600 Perai	23-Aug-10 362 mths to expiry incl. May 1991	for	26,749	-	Leasehold (60 years)	4,726
	23 Aug 2010	Factory Building	14,265	33	-	5,734
Plot 17B Jalan Perusahaan Prai Industrial Estate 13600 Perai	13 April 2021 359 mths to expiry incl. Oct. 1991	Industrial Land	8,093	-	Leasehold (60 years)	4,934
319/1 Moo 3, Mueang Subdistrict, Mueang Chonburi District, Chonburi Province, Thailand	7 Nov 2015	Residential Land	1,704	-	Freehold	924
	31 Mar 2024	Residential Building		2		3,983
					<b>Total</b>	<b>74,267</b>



# SHAREHOLDINGS STATISTICS

AS AT 26 MARCH 2026

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.

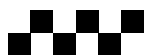
## Breakdown of shareholdings

Size of shareholdings	No. of shareholders	No. of shares	% of issued share capital
1-99	50	1,541	0.001
100 - 1,000	445	317,600	0.206
1,001 - 10,000	1,894	7,588,724	4.943
10,001 - 100,000	527	15,141,400	9.862
100,001 - 7,675,884*	63	20,233,085	13.179
7,675,885 and above (**)	2	110,235,350	71.806
	<u>2,981</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	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG HOON HO	700,000	0.455
9	TSAI PEI CHEN	574,200	0.374
10	AFFIN HWANG NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR LITTLE RAIN ASSETS LIMITED	530,000	0.345
11	TSAI MING TI	523,252	0.340
12	LAI CHEE SIEW	425,300	0.277
13	LIEW SWEE MIO @ LIEW HOI FOO	350,000	0.227
14	LIM WUN CHENG	344,950	0.224
15	WONG YOON CHYUAN	324,000	0.211
16	LEE HAU HIAN	322,900	0.210
17	NG HOON HO	305,033	0.198
18	WONG YOON TET	305,000	0.198



## SHAREHOLDINGS STATISTICS (CONT'D)

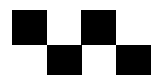
AS AT 26 MARCH 2026

### Thirty largest shareholders (cont'd)

No	Name	No. of shares	% of issued share capital
19	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN TIAN SANG @ TAN TIAN SONG (E-PPG)	300,600	0.195
20	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR DYNAQUEST SDN BHD. (PB)	300,000	0.195
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD LEM HON SAN	300,000	0.195
22	YAU LI ZA	279,000	0.181
23	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN TUAN PHIN (JALAN DEDAP-CL)	276,200	0.179
24	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	244,000	0.158
25	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LIM CHIEN CH'ENG (PB)	230,000	0.149
26	LIEW YOON YEE	230,000	0.149
27	DYNAQUEST SDN. BHD.	220,000	0.143
28	CGS INTERNATIONAL NOMINEES MALAYSIA (ASING) SDN. BHD. EXEPMT AN FOR CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD (RETAIL CLIENTS)	211,800	0.137
29	TSAI LIAO CHIN YEH	206,950	0.134
30	CHIA MING JYE	200,800	0.130

### 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 (CONT'D)

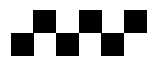
AS AT 26 MARCH 2026

### Directors' Shareholding as at 27 March 2023

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	0.128	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



## DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

Pursuant to Paragraph 9.25A of the MAIN Market Listing Requirements/ Paragraph 9.41(b) of the MAIN Market Listing Requirements/ Rule 9.25A of the ACE Market Listing Requirements/ Rule 6.13A of the LEAP Market Listing Requirements, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

### (a) Group Total Income and Total Assets

Total Income	Remarks	Group	
		2025	2024
Revenue		<b>560,762,892</b>	536,380,243
Other income		<b>7,499,140</b>	5,726,160
<b>Total</b>		<b>568,262,032</b>	542,106,403
<b>Total Assets</b>		<b>654,432,194</b>	684,354,240

### (b) Business Activities

Shariah Non-Compliant Activities	Remarks	Group	
		2025	2024
Dividend income received from conventional shares and instruments		<b>559,376</b>	1,453,136
Interest income	Conventional	<b>1,091,865</b>	1,202,352
<b>Total</b>		<b>1,651,241</b>	2,655,488

### (c) Component of Financial Position

#### (i) Cash Component

Islamic Account/Instruments	Remarks	Group	
		2025	2024
Short-term deposits		<b>20,521,698</b>	21,699,019
<b>Total</b>		<b>20,521,698</b>	21,699,019
<b>Conventional Account/Instruments</b>			
Cash at bank (exclude cash in hand)		<b>78,741,465</b>	53,093,046
Other cash equivalents (please specify in the remarks column)	Cash In hand	<b>20,570</b>	22,345
Deposits with licensed bank		<b>14,096,096</b>	0
Short-term deposits		<b>43,982,508</b>	54,982,484
<b>Total</b>		<b>136,840,639</b>	108,097,875



## DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING (CONT'D)

### c) Component of Financial Position (Cont'd)

#### (ii) Debt Component

Islamic Financing	Remarks	Group	
		2025	2024
<b>Current</b>		<b>N/A</b>	N/A
<b>Non-Current</b>		<b>N/A</b>	N/A
<b>Total</b>		<b>N/A</b>	N/A

Conventional Borrowing	Remarks	Group	
		2025	2024
<b>Current</b>			
Banker's acceptances		<b>6,445,211</b>	14,763,934
Trade financing		<b>19,841,350</b>	26,412,545
<b>Non-Current</b>		-	-
<b>Total</b>		<b>26,286,561</b>	41,176,479



# ADMINISTRATIVE GUIDE

FOR THE TWENTY-NINTH ANNUAL GENERAL MEETING ("29TH AGM")

## REGISTRATION ON THE DAY OF THE 29TH AGM

- The registration counter starts at 1.00 p.m. on Monday, 25 May 2026 and will open until the conclusion of the 29th AGM or such time may be determined by the Chairman of the Meeting.
- Shareholders or proxies are requested to produce 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 is permitted to register on behalf of another individual, even if in possession of the original MyKAD or Passport of that individual.
- 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.

## ENTITLEMENT TO PARTICIPATE IN THE AGM

- Only members whose names appear in the Record of Depositors of our Company as at 15 May 2026 shall be entitled to attend the AGM or appoint proxy(ies) to attend on his/her behalf.

## CORPORATE MEMBERS

- Corporate members who wish to appoint corporate representative(s) in lieu of appointing a proxy, are required to deposit their original or duly certified Certificate of Appointment of Corporate Representative with Tricor Investor & Issuing House Services Sdn. Bhd. ("TIIH") on or before the Annual General Meeting.
- Attorneys appointed under a power of attorney are required to deposit the original power of attorney with TIIH not later than 2.00 p.m. on Saturday, 23 May 2026, in order to attend and vote at the 29th AGM.

## LODGMET OF PROXY FORM

If you wish to participate in the 29th AGM yourself, please do not submit any Form of Proxy for the 29th AGM. You will not be allowed to participate in the 29th AGM together with a proxy appointed by you. Accordingly, 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 29th AGM or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid:

### In hard copy 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 form

You may also submit the proxy form electronically via Vistra Share Registry and IPO (MY) Portal ("The Portal") at <https://srmv.vistra.com> and the steps to submit are summarised below:



## ADMINISTRATIVE GUIDE (CONT'D)

FOR THE TWENTY-NINTH ANNUAL GENERAL MEETING ("29TH AGM")

### PROCEDURES FOR ELECTRONIC SUBMISSION OF PROXY FORM

Procedure	Action
<b>i. Steps for Individual Shareholders</b>	
Register as a User with The Portal	<ul style="list-style-type: none"> <li>Visit the website at <a href="https://srmy.vistra.com">https://srmy.vistra.com</a>.</li> <li>Click "Register" and select "Individual Holder" and complete the New User Registration Form.</li> <li>For guidance, you may refer to the tutorial guide available on the homepage.</li> <li>Once registration is completed, you will receive an email notification to verify your registered email address.</li> <li>After verification, your registration will be reviewed and approved within one (1) working day. A confirmation email will be sent once approved.</li> <li>Once you receive the confirmation, activate your account by creating your password.</li> </ul>
	<i>If you are already a user with TIH Online, you are not required to register again.</i>
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 username (i.e. email address) and password.</li> <li>Select the corporate event: <b>"TONG HERR RESOURCES BERHAD 29TH AGM"</b></li> <li>Navigate to the 3 dots at the end of the corporate event and choose "SUBMISSION OF PROXY FORM".</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 Chairperson 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 The Portal	<ul style="list-style-type: none"> <li>Visit the website at <a href="https://srmy.vistra.com">https://srmy.vistra.com</a>.</li> <li>Click "Register" and select "Representative of Corporate Holder" and complete the New User Registration Form.</li> <li>Complete the registration form with your personal details.</li> <li>Once registration is completed, you will receive an email notification to verify your registered email address.</li> <li>After verification, your registration will be reviewed and approval within two (2) working days. A confirmation email will be sent once approved.</li> <li>Once you receive the confirmation, activate your account by creating your password.</li> </ul>
	Note: The representative of a corporation 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 Tricor if you need clarifications on the user registration.
Proceed with submission of form of proxy	<ul style="list-style-type: none"> <li>Login to <a href="https://srmy.vistra.com">https://srmy.vistra.com</a> with your email address and password.</li> <li>Select the corporate event: <b>"TONG HERR RESOURCES BERHAD 29TH AGM"</b>.</li> <li>Navigate to the icon "&gt;" at the end of the corporate event.</li> <li>Read and agree to the Terms and Conditions and confirm the Declaration.</li> <li>Select the corporate holder's name.</li> <li>Proceed to download the submission file.</li> <li>Prepare the file for the appointment of proxy(ies) by inserting the required data.</li> <li>Proceed to upload the duly completed proxy appointment file.</li> <li>Select "Confirm" to complete your submission.</li> <li>Print the confirmation report of your submission for your record.</li> </ul>



