

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

MINUTES OF THE TWENTY-THIRD ANNUAL GENERAL MEETING ("23RD AGM") OF THE COMPANY 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, 24 NOVEMBER 2023 AT 10.00 A.M.

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**PRESENT**

Members – The Shareholders and proxies are as per the attendance list.

**DIRECTORS**

Mr Onn Kien Hoe ("Mr Onn") - Chairman of the Meeting  
(Chairman cum *Independent Non-Executive Director*)

Mr Low Peng Sian @ Chua Peng Sian - Also a Shareholder  
(*Managing Director*)

Ms Teh Su-Ching  
(*Independent Non-Executive Director*)

Mr Chua Oou Chuan  
(*Independent Non-Executive Director*)

Mr Seow Jing Hui  
(*Independent Non-Executive Director*)

Loo Eng Hua ("Mr Loo") - Also a Shareholder  
(*Non-Independent Non-Executive Director*)

Mr Lee Shen Wang - Also a Shareholder  
(*Executive Director*)

Ms Siah Chew Peng  
(*Executive Director*)

**IN ATTENDANCE**

Ms Ng Sally - Company Secretary

**BY INVITATION**

Ms Tang Choon Yen - Chief Financial Officer  
Diong See Yim - Representative of TMF Administrative Services Malaysia Sdn. Bhd.

Puan Zahidah Binti Ismail  
Mr Muzaffar Abu Bakar  
Ms Aida Sophea Abdul Rahim } Representatives of Boardroom Share Registrars Sdn. Bhd., the Share Registrar & Poll Administrator

Mr Johnny Sia	}	Representatives of Messrs BDO PLT, the External Auditors
Mr Terrence Ting Xian Wei		
Ms Sam Pui Yan		- Independent Scrutineer
Ms Lim Szee Ying		

## 1. CHAIRMAN

Mr Onn Kien Hoe presided as the Chairman of the Meeting, and he welcomed all present at the Twenty-Third Annual General Meeting (“23<sup>rd</sup> AGM”) of the Company.

The Chairman introduced the Board of Directors to the Members and informed the Meeting that pursuant to Paragraph 70 of the Company’s Constitution, no business shall be transacted at any general meeting unless a quorum of Members was presented at the time when the meeting proceeds to business. He then informed the Meeting that two (2) Members present in person or by proxy shall be a quorum.

## 2. QUORUM

The Secretary confirmed that a quorum was present pursuant to the Paragraph 70 of the Constitution of the Company.

With the requisite quorum being present, the Chairman called the Meeting to order at 10.00 a.m.

## 3. NOTICE OF MEETING

The Chairman informed the Members that the Share Registrar of the Company had been tasked to e-mail and post the Notification Letter of the 23<sup>rd</sup> AGM to all members on 26 October 2023. The Notice of 23<sup>rd</sup> AGM had been announced to Bursa Malaysia Securities Berhad, and the same was also advertised in The New Straits Times within the prescribed period.

With the consent of the Members, the Notice convening the Meeting was taken as read.

The Chairman highlighted that it was mandatory for all listed issuers to conduct poll voting on all proposed resolutions set out in the notice of general meeting.

As such, Boardroom Share Registrars Sdn. Bhd. was appointed to act as the Poll Administrator whilst Ms Lim Szee Ying was appointed to act as the independent scrutineer to validate the poll results of the 23<sup>rd</sup> AGM.

He added that the results of the votes would be announced at the conclusion of the 23<sup>rd</sup> AGM, stating the total number of votes cast on the poll (together with the percentage) in favour of and against each and every resolution.

## 4. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

The Audited Financial Statements (“AFS”) for the financial year ended 30 June 2023 together with the Reports of the Directors and Auditors thereon, having been circulated to all the Members of the Company within the prescribed period, were tabled before the Meeting.

The Chairman informed the Meeting that the AFS were meant for discussion only, as it did not require shareholders' approval in accordance with Section 248(1) and Section 340(1)(a) of the Companies Act 2016. Hence, this Agenda item would not be put for voting.

The Chairman invited questions from the floor. As there was no question raised from the floor, the Chairman declared that the Audited Financial Statements for the financial year ended 30 June 2023 together with the Reports of the Directors and the Auditors thereon, be received and the Meeting proceeded to the next item on the Agenda of the Meeting.

**5. ORDINARY RESOLUTION 1  
RE-ELECTION OF DIRECTOR – MR LOO ENG HUA**

The Chairman informed the Meeting that Mr Loo Eng Hua and Ms Siah Chew Peng were subject to retirement in accordance with Paragraph 97 of the Company's Constitution and being eligible, had offered themselves for re-election.

The Meeting noted that the profiles of the retiring Directors standing for re-election were set out under the Directors' Profile on pages 65 and 66 of the 2023 Annual Report.

