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

SUMMARY OF KEY MATTERS DISCUSSED AT THE MINUTES OF THE TWENTY-SECOND ANNUAL GENERAL MEETING OF THE COMPANY HELD AT RAFFLESIA BALLROOM, PALM GARDEN HOTEL, IOI RESORT CITY, 62502 PUTRAJAYA, MALAYSIA ON FRIDAY, 10 OCTOBER 2025 AT 10:00 A.M.

The following Key Matters were discussed at the Twenty-Second Annual General Meeting ("22nd AGM"). Questions raised by the Shareholders were duly answered by the Group Managing Director, Mr. Yap Toon Choy, Directors (collectively stated as "the Board") and Senior Management where applicable.

1. Minority Shareholders' Watch Group ("MSWG") Letter

There was no MSWG Letter as the representative from the MSWG was present physically in the 22nd AGM.

MSWG's representative brought up a few questions in relation to Business Operations and Prospects; Vietnam Operations; and Corporate Governance of the Group which MSWG felt were of interest to the minority shareholders and all other shareholders of the Group, which will be as summarised below.

2. Door gifts/ Product redemption

Following the presentation of the Groups' financial highlights for the financial year ended 30 April 2025, Members who participated in the 22nd AGM physically were informed on who are qualified for the door gifts and how to redeem the door gifts/ products.

However, the Board extends its appreciation for the support of shareholders with 100 shares of the Company who are not entitled to the door gifts.

A Shareholder mentioned that in the previous year, shareholders holding at least 200 ordinary shares were entitled to a door gift, but the criteria has been revised this year.

The Group Managing Director stated that Shareholders may collect the door gifts if there were any remainders at the end of the 22nd AGM.

Another Shareholder suggested that the Company should provide clarity to the Shareholders' eligibility for the door gifts to avoid any misunderstandings and unhappiness. However, the decision of Management is final. Management took note of the comment.

3. Business Operations And Prospects

Shareholders had raised questions regarding:

- the possible outlook, policies and challenges faced by the Company from the government's side.
- whether the recent 1QFY2026 performance turnaround is expected to be quite positive going forward.

- the impact of the upcoming carbon tax implementation in 2026, 2% EPF contribution for foreign workers, higher electricity tariffs and the increase of SST to 8% impact towards the Company's performance.
- the reason of the contraction in profit despite the revenue being comparable to FY2023.
- the outlook for the automotive segment, with BYD and Mazda expected to expand their business operations into Malaysia.
- the reason for classifying the RM19 million term deposit under "Other Investments" instead of under "Cash and Cash Equivalents (C&CE)".
- the details for the RM2.6 million in Other Income as it was not stated in the notes to the financial statements.
- the reason for the substantial increase from RM717,000 to RM4.5 million for Other Expenses.
- whether the forex loss of RM6.7 million was realised or unrealised, and whether it was related to trade transactions or balance sheet translation differences.
- the details for the write-off of property, plant and equipment ("PPE") amounting to RM966,000.
- the reason for the Group's revenue growth in spite of Japanese automotive players and home appliance makers losing their market share to Chinese players.
- whether the Group expects to gain a larger market share from other suppliers or if the growth is driven by customers' strong performance.
- the reason for the Groups' strength in the market.
- whether the Group has observed a trend of its customers consolidating their suppliers and shifting their shipments from China.
- whether the pricing is negotiated per order or contract based.
- whether the cost of raw material is very volatile in the industry.
- whether the Company has any plans or technical capabilities to produce metal components for AI related products.
- the Group's business plan to achieve higher revenue and profit in the next 5-Year.
- the Group's business plan to achieve revenue and profit growth next year.
- the reason for the high scrap sales of the Group.
- whether the Trading Segment (loss of RM1,300,788 for FYE 31 July 2025) is dependent on the Manufacturing Segment (profit of RM21,993,639) for its products.
- The capital expenditure of the Group for the next 3 years.

The Board's reply in summary was as follows:

(a) <u>KHIB's Business</u>

- The Group does not put its main focus on tariff matters, as these are beyond its control. However, the Group is able to adjust certain areas of its operations in face of uncertainties. The future performance of the Group will largely depend on government policies in both Vietnam and Malaysia. If Malaysia does not introduce favourable manufacturing policies, it may negatively impact the Group's operations.
- the carbon tax in Malaysia's Operations and Vietnam Operations is generally not applicable to KHIB as the customers apply and pay the carbon tax on the Group's behalf. However, it was noted that the implementation of the carbon tax momentum has currently slowed down. As for the higher electricity

tariffs, the 2% EPF contribution to foreign workers, and the increase in SST, it would not significantly affect the Group's operations, as the additional costs will be charged to the customers.

