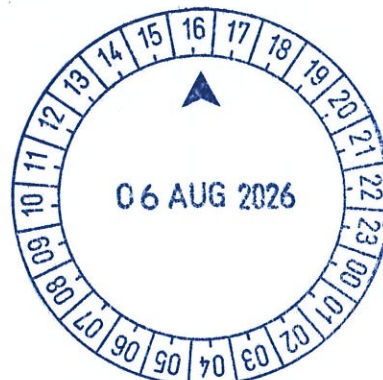


ALLRICH CORP.
(Registration No. 73100)
Le Sanalele Complex,
Ground Floor, Vaea Street,
Saleufi, Apia, Samoa

RICHARD HOLDINGS LIMITED
(Company No. 1925083)
Vistra Corporate Services Centre,
Wickhams Cay II, Road Town, Tortola
VG 1110, British Virgin Islands

6 August 2026

The Board of Directors
TONG HERR RESOURCES BERHAD
Suite S-21-H, 21st Floor
Menara Northam
55 Jalan Sultan Ahmad Shah
10050 George Town Penang
Malaysia



Dear Sirs/Madams,

PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE TO BE UNDERTAKEN BY TONG HERR RESOURCES BERHAD ("THRB" OR THE "COMPANY") PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 ("ACT") ("PROPOSED SCR")

1. INTRODUCTION

- 1.1 We, Allrich Corp ("**Allrich**") and Richard Holdings Limited ("**RHL**") (collectively referred to as the "**Joint Offerors**"), being the major shareholders of the Company, hereby notify you via this letter of our intention to privatise the Company by way of the Proposed SCR ("**Letter**").
- 1.2 Tsai, Hung-Chuan and Tsai, Jane-Rong, being holders of the entire equity interest in Allrich, and Tsai Ming Ti, Tsai Yi Ting and Tsai Pei Chen, being holders of the entire equity interest in RHL (collectively referred to as "**Joint Ultimate Offerors**") are the joint ultimate offerors for the Proposed SCR.
- 1.3 In this regard, we wish to propose and request that the Company undertakes the Proposed SCR, and upon deliberation by the Board of Directors of the Company ("**Board**") (save for the Interested Director as set out under Section 8.1(a) of this Letter), to table the Proposed SCR to the shareholders of the Company (other than us, the Joint Ultimate Offerors and persons acting in concert with us and the Joint Ultimate Offerors in accordance with subsections 216(2) and 216(3) of the Capital Markets and Services Act 2007 for the purpose of the Proposed SCR ("**PACs**") ("**Non-Interested Shareholders**") for their consideration and approval.
- 1.4 As at 31 July 2026, being the latest practicable date ("**LPD**") prior to the date of this Letter:-
 - (a) the issued share capital of the Company is RM185,930,000.00 comprising 157,430,000 ordinary shares in the Company ("**THRB Shares**" or "**Shares**") (including 3,912,300 treasury shares); and
 - (b) we, the Joint Ultimate Offerors and our PACs collectively hold 114,376,402 THRB Shares, representing approximately 74.50% of THRB Shares in issue (excluding treasury shares).

- 1.5 As at the LPD, the respective shareholdings of Allrich, RHL, the Joint Ultimate Offerors and the PACs in the Company are as follows:

Name	Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
<u>Joint Offerors</u>				
Allrich Corp	61,191,043	39.86	-	-
Richard Holdings Limited	49,044,307	31.95	-	-
<u>Joint Ultimate Offerors</u>				
Tsai, Hung-Chuan	-	-	61,191,043 ⁽²⁾	39.86
Tsai, Jane-Rong	-	-	61,191,043 ⁽²⁾	39.86
Tsai Ming Ti	2,020,402	1.32	50,178,357 ⁽³⁾	32.69
Tsai Yi Ting	198,000	0.13	49,044,307 ⁽⁴⁾	31.95
Tsai Pei Chen	731,100	0.48	49,044,307 ⁽⁴⁾	31.95
<u>PACs</u>				
Tsai Liao Chin Yeh	1,134,050	0.74	51,064,709 ⁽⁵⁾	33.26
Tsai Chia Chen	51,300	0.03	6,200 ⁽⁶⁾	0.004 ⁽⁷⁾
Yang, Sheng-Chun	6,200	0.004 ⁽⁷⁾	51,300 ⁽⁸⁾	0.03
Tsai, Chia-Yen	-	-	-	-
Total	114,376,402	74.50	-	-

