



SERN KOU RESOURCES BERHAD
[Registration No. 200001016496 (519103-X)]
(Incorporated in Malaysia)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting ("AGM") of SERN KOU RESOURCES BERHAD ("Company" or "SKRB") will be held at Level 2, Lot PTD 6019 (Lot 8804), Jalan Perindustrian 1, Kawasan Perindustrian Bukit Bakri, Mukim Bakri, 84200 Muar, Johor Darul Takzim on Wednesday, 25 November 2020 at 11.00 a.m. for the following purposes: -

1. To receive the audited financial statements for the financial year ended 30 June 2020 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**
2. To re-elect the following Directors who are retiring in accordance with Paragraph 97 of the Company's Constitution: -
 - i) Leou Thiam Lai **(Ordinary Resolution 1)**
 - ii) Loo Eng Hua **(Ordinary Resolution 2)**
3. To re-elect Ms Siah Chew Peng, the Director who is retiring in accordance with Paragraph 104 of the Company's Constitution. **(Ordinary Resolution 3)**
4. To approve the payment of Directors' Fees amounting to RM411,000 for the financial year ended 30 June 2020. **(Ordinary Resolution 4)**
5. To approve the payment of Directors' Remuneration (excluding Directors' Fees) payable to the Board of the Company and its subsidiaries up to an amount of RM19,008 for the period from 1 December 2020 until 30 November 2021. **(Ordinary Resolution 5)**
6. To re-appoint Messrs BDO PLT (LLP0018825-LCA & AF 0206) as Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

Special Business

To consider and if thought fit, to pass the following resolutions, with or without modifications:-

7. **Ordinary Resolution**
- Authority to Issue Shares

"THAT subject always to the Companies Act, 2016, Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Sections 75 and 76 of the Companies Act, 2016 to issue not more than twenty percent (20%) of the issued capital of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof."

(Ordinary Resolution 7)

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8. Ordinary Resolutions

- Continuing in office as Independent Non-Executive Directors

- (i) "THAT authority be and is hereby given to Tan Sri Abdul Rahim Bin Mohd Noor, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to act as an Independent Non-Executive Director of the Company." **(Ordinary Resolution 8)**
- (ii) "THAT authority be and is hereby given to Datuk Tay Puay Chuan, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to act as an Independent Non-Executive Director of the Company." **(Ordinary Resolution 9)**
- (iii) "THAT authority be and is hereby given to Dr Tan Chee Huat, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to act as an Independent Non-Executive Director of the Company." **(Ordinary Resolution 10)**
- (iv) "THAT subject to the passing of Ordinary Resolution 1, authority be and is hereby given to Mr Leou Thiam Lai, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to act as an Independent Non-Executive Director of the Company." **(Ordinary Resolution 11)**

9. To transact any other business for which due notice has been given.

By Order of the Board

LIM LEE KUAN (SSM PC No. 202008001079 & MAICSA 7017753)
NG SALLY (SSM PC No. 202008002702 & MAICSA 7060343)
Chartered Secretaries
Kuala Lumpur
27 October 2020

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Notes:

- (1) A Member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. A proxy may, but need not, be a Member of the Company and there shall be no restriction as to the qualification of the proxy where a Member appoints more than 1 proxy, he shall specify the proportions of his holdings to be represented by each proxy, failing which the appointment shall be invalid.
- (2) A Member who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA") 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.
- (3) Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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. An Exempt Authorised Nominee refers to an authorised nominee as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA. Where a Member 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. The appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.
- (4) The instrument appointing a proxy shall be in writing executed under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- (5) The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Lot PTD 6019 (Lot 8804), Jalan Perindustrian 1, Kawasan Perindustrian Bukit Bakri, Mukim Bakri, 84200 Muar, Johor Darul Takzim, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority.
- (6) The Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the Meeting is 19 November 2020.

Explanatory Notes:

(i) Item 1 of the Agenda

The Audited Financial Statements under this agenda item is meant for discussion only as the provision of Section 248(1) and Section 340(1)(a) of the Companies Act 2016 (the "Act") does not require a formal approval of the shareholders and hence this Agenda item is not put forward for voting.

(ii) Item 2 - Retirement of Director

YBhg Datuk Dr Haris Bin Haji Salleh who was appointed as Independent Non-Executive Director of the Company on 18 December 2003 would retire in accordance with Paragraph 97 of the Company's Constitution.

YBhg Datuk Dr Haris Bin Haji Salleh has informed the Board of his intention to retire as a Director and therefore would not be seeking for re-election at this AGM. Hence, he will retain office until the conclusion of the Twentieth AGM of the Company.