## ADMINISTRATIVE GUIDE (CONT'D)

FOR THE TWENTY-NINTH ANNUAL GENERAL MEETING ("29TH AGM")

### GENERAL MEETING RECORD OF DEPOSITORS

For the purpose determining who shall be entitled to attend the 29th AGM, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 15 May 2026. Only a depositor whose name appears in such Record of Depositors shall be entitled to attend the said meeting.

### NO RECORDING OR PHOTOGRAPHY

No recording or photography of the 29th 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 29th AGM.

We thank you for your continuous support to the Company.

### ENQUIRY

If you have any enquiries on the above, please contact the Share Registrar during office hours on Mondays to Fridays from 8.30 a.m. to 5.30 p.m. (except on public holidays):

#### **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  
59200 Kuala Lumpur, Malaysia

General Line  
Nor Faeayzah

Damia Insyirah

Email

#### **Telephone Number**

603-2783 9299  
603-2783 9274  
nor.faeayzah@vistra.com  
603-2783 7962  
damia.insyirah@vistra.com  
is.enquiry@vistra.com



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**TONG HERR RESOURCES BERHAD**

[Company No. 199701016642 (432139-W)]

# PROXY FORM

Number of Shares Held	CDS ACCOUNT NO.
	- - - - -

I/We \_\_\_\_\_ (\*NRIC No./ Company No. \_\_\_\_\_) (Email address : \_\_\_\_\_) of \_\_\_\_\_

being a member/members of TONG HERR RESOURCES BERHAD hereby appoint \*Chairman of the meeting or any of the following person(s) as my/our proxy/proxies to attend and vote for \*me/us on \*my/our behalf at the Twenty- Ninth Annual General Meeting of the Company to be held at No. 2515 Tingkat Perusahaan 4A, Perai Free Trade Zone, 13600 Perai, Penang on Monday, 25 May 2026, at 2.00 p.m. and at any adjournment thereof.

Full Name (in Block)	NRIC No./ Passport No.	Contact Number	Email address	Proportion of Shareholdings
1)				No. of Shares: %
2)				No. of Shares: %

\* My/our proxy/proxies is/are to vote on a poll as indicated below with an "X".

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 2025		
2.	To re-elect the following Directors retiring under the provision of Article 95(1) of the Constitution of the Company respectively, and who, being eligible had offered themselves for re-election: - Mr. Tsai Yi Ting		
3.	Datin Nik Haslinda Binti Nik Mohd Hashim		
4.	Mr. Soon Gim Wooi		
5.	To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2026 and to authorize the Board of Directors to determine their remuneration.		
6.	To pass the following resolutions as Special Business:- To approve the payment of Directors' Fees and Benefits amounting to RM150,000 only		
7.	Authority to Issue Shares and Waiver of Pre-Emptive Rights		
8.	Renewal of Authority to Purchase its own Shares		
9.	Renewal of 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....., 2026.

.....  
Signature/Common Seal of Member



**Notes:**

1. In respect of deposited securities, only depositors whose names appear in the Record of Depositors as at 15 May 2026 shall be entitled to attend the Meeting and to speak or vote thereat.
2. A member of the Company who is entitled to attend and vote at a meeting of the Company, may appoint not more than two (2) proxies to attend 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 authorized 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 authorized in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorized.
6. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarized 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 Vistra Share Registry and IPO (MY) Portal ("The Portal") at <https://srmy.vistra.com> not less than forty-eight (48) hours before the time fixed for holding the meeting. Please refer to the Administrative Guide for the 29th 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 29th Annual General Meeting dated 24 April 2026.

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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

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[www.tong.com.my](http://www.tong.com.my)

**TONG HERR RESOURCES BERHAD**

[Registration No. 199701016642 (432139-W)]

No. 2515, Tingkat Perusahaan 4A,  
Perai Free Trade Zone,  
13600 Perai, Penang, Malaysia  
T : +604 - 3903970  
F : +604 - 3900840