Notes:

- (1) Based on 153,517,700 Shares in issue (after excluding 3,912,300 treasury shares) as at the LPD.
- (2) Deemed interested by virtue of his/her shareholdings in Allrich.
- (3) Deemed interested by virtue of his shareholdings in RHL and his spouse, Tsai Liao Chin Yeh's shareholdings in the Company.
- (4) Deemed interested by virtue of his/her shareholdings in RHL.
- (5) Deemed interested by virtue of her spouse, Tsai Ming Ti's shareholdings in RHL and in the Company.
- (6) Deemed interested by virtue of her spouse, Yang, Sheng-Chun's shareholdings in the Company.
- (7) Less than 0.01%.
- (8) Deemed interested by virtue of his spouse, Tsai Chia Chen's shareholdings in the Company.

2. DETAILS OF THE PROPOSED SCR

- 2.1 The Proposed SCR involves the Company undertaking a selective capital reduction and a corresponding capital repayment exercise pursuant to Section 116 of the Act in respect of the Shares held by all the shareholders of the Company (other than the Joint Offerors, the Joint Ultimate Offerors and their PACs (collectively referred to as the ("**Non-Entitled Shareholders**")), whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board ("**Entitlement Date**") ("**Entitled Shareholders**").
- 2.2 Pursuant to the Proposed SCR, the Entitled Shareholders will receive a cash repayment of RM2.55 for each Share ("**SCR Offer Price**") held on the Entitlement Date. For the avoidance of doubt, the Shares held by us, the Joint Ultimate Offerors and our PACs are not subject to capital reduction and accordingly we will not be entitled to any capital repayment pursuant to the Proposed SCR.

- 2.3 As at the LPD, the Entitled Shareholders collectively hold 39,141,298 Shares, representing 25.50% of the total number of issued Shares (excluding treasury shares). For the avoidance of doubt, all Shares in issue, including the 3,912,300 treasury shares held by the Company will be cancelled, save and except for the Shares which are held by the Non-Entitled Shareholders.
- 2.4 Upon completion of the Proposed SCR, the 114,376,402 Shares held by the Non-Entitled Shareholders will amount to the entire issued share capital of the Company resulting in the Non-Entitled Shareholders holding 100% equity interest in the Company ("**Completion**").
- 2.5 The Proposed SCR is expected to be funded via the internally generated funds of THRB and its subsidiaries ("**Group**") and bank borrowings to be obtained by the Company ("**Loan**").
- 2.6 We confirm that the Proposed SCR will not fail by reason of insufficient financial capability of the Company and every Entitled Shareholder will be paid in full cash.
- 2.7 We and the Joint Ultimate Offerors do not intend to maintain the listing status of the Company on the Main Market of Bursa Securities and will request the Company to submit an application to Bursa Securities to delist the Company and withdraw its listing status from the Official List of Bursa Securities upon Completion.

3. BASIS OF ARRIVING AT THE SCR OFFER PRICE

The SCR Offer Price of RM2.55 for each Share was arrived at after taking into consideration the following closing price and volume weighted average market price ("**VWAP**") of the Shares up to and including 5 August 2026, being the last trading day prior to the serving of this Letter ("**LTD**") as set out below:

	Closing market price / VWAPs (RM)	Premium of SCR Offer Price over market prices	
		(RM)	(%)
Closing price of the Shares as at the LTD	1.8000	0.7500	41.67
VWAP of the Shares up to the LTD:			
• 5-day	1.6716	0.8784	52.55
• 1-month	1.6283	0.9217	56.61
• 3-month	1.5616	0.9884	63.29
• 6-month	1.4672	1.0828	73.80
• 1-year	1.4506	1.0994	75.79

(Source: Bloomberg)

4. RATIONALE FOR THE PROPOSED SCR

The rationale for the Proposed SCR is as follows:

4.1 Greater flexibility in managing the business of the Company

The Proposed SCR would provide the Non-Entitled Shareholders greater flexibility in managing and developing the existing businesses of the Group. As a private company, the Company will be subject to less public scrutiny, including from shareholders and potential analysts. In this respect, the Company can focus on its core growth initiatives and long-term value creation without the need to incur costs and allocate management time and resources to maintain its listing status on the Main Market of Bursa Securities.

