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

SUMMARY OF KEY MATTERS DISCUSSED AT THE NINETEENTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT TRICOR BUSINSSS 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 13 OCTOBER 2022 AT 10.00 A.M.

The following Key Matters were discussed at the Nineteenth Annual General Meeting (“19th AGM”). Questions raised by the Shareholders were duly answered by the Group Managing Director, Mr. Yap Toon Choy.

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

The Chairman had read out the Board of Directors’ reply to the MSWG letter dated 12 September 2022 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 with the Board of Directors’ reply had been uploaded to the Company’s website for the Members’ information.

(b) e-Voucher

Following the presentation of the Groups’ financial highlights for the year ended 30 April 2022, Members were informed on how to redeem the e-Voucher of RM200 or RM400 as door gifts for the Members who participated in the 19th AGM online and holding a minimum of 200 shares or a minimum of 10,000 shares respectively. The e-Voucher can be redeemed via WhatsApp at +6012-519-8017 or +6012-505-2198 in which a unique code will be provided. Members were reminded that the e-Voucher is valid from 14 October 2020 to 14 November 2022. In connection to this, a request was made for the Company to remove the minimum requirement for shareholders to have a minimum of 200 shares to be entitled to get an e-Voucher as the Board was informed that there are many Members holding less than 100 shares. The Board, however, felt that Members should show a token of support to the Company by investing in at least 200 shares each in the Company as they would get double in return. Hence, the Company rewards such shareholders accordingly.

(c) Business Operations And Prospects

Shareholders had raised questions regarding :

- whether the Company will tap into the semi-conductor supply chain;
- whether there is any plan for the Pegoh, Melaka factory;

- whether the Company has any plan to offer more products in the automotive precision and stamping business;

- whether there is any plan to reduce wastages;

- whether there is any plan to grow the Group's growth leader in the automotive segment;

- whether there will be more major capital expenditure ("CAPEX") going forward in the next 3 years; and

- whether the Company has any plan to expand to Thailand.

The reply was as follows:

The Company will remain in the sheet metal forming, precision machining, assembly of component for electronic, automotive and other industries, and manufacturing and fabrication of tools and dyes and assembly of components. The Company does not have any plan to do anything else for the time being because the Company has been very busy with businesses/orders received from its existing customers in Malaysia and Vietnam.

In view of this and as of now, the Company will not be producing any products for the semi-conductor supply chain. Similarly the Company has no other plan presently to utilise the Pegoh Melaka Plant. It will continue to rent the Pegoh Melaka Plant to the Japanese tenant. The Shareholders were informed that the automotive industry is a very difficult industry to go in and also very difficult to go out, due to the high investment costs involved. So to go in with the expectation for the sale to increase, one has to be patient as certainly there will be growth in sales and profits eventually.

The Company is already in the automotive stamping business for the last five years. By virtue of this, the Company has moved into producing parts for the electronic cars ("EV"), either directly or indirectly. The Company's products in the metal forming industry will always be relevant to EV. This is the Company's competitive advantage in an ever changing industry. Hence, the Company will continue to be relevant to the EV unless EV in future will be made of plastic parts or composite carbon laminated material. As far as the Company is concerned in the next ten years, products from the metal forming industry will be one of the major components in the EV. Actually, what the Company is selling to its customers is the system of manufacturing the metal forming product. Therefore, the customers will continue to liaise with the Company. They will continue to deal with the Company as long as EV requires metal components.

As the Company's business grow, there will be more scraps. Sales of scraps had increased because the price of scraps was good. As for the reduction of scrap, this will mainly be dependent on the customer's policy and/or requirement.

In the manufacturing industry, the Shareholders were informed that the Company will have to continue to invest and incur capital expenditure ("Capex"). For the Company, there will be RM5.0 million Capex to be incurred in the next financial year. It can possibly be increased to RM10 million if the situation warrants.

It was also explained to the Shareholders that the drop in the percentage of sales of the automotive segment over total Group sales was mainly because the automotive segment sales had remained the same while the sales of the printer and refrigerator business segment has performed beyond expectation during the same period.

In reply to the question of whether the Company has any plan to move to Thailand, the automotive manufacturing hub in South East Asia, the Shareholders were informed that it is too late for the Company to go into Thailand. Instead, it is better for the Company to stay and expand its business in Vietnam to the fourth factory.

(d) Vietnam Operation

With regards to the Vietnam Operation, shareholders had wanted to know:

- the new business or the customer's industry KHTV has;
- the reason driving the strong demand for metal parts used in printer, refrigerator, etc.;
- the products manufactured by the two new factories, viz. (a) 47k sq ft 3 storey RC factory and (b) 53k sq ft factory in the second phase, and their expected dates to start production; and
- whether the Company will shift more and more business to Vietnam; the development plan in Vietnam and in Malaysia.

The reply was as follows:

- The business of KHTV will remain the same as KHMV. KHTV's new factory has been built to act as a satellite factory for KHMV. Therefore, there will be no new business for KHTV, but there will be a lot of carry over business from KHMV to KHTV.
- The main reason for the strong demand for metal parts used in printer, refrigerator, etc. was mainly due to geopolitical reason. Japanese factories were shifted from China to Vietnam and this scenario will likely be continued within at least the next five years. All the "white goods" are expected to be transferred from China to Vietnam.
- The operation of the First Phase for 47k sq ft 3 storey factory has already started. KHTV is doing very well at the present moment. KHTV is generating more than enough to cover the expenses to run the factory whereas the 53k sq ft steel factory, will start operation around April or May 2023. KHTV will need to bring in all the new machines in January and February 2023 before the main operation starts in April or May 2023.

- Vietnam economy is growing faster than Malaysia because Japanese and Koreans are moving most of their factories in China to Vietnam This is the present situation. The total business in Vietnam will certainly be greater than in Malaysia from this month onwards. In Malaysia, there will not be any expansion unless there are some policy changes. Otherwise, it will be very difficult to expand in Malaysia.

(e) Dividends

Two questions were asked about dividends regarding:

- whether the Company can pay more dividend with a yield higher than the bank's FD interest rate;

- why a dividend of 1.5 cents per ordinary share was declared instead of 2.5 cents per ordinary share as promised since there is no more MCO effect during last year's AGM; and

- whether the Company has any plan to change the dividend policy rate.

The reply was as follows:

- The Company's dividend rate will not move in tandem with the Fixed Deposit interest rate.

- It was noted that at the 18^{th} Annual General Meeting ("18^{th} AGM") held on 28 October 2021, Members were informed that they could expect a dividend of 2.5 cents per share in 2022 if there was no Movement Control Order imposed by the Government of Malaysia and the Company is doing better. However, much as the Company wishes to pay better dividends to the shareholders, the unexpected Ukraine – Russia War which started in April 2022 had adversely affected the Company's profits and cash flow, and hence its ability to pay higher dividends in 2022. Moreover, a lot of cash was invested in the KHTV's new factory, too. The supply chain was disrupted; negatively impacting not only the Company, but also its customers. The supply chain issue will hopefully improve by next year. Therefore, it will be unlikely that the Company will have any plan to change the dividend policy rate this year.

(f) Share Price

A shareholder had asked if there is any initiative that the Company is going to do with the low valuation of its share price. In response, the Shareholders were informed that the Company is not interested in playing with the share price. Any share price movement will be left to the prevailing market forces. The Company's main interest is to grow its business and makes more profit and money for its stakeholders.