

# NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING



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TONG HERR RESOURCES BERHAD  
(432139-W)

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting of the Company will be held at No. 2515 Tingkat Perusahaan 4A, Perai Free Trade Zone, 13600 Perai, Penang on Wednesday, 23 May 2018, at 2.00 p.m. for the following purposes:-

## AGENDA

- To receive the Audited Financial Statements for the year ended 31 December 2017 together with the reports of the Directors and Auditors thereon. (Please refer to Note A)
  - To approve the payment of a Final Single Tier Dividend of 18 sen per share for the year ended 31 December 2017. Resolution 1
  - To re-elect the following Directors retiring under the respective provisions of the Constitution of the Company, and who, being eligible had offered themselves for re-election:-
    - Mr. Tsai Ming Ti (Article 97(1)) Resolution 2
    - Encik Fazrin Azwar Bin Dato' Hj. Md. Nor (Article 97(1)) Resolution 3
    - Ms. Tsai Pei Chen (Article 103) Resolution 4
    - Ms. Tsai, Chia-Yen (Article 103) Resolution 5
  - To appoint Messrs. Crowe Horwath as Auditors of the Company for the financial year ending 31 December 2018 and to authorise the Board of Directors to determine their remuneration. Resolution 6
- SPECIAL BUSINESS**
- To consider and, if thought fit, to pass with or without modifications, the following resolutions:-

**ORDINARY RESOLUTIONS**

    - Payment of Directors' Fees and Benefits for the financial year ended 31 December 2017**

"To approve the Directors' Fees and Benefits of RM110,000 for the financial year ended 31 December 2017 and payment of such fees and benefits to the Directors of the Company." Resolution 7
    - Payment of Directors' Fees and Benefits from 1 January 2018 up to the date of the next Annual General Meeting ("AGM").**

"To approve the Directors' Fees and Benefits of up to RM150,000 for the period from 1 January 2018 up to the date of the next AGM and payment of such fees and benefits to the Directors of the Company." Resolution 8
    - Authority to Issue Shares**

"THAT pursuant to section 76 of the Companies Act 2016 ("the Act") and approvals from the Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be and is hereby authorised to issue and allot shares in the Company from time to time until the conclusion of the next 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, and that the Board of Directors be and is also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities." Resolution 9
    - Renewal of Authority to Purchase its own Shares**

"THAT subject to the Act, provisions of the Constitution of the Company and the requirements of the Bursa Securities and other relevant governmental and regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to purchase its own shares through Bursa Securities, subject to the following:-
      - 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;
      - 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. As at the latest financial year ended 31 December 2017, the audited retained profits of the Company stood at RM13,817,000;
      - 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;
      - Upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner:-
        - to cancel the shares so purchased; or
        - 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
        - to retain part of the shares so purchased as treasury shares and cancel the remainder.The Directors of the Company be and are hereby authorised to take all such steps as are necessary and entering into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, if any, as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of the Company's shares in accordance with the Act, the requirements of the Bursa Securities and any other regulatory authorities, and other relevant approvals." Resolution 10
    - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

"THAT subject to the Act, provisions of the Constitution of the Company and the requirements of the Bursa Securities and other relevant governmental and regulatory authorities where such authority shall be necessary, approval be and is hereby given to the Company and/or its subsidiaries ("the Group") to enter into and to give effect to the recurrent related party transactions as specified in Section 2.4 of the Circular to the shareholders dated 24 April 2018 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 favourable to the Mandated Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company ("Proposed Renewal of Shareholders' Mandate"). AND THAT the Proposed Renewal of Shareholders' Mandate shall continue to be in force until:-
      - 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
      - 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
      - revoked or varied by resolution passed by the shareholders in a general meeting, whichever is the earlier.AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate." Resolution 11
    - Continuing in Office as Independent Non-Executive Director**
      - "THAT approval and authority be and is hereby given to Encik Megat Abdul Munir, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." Resolution 12
      - "THAT subject to the passing of Resolution 3 above, that approval and authority be and is hereby given to Encik Fazrin Azwar Bin Dato' Hj. Md. Nor, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." Resolution 13
      - "THAT approval and authority be and is hereby given to Mr. Teh Eng Hin, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." Resolution 14
  - 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)  
LEE MEI MEI (MAICSA 7062284)  
Secretaries  
Penang