In addition, as a private company, the Company would be able to undertake corporate exercises in an expedient manner which may otherwise require extensive public disclosures and approvals from shareholders and/or capital market regulators should the Company remain listed on the Main Market of Bursa Securities. This also enables the Company to operate more effectively in the longer term and make decisions without being subjected to the interests and demands of a diverse group of shareholders who may have conflicting views.

4.2 Low trading liquidity of the Shares

The trading liquidity of the Shares has historically been very low, with an average daily trading volume of 21,075 Shares for the past 3 years up to the LTD. This average daily trading volume merely represents 0.05% of the free float of the Shares as at the LTD. The low trading liquidity of the Shares has, to a certain extent, curtailed the ease of the ordinary shareholders of the Company to trade the Shares on Bursa Securities.

As such, the Proposed SCR provides an opportunity for the Entitled Shareholders to immediately exit and realise their investments in the Company as well as free up their cash flows for other investment opportunities, which they may otherwise have not been able to do so due to the low trading liquidity of the Shares.

4.3 Opportunity for the Entitled Shareholders to realise their holdings in THRB at a premium to the market price of the Shares

The Proposed SCR provides an opportunity for the Entitled Shareholders to exit and realise their investments in the Company at a premium over the prevailing market price of the Shares. As set out in Section 3 of this Letter, the SCR Offer Price represents premiums ranging from 41.67% to 75.79% based on the closing price of the Shares as at the LTD as well as the 5-day, 1-month, 3-month, 6-month and 1-year VWAP of the Shares up to and including the LTD. In addition, the Shares have not traded at or above the SCR Offer Price for the past 1 year up to the LTD.

5. DISTRIBUTION

If the Company declares, makes and/or pays any dividend and/or distribution of any other nature whatsoever (collectively, the "Distribution") during the period commencing from the date of this Letter up to the Completion and the Entitled Shareholders are entitled to retain such Distributions, the SCR Offer Price shall be reduced by an amount equivalent to the net Distribution made per Share.

6. COVENANTS

6.1 From the date of this Letter until Completion, the Company shall agree with and undertake to us that, without our prior written consent:

- (a) save for the Loan as stated in Section 2.5 above, the Company will not conduct any form of capital raising exercise, whether in the form of debt or equity and will not grant any options over the Shares or issue any new Shares;
- (b) acquire any of its own Shares;
- (c) save for the Loan as stated in Section 2.5 above, the Group will not enter into any material commitment or material contract or undertake any obligation or acquire or dispose any of its assets or create a security interest over any of its assets outside the ordinary course of business;
- (d) the Company will not pass any resolution in a general meeting (other than in respect of any usual business tabled in an annual general meeting or in connection with the Proposed SCR);

- (e) the Company shall not make any alteration to the provisions of the constitution of the Company or any of its subsidiaries unless it is in relation to the Proposed SCR: and
 - (f) the Company shall not do or cause, or allow to be done or omitted, any act or thing which would result (or be likely to result) in a breach of any lawful or contracted obligation of the Company or any of its subsidiaries; and
 - (g) the Company shall not enter any discussion or negotiation, or agreement, with any other party with respect to the sale of its or its subsidiaries' assets and liabilities or any privatisation proposal involving the Company or any of its subsidiaries at any time until the Completion.
- 6.2 The Company shall also undertake that, as from the date of this Letter until the date of Completion, the Company shall, and shall procure (using all reasonable endeavours to cause) each of its subsidiaries, to carry on its business in the usual, regular and ordinary course in substantially the same manner as the same is carried on as at the date of this Letter so as to preserve their relationships with all relevant parties, and ensure that the goodwill and going concern of the Group shall not be materially impaired at the date of Completion, in each case, save as otherwise agreed in writing by us.
- 7. CONDITIONS OF THE PROPOSED SCR**
- 7.1 The Proposed SCR is subject to and conditional upon the following being obtained:
- (a) approval from the Non-Interested Shareholders for the Proposed SCR via a special resolution to be tabled at an extraordinary general meeting to be convened by the Company ("EGM") ("**Special Resolution**"). The Special Resolution:
 - (i) is required to be approved by at least a majority in number of the Non-Interested Shareholders and 75% in value to the votes attached to the Shares held by the Non-Interested Shareholders that are cast either in person or proxy at the EGM; and
 - (ii) must not be voted against by more than 10% in value of the votes attached to all the Shares held by the Non-Interested Shareholders;
 - (b) grant of an order by the High Court of Malaya confirming the reduction of the share capital of the Company in accordance with Section 116 of the Act giving effect to the Proposed SCR ("**Order**"), followed by the lodgement of an office copy of the Order with the Registrar of Companies ("**Lodgement**");
 - (c) approval and/or consent of the existing financiers and/or creditors of the Group, if required; and
 - (d) approval and/or consent of any relevant authorities or parties, if required.
- 7.2 The Proposed SCR will become effective upon the Lodgement ("**Effective Date**"), and the payment of the SCR Offer Price to the Entitled Shareholders will be made as soon as practicable following the Effective Date, but in any event, within 10 days from the Effective Date.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

