

KEIN HING INTERNATIONAL BERHAD
[Company No. 200301013636 (616056-T)]
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE EIGHTEENTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT TRICOR BUSINESS CENTRE, MANUKA 2 & 3 MEETING ROOM, UNIT 29-01, LEVEL 29, TOWER A, VERTICAL BUSINESS SUITES, AVENUE 3, BANGSAR SOUTH, NO. 8, JALAN KERINCHI, 59200 KUALA LUMPUR, MALAYSIA ON THURSDAY, 28 OCTOBER 2021 AT 10.00 A.M.

The following Key Matters were discussed at the Eighteenth Annual General Meeting (“18th AGM”)

(a) Minority Shareholders’ Watch Group (“MSWG”) Letter

The Chairman had read out the Board of Directors’ reply to the MSWG letter dated 7 October 2021 which raised a few questions and sought clarifications on a few matters relating to the Financials and Corporate Governance of the Group which MSWG felt were of interest to the minority shareholders and all other shareholders of the Group. A copy of the MSWG’s letter had been uploaded to the Company’s website for the Members’ information.

(b) e-Voucher

Following the presentation of the Groups’ corporate video of the financial highlights for the year ended 30 April 2021, Members were informed on how to redeem the e-Voucher of RM200 as a door gift for the Members who participated in the 18th AGM online. The Company had received a number of questions regarding the giving of e-Voucher to purchase the Company’s products. In reply, the Members were informed that only Members who hold at least 1 lot or 100 shares each and who had attended the 18th AGM virtually would be entitled to receive the RM200 e-voucher which must be redeemed within one month during the period from 1st to 30th November 2021. A request was made for the Company to remove the minimum requirement for shareholders to have 100 shares to be entitled to get an e-Voucher to ensure that no one is left out. The Board felt that Members should show a token of support to the Company by investing in at least 1 lot or 100 shares each in the Company as they would get double in return. Hence, the Company rewards such shareholders accordingly.

(c) Business Operations and Prospects

A Member commented that revenue from the Vietnamese operations of the Company is growing, and asked if the revenue from the Company’s subsidiaries in Vietnam will overtake those from Malaysia, and roughly how long it would take to do that. The Board replied that Malaysia’s revenue and Vietnam’s revenue are currently in the ratio of 60:40, but eventually the ratio of Malaysia’s revenue to Vietnam’s revenue is expected to be 40:60 two years from now.

A questions was raised as to the amount of CAPEX the Company will provide for Vietnam operation in the next 3 years. In reply, Members were informed that investment in CAPEX for the Vietnam operation would be around RM10 million in the next few years.

The Board was asked how long it would take for the Company to pass over the increase in raw material prices, particularly steel price which had gone up significantly. The Board replied that the passing over can take up to 2 to 3 months. Except for one or two customers who may not accept it, the rest of the customers understood the need for the Company to do it.

Noting the results of the 1st Quarter of the financial year 2022 of the Company was affected by the MCO, the question was raised if the Company will recover in the coming quarter results. It was agreed that the 1st Quarter Results of the financial year 2022 was affected with stoppage of operation for almost 2 months. However, due to Management's resilience in identifying fixed costs and variable costs for better cost control, it had mitigated the losses suffered by the Group, and the Company is recovering in the Current Quarter.

The Board was asked about the prospect of Vietnam and if it will continue to be the bright spot compared to Malaysia in the coming one year. The Members were informed that Vietnam will be the bright spot compared to Malaysia in terms of economic growth, and as long as the Company continues to invest in Vietnam to keep up with Vietnam's increase in economic growth, the Company's business in Vietnam will benefit.

Another Member enquired if Company's factories in Vietnam are allowed to operate during the lockdown in Vietnam recently. Mr. Yap replied that Vietnam deals with Covid-19 pandemic lockdown differently, as employees in Vietnam were allowed to work and factories were allowed to operate subject to the condition that the workers must live in the factory premises during the lockdown which is different from Malaysia's MCO that affected the factory operations.

A Member enquired if the Company would move more management staff over to Vietnam and expand more in Vietnam in 2 years from now, as the revenue generated in Vietnam will be about 60%, and Malaysia 40%. In view of the growing importance of Vietnam to the Company's business, Members were informed that some Management staff may be transferred there, and their salary structure will be two to three times higher as compared to that in Malaysia.

In addition to that, another Member asked about the kind of products which the Company will be focused with the new expansion of Kein Hing Thai Nyugen (Vietnam) ("KHTV")? The Members were informed that the Group will continue to focus on its core metal stamping business, and KHTV will venture into machining business, as not many Vietnamese companies are participating into this particular area of business.

(d) Dividend Payment

In reply to a Member's question regarding as to whether the Members could expect higher dividends next year, the Members were informed that they can expect more dividend next year if there is no more Movement Control Order imposed by the Government of Malaysia and the Company is doing better. A Member thanked the Board for resuming payment of dividend. The Board replied that it broke the "rule" last year for not giving any dividend owing to the uncertainty caused by the Covid-19 pandemic, but the Members were assured that it is the Board's objective to continue to pay dividend to the Shareholders.