



SERN KOU RESOURCES BERHAD

[Registration No. 200001016496 (519103-X)]

(Incorporated in Malaysia)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting ("22nd 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 Friday, 25 November 2022 at 10.00 a.m. for the following purposes: -

1. To receive the audited financial statements for the financial year ended 30 June 2022 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 104 of the Company's Constitution: -
 - i) Ms Teh Su-Ching **(Ordinary Resolution 1)**
 - ii) Ms Seow Jing Hui **(Ordinary Resolution 2)**
 - iii) Mr Chua Oou Chuan **(Ordinary Resolution 3)**
3. To approve the payment of Directors' Fees amounting to RM639,100 for the financial year ended 30 June 2022. **(Ordinary Resolution 4)**
4. 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 RM3,000,000 for the period from 1 December 2022 until 30 November 2023. **(Ordinary Resolution 5)**
5. To re-appoint Messrs BDO PLT [201906000013 (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:-

6. **Ordinary Resolution**
- Proposed Waiver of Statutory Pre-Emptive Rights of the Shareholders and 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 and allot not more than ten percent (10%) of the total number of issued shares (excluding treasury shares) 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.

THAT pursuant to Section 85 of the Companies Act, 2016 to be read together with Regulation 54 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered with new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares in the Company pursuant to this mandate.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares."

(Ordinary Resolution 7)

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7. Ordinary Resolution - Continuing in office as Independent Non-Executive Director

"THAT 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 8)

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

By Order of the Board

NG SALLY (SSM PC No. 202008002702 & MAICSA 7060343)
GOH XIN YEE (SSM PC No. 202008000375 & LS0010359)

Chartered Secretaries
Kuala Lumpur
27 October 2022

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 17 November 2022.

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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 of the Agenda - Ordinary Resolutions 1 to 3

Tan Sri Abdul Rahim Bin Mohd Noor and Datuk Tay Puay Chuan will retire in accordance with Paragraph 97 of the Constitution of the Company and will not seek for re-election in view of the nine-year policy for Independent Non-Executive Director pursuant to the Malaysian Code on Corporate Governance 2021. Accordingly, they will retain office until the close of the 22nd AGM.

No individual is seeking election as a Director at the forthcoming 22nd AGM of the Company.

Ms Teh Su-Ching, Ms Seow Jing Hui and Mr Chua Oou Chuan are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 22nd AGM. The profile of the retiring Directors is set out in the Profile of Directors of the Annual Report 2022.

(iii) Items 3 and 4 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 22nd 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 2022; 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 2022 until 30 November 2023 ("Relevant Period").

The payment of the Directors' Fees in respect of the financial year ended 30 June 2022 will only be made if the proposed Resolution 4 has been passed at the 22nd 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 RM3,000,000 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 22nd 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 2022 until 30 November 2023. 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.

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(iv) Item 5 of the Agenda - Ordinary Resolution 6

The Audit Committee ("AC") has carried out an assessment of the suitability, objectivity and independence of the external auditors, Messrs BDO PLT ("BDO") and was satisfied with the suitability of BDO based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group.

The Board therefore approved the AC's recommendation on the re-appointment of BDO as the external auditors of the Company be put forward for the shareholders' approval at the forthcoming 22nd AGM.

(v) Item 6 of the Agenda - Ordinary Resolution 7

The proposed Ordinary Resolution 7, if passed, will allow the Company to waive the statutory pre-emptive rights of the shareholders of the Company to be offered with new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares in the Company pursuant to this mandate. Accordingly, the Company wishes to seek approval from the shareholders for the Directors to issue shares to any person, whether a member or not, in such numbers or proportions as the Directors may determine under this mandate.

This mandate, if passed, will also empower the Directors from the date of this AGM, to allot and issue up to a maximum of 10% of the issued shares 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 25 November 2021 ("the Previous Mandate"). The Previous Mandate was not utilised and no proceeds were raised.

(iv) Item 7 of the Agenda - Ordinary Resolution 8

Continuing In Office as Independent Non-Executive Director

The Nomination and Remuneration Committee and the Board of Directors have assessed the independence of Mr Leou Thiam Lai, who has served as the Independent Non-Executive Director of the Company for a cumulative term of nine (9) years or more, and recommended them to continue acting as the Independent Non-Executive Director of the Company based on the following justifications:-

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