The Chairman proceeded to table the motion on the re-election of Mr Loo Eng Hua as a Director of the Company, who was retiring pursuant to Paragraph 97 of the Company's Constitution and being eligible, had offered himself for re-election as Director.

The Chairman invited questions from the floor. As there was no question raised from the floor, the Chairman proceeded to the next item on the agenda.

**6. ORDINARY RESOLUTION 2  
RE-ELECTION OF DIRECTOR – MS SIAH CHEW PENG**

The Chairman continued with the proposed Ordinary Resolution 2 on the re-election of Ms Siah Chew Peng as a Director of the Company, who was retiring pursuant to Paragraph 97 of the Company's Constitution and being eligible, had offered herself for re-election as Director.

The Chairman invited questions from the floor. As there was no question raised from the floor, the Chairman proceeded to the next item on the agenda.

The Chairman informed that the next agenda was related to the re-election of himself as a Director of the Company and thus, he passed the chair to Mr Loo Eng Hua to proceed with the next agenda.

**7. ORDINARY RESOLUTION 3  
RE-ELECTION OF DIRECTOR – MR ONN KIEN HOE**

Mr Loo Eng Hua accepted the chairmanship and continued with the proposed Ordinary Resolution 3 on the re-election of Mr Onn Kien Hoe as a Director of the Company, who was retiring pursuant to Paragraph 104 of the Company's Constitution and being eligible, had offered himself for re-election as Director.

The Acting Chairman invited questions from the floor. As there was no question raised from the floor, he then passed the Chairmanship back to Mr Onn Kien Hoe to proceed to the next item on the agenda.

**8. ORDINARY RESOLUTION 4  
DIRECTORS' FEES AMOUNTING TO RM705,848.00 FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2023**

The Chairman informed the Meeting that the next proposed resolution was to approve the payment of Directors' Fees amounting to RM705,848.00 for the financial year ended 30 June 2023.

The Chairman invited questions from the floor. As there was no question raised from the floor, the Chairman proceeded to the next item on the agenda.

**9. ORDINARY RESOLUTION 5  
DIRECTORS' FEES AMOUNTING UP TO RM800,000.00 ONLY FOR THE FINANCIAL  
YEAR ENDING 30 JUNE 2024**

The Chairman informed the Meeting that the next proposed resolution was to approve the payment of Directors' Fees amounting to RM800,000.00 only for the financial year ending 30 June 2024.

The Chairman invited questions from the floor. As there was no question raised from the floor, the Chairman proceeded to the next item on the agenda.

**10. ORDINARY RESOLUTION 6  
DIRECTORS' REMUNERATION (EXCLUDING DIRECTORS' FEES)**

The Meeting noted that the next proposed resolution was 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 RM3,100,000 for the period from 1 December 2023 until 31 December 2024.

He highlighted that according to Section 230 of the Companies Act 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries should be approved at a general meeting. Payment of Directors' Remuneration would be made by the Company on a monthly basis and/or as and when incurred, if approved by the Members.

The Chairman invited questions from the floor. As there was no question raised from the floor, the Chairman proceeded to the next item on the agenda.

**11. ORDINARY RESOLUTION 7  
RE-APPOINTMENT OF AUDITORS**

The Meeting then proceeded to consider the re-appointment of Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

The Chairman added that the retiring Auditors, Messrs BDO PLT had indicated their willingness to continue in office.

The Chairman invited questions from the floor. As there was no question raised from the floor, the Chairman proceeded to the next item on the agenda.

**12. SPECIAL BUSINESS - ORDINARY RESOLUTION 8  
WAIVER OF STATUTORY PRE-EMPTIVE RIGHTS OF THE SHAREHOLDERS AND  
AUTHORITY TO ISSUE SHARES**

The Meeting proceeded to consider the motion on the authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016. The Chairman explained to the Members that the proposed resolution, if passed, would give the authority to the Board to issue new shares as and when necessary, up to a maximum of ten per centum (10%) of the issued share capital of the Company, subject to the approvals of all the relevant governmental/regulatory bodies and that the authorisation would expire at the conclusion of the next AGM of the Company, unless being revoked or varied by the Company in general meeting.

It was noted that the rationale for this motion was to waive the statutory pre-emptive rights of the shareholders of the Company to be offered with new shares ranking equally to the existing shares of the Company arising from any issuance of new shares in the Company pursuant to this mandate and 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 would 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 and/or acquisition.

The Meeting noted that no shares had been issued and allotted by the Company pursuant to the general mandate obtained from its shareholders at the last Annual General Meeting held on 25 November 2022.

It was noted that the details of the proposal had been clearly set out in the Notice of the 23rd AGM dated 26 October 2023, as below: -

“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.”

The Chairman then invited questions from the floor. As there was no question raised from the floor, the Chairman proceeded to the next item on the agenda.