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(iii) Item 4 and 5 of the Agenda - Ordinary Resolutions 4 and 5

Section 230(1) of the Act provides amongst others, that “the fees” of the directors and “any benefits” payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders’ approval shall be sought at the Twentieth AGM on the Directors’ Remuneration in two (2) separate resolutions as below: -

- Resolution 4 on payment of Directors’ Fees for the financial year ended 30 June 2020; and
- Resolution 5 on payment of Directors’ Remuneration (excluding Directors’ Fees) payable to the Board of the Company and its subsidiaries for the period ended from 1 December 2020 until 30 November 2021 (“Relevant Period”).

The payment of the Directors’ Fees in respect of the financial year ended 30 June 2020 will only be made if the proposed Resolution 4 has been passed at the Twentieth AGM pursuant to Paragraph 105 of the Company’s Constitution and Section 230(1) of the Act.

The estimated total amount of remuneration (excluding Directors’ Fees) for the Relevant Period of RM19,008 comprise the insurance premium.

Payment of Directors’ Remuneration (excluding Directors’ Fees) will be made by the Company and its subsidiaries on a monthly basis and/or as and when incurred if the proposed Resolution 5 has been passed at the Twentieth AGM. The Board is of the view that it is just and equitable for the Directors to be paid the Directors’ Remuneration (excluding Directors’ Fees) on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the financial period from 1 December 2020 until 30 November 2021. In the event, where the payment of Directors’ Remuneration (excluding Directors’ Fees) payable during the above period exceeded the estimated amount sought at the AGM, a shareholders’ approval will be sought at the next AGM.

(iv) Item 7 of the Agenda - Ordinary Resolution 7

Bursa Malaysia Securities Berhad has on 16 April 2020, issued a letter on the additional temporary relief measures to listed corporation which included the increased general mandate limit for new issuance of securities from the existing 10% to 20% (“20% General Mandate”).

The proposed Ordinary Resolution 7, if passed, will empower the Directors from the date of this AGM, to allot and issue up to a maximum of 20% of the issued share capital of the Company for the time being (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

The rationale for this general mandate is to eliminate the need to convene general meeting(s) from time to time to seek shareholders’ approval as and when the Company issues new shares for future business opportunities and thereby reducing administrative time and cost associated with the convening of such meeting(s). The general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares, for the purpose of future investment project(s), working capital, repayment of borrowings and/ or acquisition.

This is the renewal of the mandate obtained from the shareholders at the last AGM held on 26 November 2019 (“the Previous Mandate”). The Previous Mandate was not utilised and no proceeds were raised.

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(v) Item 8 of the Agenda - Ordinary Resolutions 8 to 11

Continuing In Office as Independent Non-Executive Directors

The Nomination Committee and the Board of Directors have assessed the independence of Tan Sri Abdul Rahim Bin Mohd Noor, Datuk Tay Puay Chuan, Dr Tan Chee Huat and Mr Leou Thiam Lai, who have served as the Independent Non-Executive Directors of the Company for a cumulative term of 9 years or more, and recommended them to continue acting as the Independent Non-Executive Directors of the Company based on the following justifications:-

- a) they fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, they would be able to provide a check and balance and bring an element of objectivity to the Board;
- b) they are familiar with the Company's business operations and are able to advise the Board diligently;
- c) they have devoted sufficient time and attention to their professional obligations for informed and balanced decision making by actively participating in Board discussion and provided an independent voice to the Board; and
- d) they have exercised their due care during their tenure as Independent Non-Executive Directors of the Company and carried out their professional duties in the best interest of the Company and shareholders.

Measures to Minimise Risk of COVID-19

In order to minimise the risk of community spread of COVID-19, the Company will be taking the following precautionary measures at the Twentieth (20th) AGM:

1. All attendees will be required to undergo a temperature check and make a health declaration;
2. Any person who has fever or exhibits flu-like symptoms will not be permitted to attend the 20th AGM; and
3. There will be no door gift and refreshment served at the 20th AGM.

On the seating arrangement and number of individuals to be present at the venue, the Company will observe the directives, safety and precautionary requirements as prescribed by the Government, the Ministry of Health, the Malaysian National Security Council, and other relevant authorities to curb the spread of Covid-19 as they abide by.

We strongly encourage members to appoint the Chairman of the 20th AGM as their proxy to attend and vote at the 20th AGM. To vote on any or all of the resolutions at the 20th AGM, you are encouraged to send in your votes in advance by proxy and appoint the Chairman as your proxy. The proxy form is attached to the Annual Report 2020. If you have any questions in relation to any item of the Agenda of the 20th AGM, you may send them in advance via email at tang_acct@sernkou.com.

As the COVID-19 situation continues to evolve, the Company will closely monitor the situation and reserves the right to take further measures as appropriate and comply with any requirements or recommendation of any government agencies from time to time.

The Company seeks the understanding and cooperation of all Shareholders to minimise the risk of community spread of COVID-19.