- the Group's decrease in Profit of RM12 million (FY2025) as compared to RM22 million (FY2023) was affected by product mix and foreign exchange fluctuation. The fluctuation in revenue was due to the fact that the industry comprises of multiple segments, and changes in sales mix has a direct impact on the profit margins as different segments command varying contribution margins. As for foreign exchange and losses, the USD exchange rate had fluctuated considerably over the past three years, rising to around USD 4.70 and dropping to USD 4.20, which had a notable impact on the Group's bottom line, particularly when comparing profits on a year-on-year basis. In 2023, the Ringgit Malaysia weakened against USD from USD 4.00 to USD 4.70, resulting in forex gains for the Group. In 2023, the Group disposed of a small property, which generated a gain of RM4 million. In FY2025, with the Ringgit Malaysia strengthening, it lead to a reduction of approximately RM3 million in the Group's earnings.
- the RM19 million being classified under "Other Investment" instead of C&CE was due to the adoption of the new accounting standards, whereby fixed deposits of more than 3 months are now to be classified under "Other Investment".
- the RM2.6 million under "Other Income" included an insurance claim amounting to RM1.9 million, which constituted the main component of the balance. Further details on the other income can be found in Note 18 of the Annual Report 2025 ("AR2025").
- the details of "Other Expenses" and details of forex loss are disclosed in Note 18 on Page 103 of the AR2025.
- the write-off for PPE amounting to RM966,000 was related to damage to the buildings and machines which insurance claims had been made, which resulted in corresponding fluctuations in other income and other expenses.
- the Japanese players lost their market share to the Korean players, after that the Japanese managed to hold on to the basic level. The current losses are from Samsung and other Korean companies to the Chinese companies. Where Printers are concerned, the Japanese are still number one in the world. As far as automotive is concerned, Toyota is still the number one in the world, too. The Group is involved in producing components for certain local and American market. The Group's manufacturing environment allows it to undertake certain processes that European and American companies are not willing to perform. Therefore, the Group has been able to maintain its position in the automotive segment. The Japanese automotive makers are maintaining their market share while the European and American automotive makers are losing their market share to the Chinese.
- the Group's operations (larger market share from other suppliers and growth from customers' strong performance) in Vietnam are performing well. However, it is not the case in Malaysia.
- the Group possesses competitive advantage in areas that external parties are unable to achieve or perform, and the Group's internal management is very strong and effective. It can guarantee cost, delivery and quality.
- the Group had not observed a trend of its customers consolidating their suppliers and shifting their shipments from China.

- the pricing depends on the number of processes the customer wants the Group to do.
- the cost of raw material is not very volatile in the industry.
- the scrap sales are part of the Group's profit. In a contract, the buyers will take into consideration the calculation of scrap in determining for the cost of the product that the Group manufactures for them. The scraps are properly accounted for and sold.

(b) CAPEX

- the Group is still expanding; acquiring land and building and construction of new factory. The capital expenditure is benchmarked against revenue; i.e. 5% of the total revenue. The Group's expansion plan is still ongoing. In Malaysia, assets utilization has reached 80%, but in Vietnam it is about 60% only.

(c) Future Prospect

- The Group's performance will be affected by season and cyclical factors. Therefore, despite the 1QFY2026 better performance, the Group's quarterly result will be cyclical but the total earning is expected to remain similar as that of previous financial year.
- the Group's automotive segment is not particularly strong, as it requires a significant level of government connections. However, the Group is very strong with the Japanese related companies. If the automotive segment is linked to Japanese companies, then the Group is involved, and get some business. If the automotive segment is linked to other countries, the Group may have some difficulties doing business with them. Nonetheless, the Group is able to maintain its current level of contribution from the automotive segment.
- the Board opined that although AI is widely known, its practical application in manufacturing remains challenging. The Board noted that many are aware of the concept of AI, but few understand how to effectively implement it in actual production processes. Robotics is not feasible for Malaysia with a population of 35 million only. The use of robotics is very suitable for Europe, US or China which have Labour Laws which are different from those in Malaysia, and those countries have a volume base which allows production to run continuously without stopping. KHIB is in a low volume, high mix industry which it excels in. Under such circumstances, KHIB is able to manoeuvre, change and transform on short notice, giving KHIB the competitive edge.
- the Board commented that it may be difficult to forecast what the Group's business will be like in the next 5 years in view of the ever changing global uncertainties and challenges. Nevertheless, the Board feels that 2026 and 2027 will still be good years for the Group, but hesitated to comment on 2027 because the Group's industry is dependent on Government policies. The Board may have to look at other plans to move away from metal stamping. This will be revealed in due course when the direction materialised.
- the Group may have two other major businesses going forward. The Board is of the opinion that the metal stamping industry is still fundamental and

there is a demand for it. So, the Group sees no reason to change the business for the moment.

- the Trading and Manufacturing segments of the Group are separate segments. Manufacturing segments produces for the Group's buyers, while Trading segment is doing OEM business. The Group is planning to grow the Trading Segment in the near term.

4. <u>Vietnam Operations</u>

Shareholders had raised questions regarding:

- the expected payback period from committed orders for the Group's investment in Vietnam.
- the impact of the insurance claim of the RM1.9 million in relation to the July 2025 disaster in Vietnam.
- the impact of the floods in northern Vietnam on KHMV's operations in Hanoi.
- the reason for all KHIB's factories to be located in northern Vietnam.
- whether any new items by the existing printer product maker will be awarded to the new KHMV warehouse under construction in VSIP.
- whether the Group's factories located in northern Vietnam faces any electricity supply problems.
- whether the new factory is set up to produce a new product.

The Board's reply in summary was as follows:

- the Group has already begun receiving significant returns from its investments in Vietnam, and sales in Vietnam has already exceeded those in Malaysia. The Group's operations are increasingly focused on the Vietnamese market, where all companies are setting up in the northern part of Vietnam particularly from Japan and China. The Board noted that while there is strong demand, the Group is unable to meet all of it at the moment. Nevertheless, the Board is confident that further improvements will be seen over the next five years.
- the write-off for PPE amounting to RM966,000 was related to damage to the buildings and machines which insurance claims had been made, which resulted in corresponding fluctuations in other income and other expenses.
- the floods in KHMV, Hanoi only stopped operations for one day, as the Vietnamese people are very resilient.
- KHIB factories are located in northern Vietnam because southern Vietnam was very competitive those days and the start-up cost was high, and was very crowded. It was easier and less costly to start an operation in northern Vietnam then.
- there are many new refrigerator and printer components, some of which are very precise and the Group is upgrading its system to move in that direction to stay at that high precision level and to seize the businesses available.
- if the industrial parks in northern Vietnam face any electricity supply problems, the Vietnamese Government allows companies to work on Saturdays and Sundays to replace the production day lost due to electricity supply problem.
- the new factory is set up to cater for the Group's business plan in the next few years rather than in response to the manufacturing of a new product. The Group has to build capacity to be ready to accept new orders from the customers, and be ready to be the first mover in the Group's industry.

5. Corporate Governance

Shareholders had raised questions regarding:

- the reason of the relatively low remuneration package of the Executive Chairman and the Group Managing Director.
- the Board should justify the increase in the remuneration of the Executive Directors, if any.

The Board's reply in summary was as follows:

- the remuneration of the Executive Chairman was determined on an arm's length basis.
- the Board noted the Shareholders' comment to justify the increase in remuneration of the Executive Directors, if any.

6. Dividend/ Share Price

Shareholders had raised questions regarding:

- the reason for the same dividend rate declared in the previous year, which is lower than the prevailing bank interest rate, and suggesting the increment of dividend could enhance the Company's share price.
- the Company's share price has been below RM2.00 for some time, and whether the Company is considering any bonus or warrant issue to reward the shareholders.
- the dividend per ordinary share has been increasing from 1.0 sen in 2022 to 2.5 sen in 2025; the Shareholder hoped KHIB will continue to increase the dividend.

The Board's reply in summary was as follows:

- the Board expressed confidence that the dividend for the next financial year would be higher than that of the current year.
- the Board has no plans currently to issue any bonus shares or warrants. Should there be any, the Company will make the necessary announcements to Bursa Malaysia.
- the Board noted the Shareholders comment.