The Chairman invited the Poll Administrator to take the Members through the procedures of polling.

Thereafter, the Members proceeded to cast their votes and the Poll Administrator collected all the poll forms.

The Chairman announced that the Meeting would be adjourned for 15 minutes or until the Poll Administrator had completed counting of the votes casted and requested the shareholders/proxies to return to the hall after 15 minutes.

Ms Teh Su-Ching, the Independent Non-Executive Director of the Company and Chairman of the Audit Committee presented the Company's reply in relation to the Minority Shareholders Watch Group's questions to all attendees, a copy of which was attached for identification purpose and appended as Appendix A. She also informed the Meeting that the Company had also replied to MSWG's questions via e-mail on 16 November 2023.

After the counting of the votes casted, the Chairman called the Meeting to order and announced the poll results as detailed hereunder: -

RESOLUTIONS	FOR			AGAINST		
	No. of Shareholders	No. of Votes	Percentage of Voted Shares (%)	No. of Shareholders	No. of Votes	Percentage of Voted Shares (%)
<u>Ordinary Resolution 1</u> To re-elect Mr Loo Eng Hua, who is retiring in accordance with Paragraph 97 of the Company's Constitution.	41	666,755,787	100%	0	0	0
<u>Ordinary Resolution 2</u> To re-elect Ms Siah Chew Peng, who is retiring in accordance with Paragraph 97 of the Company's Constitution.	41	666,755,787	100%	0	0	0
<u>Ordinary Resolution 3</u> To re-elect Mr Onn Kien Hoe, who is retiring in accordance with Paragraph 104 of the Company's Constitution.	41	666,755,787	100%	0	0	0

RESOLUTIONS	FOR			AGAINST		
	No. of Shareholders	No. of Votes	Percentage of Voted Shares (%)	No. of Shareholders	No. of Votes	Percentage of Voted Shares (%)
<u>Ordinary Resolution 4</u> To approve the payment of Directors' Fees amounting to RM705,848.00 for the financial year ended 30 June 2023.	41	666,755,787	100%	0	0	0
<u>Ordinary Resolution 5</u> To approve the payment of Directors' Fees amounting to RM800,000.00 only for the financial year ending 30 June 2024.	41	666,755,787	100%	0	0	0
<u>Ordinary Resolution 6</u> 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 RM3,100,000 for the period from 1 December 2023 until 31 December 2024.	41	666,755,787	100%	0	0	0
<u>Ordinary Resolution 7</u> To re-appoint Messrs BDO PLT as auditors of the Company	41	666,755,787	100%	0	0	0
<u>Ordinary Resolution 8</u> Proposed Waiver of Statutory Pre-Emptive Rights of the Shareholders and Authority to issue shares	41	666,755,787	100%	0	0	0

Thereafter, the Chairman declared the results as follows: -

<b>Resolutions</b>	<b>Outcome of Poll Results</b>
Ordinary Resolution 1	Carried
Ordinary Resolution 2	Carried
Ordinary Resolution 3	Carried
Ordinary Resolution 4	Carried
Ordinary Resolution 5	Carried
Ordinary Resolution 6	Carried
Ordinary Resolution 7	Carried
Ordinary Resolution 8	Carried

### **13. CONCLUSION**

There being no other business, the Chairman, the Meeting then concluded at 10.40 a.m. with a vote of thanks to the Chair.

CONFIRMED AS CORRECT RECORD  
OF THE PROCEEDINGS THEREAT



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ONN KIEN HOE  
CHAIRMAN

Dated: 13 December 2023



# Appendix A



# **SERN KOU RESOURCES BERHAD** 200001016496(519103-X)

Lot PTD 6019 (Lot 8804), Jalan Perindustrian 1, Kawasan Perindustrian Bukit Bakri,  
Mukim Bakri 84200 Muar Johor.

Tel: +606-986 5562 Fax: +606-986 5570

16 November 2023

The Chief Executive Officer  
Badan Pengawas Pemegang Saham Minoriti Berhad  
Level 23, Unit 23-2, Menara AIA Sentral,  
No. 30, Jalan Sultan Ismail,  
50250 Kuala Lumpur.

**BY EMAIL**

**Attention : Mr Devanesan Evanson**

Dear Sir,

**23<sup>rd</sup> Annual General Meeting (“AGM”) of Sern Kou Resources Berhad (“Sern Kou”  
or the “Group”) to be held on Friday, 24 November 2023**

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We refer to your letter dated 8 November 2023. Kindly find your issues raised in the interest of minority shareholders and all other stakeholders of Sern Kou and our management replies hereunder.

### **Operational & Financial Matters**

1. Sern Kou posted yet another record-breaking turnover at RM380.6 million. The improvement was chiefly attributed to higher contribution from the processing and trading of wood segment on the back of higher demand. (Page 6 of AR 2023)

What were the factors driving demand and does the Board expect this sales momentum to continue?

