

NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2026

EXPLANATORY NOTES AS PER MFRS 134

A1. Basis of preparation

These condensed consolidated interim financial statements (Condensed Reports) are unaudited and have been prepared in accordance with MFRS 134: *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. This Condensed Report also complies with IAS34: *Interim Financial Reporting* issued by the International Accounting Standards Board (IASB) and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2025.

The significant accounting policies and methods of computation used in the preparation of these interim financial statements are consistent with those adopted in the annual audited financial statements for the financial year ended 31 December 2025 except for the adoption of the following new/revised MFRSs:-

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

The adoption of the above new/revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group.

A2. Qualification of Financial Statements

The auditors' report dated 31 March 2026 in respect of the audited financial statements for the year ended 31 December 2025 was not subject to any qualification.

A3. Seasonal or cyclical factors

The Group performance for the financial period under review was not materially affected by any major seasonal and cyclical factors.

A4. Extraordinary and exceptional items

There were no extraordinary and exceptional items affecting the Group's assets, liabilities, equity, net income or cash flows during the financial period under review.

A5. Changes in estimates

There were no material changes in the nature and amount of estimates during the financial period under review.

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A6. Issuance and repayment of debts and equity securities etc

There were no issuances, cancellation, resale and repayment of debts and equity securities during the financial period under review.

A7. Dividend paid

A final single tier dividend of 3.3 sens per share, amounting to RM5,066,084 in respect of the financial year ended 31 December 2025, was approved in the AGM held on 25 May 2026, which had been paid on 18 June 2026 subsequently.

A8. Segment reporting

a. Operating segment

30 June 2026	Manufacture and sale of stainless steel fasteners RM'000	Manufacture and sale of aluminium and its related products RM'000	Unallocated non-operating segments RM'000	Total RM'000
Segment assets	486,459	154,437	1,501	642,397
Segment liabilities	21,320	31,536	10	52,866
External revenue	160,842	85,343	0	246,185
Segment profit/(loss)	9,301	8,669	(566)	17,404

30 June 2025	Manufacture and sale of stainless steel fasteners RM'000	Manufacture and sale of aluminium and its related products RM'000	Unallocated non-operating segments RM'000	Total RM'000
Segment assets	567,460	142,982	1,082	711,524
Segment liabilities	89,710	28,920	6	118,636
External revenue	227,701	70,794	0	298,495
Segment profit/(loss)	5,710	2,129	(5)	7,834

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b. Geographical information

In RM'000	External revenue		Non-current assets	
	30/06/2026	30/06/2025	30/06/2026	30/06/2025
Malaysia	75,892	63,675	52,522	54,154
Thailand	6,460	10,709	74,322	85,349
Germany	7,643	13,362	0	0
Taiwan	44,489	55,682	0	0
United States of America	66,037	95,986	0	0
Other countries	45,664	59,081	0	0
	<u>246,185</u>	<u>298,495</u>	<u>126,844</u>	<u>139,503</u>

A9. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter.

A10. Property, plant and equipment

The valuations of land and buildings have been brought forward, with no amendment from the previous annual report in the current quarter under review.

In the opinion of the directors, the fair value of property, plant and equipment is not significantly different from the carrying value.

A11. Capital commitment

Authorised capital expenditure not provided for in the interim financial report is as follows:

	30/06/2026 RM'000
<u>Property, plant and equipment</u>	
Contracted but not provided for	<u>2,674</u>

A12. Material events subsequent to the reported period

There was no item, transaction or event of a material or unusual in nature during the year from the end of the financial period under review to 17 August 2026.

A13. Contingent liabilities

	30/06/2026 RM'000	30/06/2025 RM'000
Financial guarantees given to financial institutions for credit facilities granted to subsidiaries	<u>242,411</u>	<u>266,327</u>

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**B. ADDITIONAL INFORMATION REQUIRED UNDER BURSA MALAYSIA
LISTING REQUIREMENTS**

1. Review of the performance of the Company and its principal subsidiaries

	Individual Period (2 nd quarter)				Cumulative Period			
	30/06/26	30/06/25	Changes		30/06/26	30/06/25	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	125,711	144,745	(19,034)	(13.15)	246,185	298,495	(52,310)	(17.52)
Gross Profit	15,407	8,529	6,878	80.64	26,021	20,474	5,547	27.09
Profit Before Interest and Tax	12,336	2,599	9,737	374.64	20,444	10,930	9,514	87.04
Profit Before Tax	12,248	1,528	10,720	701.57	20,195	9,401	10,794	114.82
Profit After Tax	10,683	879	9,804	1115.36	17,404	7,834	9,570	122.16
Profit attributable to owners of the Company	8,216	718	7,498	1044.41	13,025	6,724	6,301	93.70

The Group recorded revenue of RM125.71 million for current quarter as compared to RM144.75 million in previous year corresponding quarter. Lower revenue was mainly due to lower sales volume contributed and lower average selling price from Fasteners segment.

The gross profit for the period increased by RM6.88 million or 80.64% to RM15.41 million. The gross profit margin for the cumulative period had been improved from 6.86% to 10.57% attributable to better cost control in the aluminium segment. The higher sales volume in the aluminium segment resulted in better absorption of production overheads, particularly fixed and semi-fixed costs, thereby contributing to the improvement in GP margin.

2. Material changes in the quarterly results compared to the results of the immediate preceding quarter

	Current Quarter	Immediate Preceding Quarter		
	30/06/26	31/03/26	Changes	
	RM'000	RM'000	RM'000	%
Revenue	125,711	120,474	5,237	4.35
Gross Profit	15,407	10,614	4,793	45.16
Profit Before Interest and Tax	12,336	8,108	4,228	52.14
Profit Before Tax	12,248	7,947	4,301	54.12
Profit After Tax	10,683	6,721	3,962	58.95
Profit attributable to owners of the Company	8,216	4,809	3,407	70.85

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Material changes in the quarterly results compared to the results of the immediate preceding quarter (cont'd)

The Group reported revenue of RM125.71 million and profit before tax of RM12.25 million for the current quarter as compared to the revenue of RM120.47 million and profit before tax of RM7.95 million in the immediate preceding quarter. Slightly increase of the revenue were mainly resulted from the increase in selling price form Fasteners and Aluminium segments. However, the increase in selling price for Aluminium resulted in the increase in gross profit by RM4.79 million from RM10.61 million to RM15.41 million.

3. Prospects for the current financial year

The Group remains cautiously optimistic about its prospects in the coming quarter. While demand from selected industrial and infrastructure-related sectors is expected to remain supportive, the Group continues to operate in an uncertain environment characterised by global trade tensions, raw material price fluctuations and foreign exchange volatility.

The Group will remain vigilant in monitoring market developments, customer demand and raw material prices, while maintaining prudent cost and working capital management. Barring unforeseen circumstances, the Group expects its performance in the coming quarter to remain stable.

4. Variance of actual profit from forecast profit

Not applicable.

5. Tax expense

The tax expense for continuing operations comprises:

	Individual Quarter 3 months ended 30 June		Cumulative Quarter ended 30 June	
	2026	2025	2026	2025
	RM'000	RM'000	RM'000	RM'000
Tax based on results for the year:-				
Current tax	1,517	626	2,736	1,543
Deferred tax	48	23	55	24
	<u>1,565</u>	<u>649</u>	<u>2,791</u>	<u>1,567</u>

6. Corporate proposals

The Company had on 6 August 2026 received a letter from its major shareholders, Allrich and Richard Holdings (collectively, the "**Joint Offerors**"), notifying the Company of their intention to privatise Tong Herr by way of a selective capital reduction and repayment exercise pursuant to Section 116 of the Act ("**Proposal Letter**") ("**Proposed SCR**").

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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 Richard Holdings (collectively referred to as "**Joint Ultimate Offerors**") are the joint ultimate offerors for the Proposed SCR.

The Proposed SCR entails a selective capital reduction and a corresponding capital repayment of a proposed cash amount of RM2.55 for each ordinary share in Tong Herr held by all shareholders of the Company (other than the Joint Offerors, the Joint Ultimate Offerors and person acting in concert with them in accordance with Sections 216(2) and 216(3) of the Capital Markets and Services Act 2007), whose names appear in the Record of Depositors of Tong Herr as at the close of business on an entitlement date to be determined and announced later by the Board.

The Proposed SCR remains in progress as of 17 August 2026.

7. Group's borrowings and debt securities

The Group's loans and borrowings are as follows:

	30/06/2026 RM'000	30/06/2025 RM'000
<u>Unsecured</u>		
Short term borrowings		
Bankers' acceptance	8,703	11,682
Onshore foreign currency loans	6,218	27,571
Foreign currency trust receipts	951	50,944
Total	<u>15,872</u>	<u>90,197</u>
Disclosed as:-		
- Current liabilities	15,872	90,197
- Non-current liabilities	<u>0</u>	<u>0</u>
	<u>15,872</u>	<u>90,197</u>

The Group loans and borrowings in RM equivalent analysed by currencies in which the loans and borrowings were denominated are as follows:

	30/06/2026 RM'000	30/06/2025 RM'000
<u>Bank loans and borrowings</u>		
US Dollars	7,169	78,515
Malaysian Ringgit	8,703	11,682
	<u>15,872</u>	<u>90,197</u>

8. Material pending litigation

The Group is not engaged in any material litigation as at 17 August 2026 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report).

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9. Financial instruments

As at 31 December 2025, the outstanding forward exchange contracts are as follows:

	30/06/2026		30/06/2025	
	To sell '000	To buy '000	To sell '000	To buy '000
Contract I	EUR 340	USD 405	EUR 1,950	USD 2,114
Contract II	-	-	EUR 400	MYR1,897

The maturity of the abovementioned foreign exchange contracts are less than 1 year.

Forward exchange contracts were entered into by subsidiaries in currencies other than the functional currency to manage the exposure to the foreign exchange rates fluctuation.

All exchange gains/losses arising on the hedge instruments are recognised in the Statement of Comprehensive Income on settlement of the forward exchange contract.

10. Dividend

A final single tier dividend of 3.3 sens per share, amounting to RM5,066,084 in respect of the financial year ended 31 December 2025, was approved in the AGM held on 25 May 2026, which had been paid on 18 June 2026 subsequently.

11. Earnings per share

	Individual Quarter 3 months ended		Cumulative Quarter Ended	
	30 June		30 June	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Profit for the year attributable to owners of the Company (RM'000)	8,216	718	13,025	6,724
Number of shares in issue at 1 January /31 December ('000)	153,518	153,518	153,518	153,518
Basic earnings per share (sen)	5.35	0.47	8.48	4.38
Diluted earnings per share (sen)	5.35	0.47	8.48	4.38

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12. Notes to the Condensed Consolidated Statement of Comprehensive Income

	Current Quarter	Current Year To Date
	RM'000	RM'000
Interest income	573	715
Interest expense	88	249
Depreciation and amortization	3,420	7,156
Foreign exchange gain	1,379	3,876
Fair value gain on financial instruments mandatorily measured at fair value through profit or loss	581	1,338

BY ORDER OF THE BOARD

Tsai Yi Ting
Managing Director
Dated this 24 August 2026