Date: 24 April 2018

## NOTES:

- This Agenda item is meant for discussion only as the provision of section 244(2) of the Act do not require a formal approval of the shareholders and hence, is not put forward for voting.
- Kindly note that the date of the General Meeting Record of Depositors for the purpose of determining members' entitlement to attend, vote and speak at the Twenty-First Annual General Meeting shall be on 15 May 2018. A proxy need not be a member. There shall be no restriction as to the qualification of the proxy. To be valid, the proxy form duly completed must be deposited at the registered office of the Company at Suite S-21-H, 21st Floor, Menara Northam, 55, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time fixed for holding the meeting.

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 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.  
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.  
Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.  
If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.

## EXPLANATORY NOTES ON SPECIAL BUSINESS:

- Ordinary Resolution 7**

The proposed resolution is in accordance with Article 71 of the Constitution of the Company and section 230(1) of the Act and if passed, will authorise the payment of Directors' Fees and benefits to the Directors of the Company for their services as Directors for the year ended 31 December 2017.
- Ordinary Resolution 8**

The proposed resolution is in accordance with Article 71 of the Constitution of the Company and section 230(1) of the Act and if passed, will authorise the payment of Directors' Fees and benefits to the Directors of the Company for their services as Directors for the period from 1 January 2018 up to the date of next AGM.
- Ordinary Resolution 9**

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 Twentieth Annual General Meeting held on 25 May 2017 which will lapse at the conclusion of the Twenty-First Annual General Meeting.
- Ordinary Resolution 10**

The proposed resolution, if passed, will empower the Directors of the Company to purchase the Company's own shares up to ten per cent (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next 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 13 of this Annual Report 2017.
- Ordinary Resolution 11**

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 Annual General Meeting of the Company. Please refer to the Circular to Shareholders dated 24 April 2018.
- Ordinary Resolution 12**

The Board and its Nominating Committee had conducted an annual performance evaluation and assessment on the independence of Encik Megat Abdul Munir, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years and had recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications: -
  - in particular of his professional experience and contribution to the Board;
  - consistently challenging the management in an effective and constructive manner; and
  - actively participated in the Board's discussion and provided an independent voice on the Board.
- Ordinary Resolution 13**

The Board and its Nominating Committee had conducted an annual performance evaluation and assessment on the independence of Encik Fazrin Azwar Bin Dato' Hj. Md. Nor, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years and had recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications: -
  - detailed knowledge of the corporate environment and have commitment, experience and competence to effectively advise the Management;
  - consistently challenging the management in an effective and constructive manner; and
  - actively participated in the Board's discussion and provided an independent voice on the Board.
- Ordinary Resolution 14**

The Board and its Nominating Committee had conducted an annual performance evaluation and assessment on the independence of Mr. Teh Eng Hin, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years and had recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications: -
  - in particular of his professional experience in accounting and taxation areas and contribution to the Board;
  - consistently challenging the management in an effective and constructive manner; and
  - actively participated in the Board's discussion and provided an independent voice on the Board.

## 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-First Annual General Meeting of the Company.

## NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that a Final Single Tier Dividend of 18 sen per share for the year ended 31 December 2017, if approved, will be paid on 13 June 2018 to depositors registered in the Records of Depositors on 4 June 2018. A Depositor shall qualify for entitlement to the Dividend in respect of: -

- shares transferred into the Depositor's Securities Account before 4.00 p.m. on 4 June 2018 in respect of transfers;
- 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)  
LEE MEI MEI (MAICSA 7062284)  
Secretaries  
Penang

Date: 24 April 2018