#### **REPLY:**

During FYE 2022, both the sellers and buyers alike adopted highly cautious approaches in response to the prevailing uncertainty. This caution led to a decline in both selling and buying sentiment, despite the government's announcement of the transition to the endemic phase and the reopening of borders pursuant to the National Recovery Plan.

Moving into FYE 2023, sellers and buyers across various industries have successfully adapted to the endemic and the new normal. This resilience has revitalised sentiments, contributing to an upswing in both demand and supply. Consequently, supply and demand have recovered and stabilised during FYE 2023, experiencing a noticeable increase at a higher rate compared to FYE 2022.

The Group anticipates to maintain its revenue at the FYE 2023 level despite the geopolitical tensions and increasing macroeconomic uncertainty.



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2. The profitability suffered despite the top-line improvement mainly due to higher input cost across all segments that affected our performance. In FY2023, gross profit stood at RM19.1 million as compared to RM29.7 million in the prior year. (Page 7 of AR 2023)

- (a) Please name the major cost items in both segments and the price trend of these cost items from FY2022 to FY2023.

**REPLY:**

Major cost items for respective segments were as follows:

Manufacturing and Trading of Furniture		
Item	FYE 2023 %	FYE 2022 %
Raw Materials	70	74
Direct Labour and others	30	26
Total	100	100

Processing and Trading of Wood		
Item	FYE 2023 %	FYE 2022 %
Raw Materials	93	92
Direct Labour and others	7	8
Total	100	100

- (b) Based on the Board's outlook of the current market conditions, does the Board expect the input cost to moderate moving forward?

**REPLY:**

Anticipated geopolitical tensions and growing macroeconomic uncertainty are expected to lead to an increase in input costs.



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3. In FY2023, The Manufacturing and Trading of Furniture Segment recorded a lower revenue of RM43.6 million (FY2022: RM58.5 million) while the segment loss widened to RM6.1 million from RM 4.4 million a year ago. (Pages 188 & 189 of AR 2023)

- (a) What were the factors that resulted in consecutive segment loss?

**REPLY:**

The US central banks raised the interest rates multiples times during FYE 2023, reaching the highest level in 22 years, as part of the efforts to stabilise prices in the world's largest economy. The contraction in the furniture industry is notably evident, and a significant number of Malaysian furniture companies were adversely affected by this downturn.

The fire incident that occurred in the second quarter of FYE 2023, leading to the destruction of one manufacturing plant and damages to a spray painting facility, has adversely impacted the segment's capacity to fulfil received orders. This, in turn, has also resulted in decreased in revenue for FYE 2023.

- (b) What is the Board's outlook for this segment and what is the Board's plan to turn this segment profitable?

**REPLY:**

Global furniture demand is anticipated to decline, attributed to the anticipated geopolitical tensions and growing macroeconomic uncertainty. As the result, there will be an increase in competition among local furniture manufacturers, leading to reduced production volumes and intensified price competition.

The Board intends to explore and diversify into new markets as a strategy to lessen its reliance on the current major market, the US, with the aim of boosting sales volume and revenue. Additionally, the Board intends to modernise the production process by upgrading to more advanced plants and machinery. This initiative is aimed at maximising the utilisation of existing capacity and reducing losses



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4. Moving forward, the Group will continue to shift more resources and efforts to focus on our sustainable forestry venture. (Page 5 of AR 2023)

Please elaborate more on the development of the sustainable forestry venture since the last AGM. Has the Group already secured a location for trees planting?

### **REPLY:**

The group is currently in discussions and negotiations with the pertinent authorities to secure a suitable location for tree planting initiatives.

Simultaneously, we are in the process of exploring capital funding options for the new venture with the merchant bankers and advisors.

Immediate announcements will be made as soon as we have finalised the locations or secure the necessary capital funding.

### **Corporate Governance Matters**

1. The Company has departed from Practice 4.4 of the Malaysian Corporate of Corporate Governance, ("MCCG") for not including a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Does the Company plan to apply Practice 4.4? If so, what is the timeline?

### **REPLY:**

The Board and senior management actively engage in the identification and addressing of the company's material sustainability risks and opportunities by collaborating with the internal ESG committee, internal auditors, and the ESG framework consultant. Regular meetings and discussions are conducted to facilitate comprehensive strategic planning and implementation.

The Board intends to undertake the annual review and assessment of the performances for both the Board and senior management in addressing the company's material sustainability risks and opportunities in the FYE 2024.



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Please feel free to contact our Company Secretary should you require further clarification.

Thank you.

Yours faithfully,  
Sern Kou Resources Berhad

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Low Peng Sian @ Chua Peng Sian  
Group Managing Director