8.1 Given that the Proposed SCR is to be undertaken at our request, we hereby confirm that:

- (a) Tsai Ming Ti, Tsai Yi Ting, Tsai Pei Chen, Tsai, Hung-Chuan and Tsai, Chia-Yen, who are the Directors of the Company (collectively, "Interested Directors"), will abstain and continue to abstain from deliberating and voting on the Proposed SCR at the board meeting(s) of the Company and will also abstain from voting in respect of their direct and/or indirect shareholdings in the Company, if any, on the Special Resolution.

The Interested Directors will ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company, if any, on the Special Resolution; and

- (b) We, the Joint Ultimate Offerors and our PACs will abstain from voting in respect of our direct and/or indirect shareholdings in the Company, if any, on the Special Resolution. We will ensure that the persons connected with us will abstain from voting in respect of their direct and/or indirect shareholdings in the Company, if any, on the Special Resolution.
- (c) We will assist and co-operate with THRB and the Board on the provision of such information on the Non-Entitled Shareholders, that may be required to enable the preparation of the circular to the shareholders of THRB in relation to the Proposed SCR, the independent advice letter to be issued by the independent adviser to be appointed by THRB in relation to the Proposed SCR and the application to the High Court for the grant of the Order.

9. OTHER MATTERS

9.1 We hereby confirm that as at the date of this Letter:

- (a) we, the Joint Ultimate Offerors and the PACs have not received any irrevocable undertaking from any Non-Interested Shareholder to vote in favour of the Special Resolution;
- (b) there is no existing or proposed agreement, arrangement or understanding in relation to the Shares between us, any of the Joint Ultimate Offerors or any of the PACs on the one hand and any of the Entitled Shareholders on the other hand; and
- (c) we, the Joint Ultimate Offerors and the PACs have not entered into or been granted any option to acquire any Shares.

10. GOVERNING LAW AND DISPUTE RESOLUTION

10.1 The Proposed SCR and any agreement constituted by your acceptance of this Letter shall be governed by the laws of Malaysia and each party will submit to the non-exclusive jurisdiction of the Courts of Malaysia.

11. ACCEPTANCE PERIOD

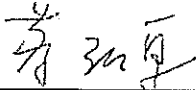
- 11.1 If the Board (save for the Interested Directors) is agreeable to take steps to implement the Proposed SCR and to recommend the Proposed SCR to the Non-Interested Shareholders upon the terms envisaged in this Letter, please execute the enclosed duplicate of this Letter at the place indicated, and return the same to us no later than 5.00 p.m. on 4 September 2026 (or such other date as may be extended by us in writing), after which the proposal in this Letter shall lapse.

We trust the above is sufficient for the Board's kind consideration and deliberation. Pursuant to the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia, kindly make the necessary announcement(s) to your shareholders of our request for the Company to undertake the Proposed SCR on the day of receipt of this Letter.

Thank you.

Yours faithfully,
For and on behalf of

ALLRICH CORP



Name: Tsai, Hung-Chuan
Designation: Director

RICHARD HOLDINGS LIMITED



Name: Tsai Yi Ting
Designation: Director

TO: ALLRICH CORP AND RICHARD HOLDINGS LIMITED

PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE TO BE UNDERTAKEN BY TONG HERR RESOURCES BERHAD PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016

ACCEPTANCE

We, **TONG HERR RESOURCES BERHAD**, hereby agree to and accept the terms and conditions of your Letter dated 6 August 2026 as set out above.

Yours faithfully,
For and on behalf of

TONG HERR RESOURCES BERHAD

Name:
Designation:
Date:

Name:
Designation:
Date: