

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

MINUTES OF THE TWENTY-FOURTH ANNUAL GENERAL MEETING (“24TH 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, 22 NOVEMBER 2024 AT 11:00 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  
Ms Yuki Chong Yek Kee - Representative of TMF Administrative Services Malaysia Sdn. Bhd.

Mr Zulkernaen Abdul Samad  
Kok Wen Tek } Representatives of Boardroom Share Registrars Sdn. Bhd., the Share Registrar & Poll Administrator

Mr Francis Cyril Singam	}	Representatives of Messrs BDO PLT, the
Ms Liew Jia Wen		External Auditors
Mr Tan Ye Shean	}	Independent Scrutineer
Ms Lim Szee Ying		

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## **1. CHAIRMAN**

Mr Onn Kien Hoe presided as the Chairman of the Meeting, and he welcomed all present at the Twenty-Fourth Annual General Meeting (“24th 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 Paragraph 70 of the Constitution of the Company.

With the requisite quorum being present, the Chairman called the Meeting to order at 11:00 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 24th AGM to all members on 24 October 2024. The Notice of 24th 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 24th AGM.

He added that the results of the votes would be announced at the conclusion of the 24th 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 2024**

The Audited Financial Statements (“AFS”) for the financial year ended 30 June 2024 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 2024 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 LOW PENG SIAN @ CHUA PENG SIAN**

The Chairman informed the Meeting that Mr Low Peng Sian @ Chua Peng Sian, Mr Lee Shen Wang and Ms Teh Su-Ching were subject to retirement in accordance with Paragraph 97 of the Company's Constitution and being eligible, had offered themselves for re-election.

The Chairman proceeded to table the motion on the re-election of Mr Low Peng Sian @ Chua Peng Sian 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 – MR LEE SHEN WANG**

The Chairman continued with the proposed Ordinary Resolution 2 on the re-election of Mr Lee Shen Wang 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.

**7. ORDINARY RESOLUTION 3**  
**RE-ELECTION OF DIRECTOR – MS TEH SU-CHING**

The Chairman continued with the proposed Ordinary Resolution 3 on the re-election of Ms Teh Su-Ching 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.

**8. ORDINARY RESOLUTION 4**  
**DIRECTORS' FEES AMOUNTING UP TO RM800,000.00 FOR THE FINANCIAL YEAR ENDING 30 JUNE 2025**

The Chairman informed the Meeting that the next proposed resolution was to approve the payment of Directors' Fees amounting to RM800,000.00 for the financial year ending 30 June 2025.

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' REMUNERATION (EXCLUDING DIRECTORS' FEES) UP TO AN AMOUNT OF RM3,500,000.00 FOR THE PERIOD FROM 1 JANUARY 2025 UNTIL 31 DECEMBER 2025**

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 RM3,500,000 for the period from 1 January 2025 until 31 December 2025.

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.

Mr Norhisam Bin Sidek, the Representative of the Minority Shareholder Watch Group has enquired on the increase in the proposed Directors' Remuneration and noted that the proposed increase was due to the remuneration to be paid to the Managing Director (MD), Mr Chua Peng Sian from one of the subsidiaries. Mr Chua has not received any remuneration from this subsidiary since his appointment as the Managing Director of the Group.

The Chairman informed that the Company acknowledged the valuable contributions of Mr. Low Peng Sian @ Chua Peng Sian to the Group. The Board of Directors also mutually agreed that it would be reasonable for Mr. Low Peng Sian @ Chua Peng Sian to receive the entitled Director's Remuneration as proposed.

The Chairman also took the opportunity to inform shareholders of the contributions of Mr Low Peng Sian @ Chua Peng Sian to the Group. In this regard, the Group, through Mr Low Peng Sian @ Chua Peng Sian and the management team have been working on a major project which is expected to have a positive financial impact on the Group in future years. He added that the said project is currently in the advanced stages of development and the details would be announced in due course.

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

**10. ORDINARY RESOLUTION 6**  
**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.

**11. SPECIAL BUSINESS – ORDINARY RESOLUTION 7  
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 24 November 2023.

It was noted that the details of the proposal had been clearly set out in the Notice of the 24th AGM dated 24 October 2024, 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 Chairperson of the Audit Committee was invited to present 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.

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 Low Peng Sian @ Chua Peng Sian, who is retiring in accordance with Paragraph 97 of the Company’s Constitution.	38	664,474,055	100%	0	0	0
<u>Ordinary Resolution 2</u> To re-elect Mr Lee Shen Wang, who is retiring in accordance with Paragraph 97 of the Company’s Constitution.	39	672,455,555	100%	0	0	0
<u>Ordinary Resolution 3</u> To re-elect Ms Teh Su-Ching, who is retiring in accordance with Paragraph 104 of the	39	672,455,555	100%	0	0	0

**Sern Kou Resources Berhad [Registration No. 200001016496 (519103-X)]**  
**Minutes of the Twenty-Fourth Annual General Meeting held on 22 November 2024**

Company's Constitution.						
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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 RM800,000.00 for the financial year ending 30 June 2025.	39	672,455,555	100%	0	0	0
<u>Ordinary Resolution 5</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 RM3,500,000 for the period from 1 January 2025 until 31 December 2024.	38	672,455,255	99.9999%	1	300	0.0001%
<u>Ordinary Resolution 6</u> To re-appoint Messrs BDO PLT as auditors of the Company	39	672,455,555	100%	0	0	0
<u>Ordinary Resolution 7</u> Proposed Waiver of Statutory Pre-Emptive Rights of the Shareholders and Authority to issue shares	39	672,455,555	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

## **12. CONCLUSION**

There being no other business, the Chairman, the Meeting then concluded at 11.40 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: 10 December 2024





21 November 2024

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.

Dear Sir,

**24<sup>th</sup> Annual General Meeting (“AGM”) of Sern Kou Resources Berhad (“Sern Kou” or the “Group”) to be held on Friday, 22 November 2024**

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We refer to your letter dated 18 November 2024. Kindly find your issues raised in the interest of minority shareholders and all other stakeholders of Sern Kou and our management replies hereunder.

**A. OPERATIONAL & FINANCIAL MATTERS**

1. Despite registering an all-time high revenue of RM493.8 million for FY2024, a rise of 29.7% year-on-year from RM380.6 million in the prior year, which was largely driven by stronger contribution from the major segment processing and trading of wood division on the back of higher sales, Sern Kou did not manage to register a profit before tax but a higher loss before tax of RM13.71 million (excl. insurance compensation) in FY2024 (FY2023: Loss of RM4.48 million excl. insurance compensation) (Page 5 and Page of 143 of the Annual Report (AR) 2024/AR2024). The loss was due to underperformance and higher year-on-year loss of the manufacturing and trading furniture segment, which was impacted by an impairment loss on property plant equipment, etc. (Pages 196-197 of AR2024).
  - a) How do the Board and management intend to immediately address the Group's financial performance, especially with the higher pre-tax loss recorded in FY2024? What are the current critical steps taken to return to profitability?
  - b) What is the prospect of reducing the underperformance segment's loss scale, i.e., the furniture division, in FY2025? Are the Board and management expecting it to improve? If not, why?

**REPLY:**

- a) The Group has taken immediate proactive actions to reverse this trend. To achieve profitability, the Group is evaluating and enhancing current practices, including all relevant factors, and exploring a new venture.
- b) While the Group is exploring a new venture that could contribute to its profitability, the prospects of the furniture segment will depend on the outcome of this initiative.



2. Higher Cost of Sales to Revenue Ratio and Reduction in Gross Profit Margin

In FY2024, Sern Kou's Cost of sales (COS) to Revenue ratio increased to 97.60% (RM481,940,702/RM493,769,301×100) (FY2023: 94.98%). Hence, the Group's gross profit margin (GPM) decreased to 2.40% (RM11,828,599 /RM493,769,301 × 100) in FY2024 from a GPM of 5.02% in FY2023. This represents a drop in GPM by 52.19% (Page 143 of AR2024).

- a) How will the Group manage its COS to Revenue ratio moving forward?
- b) As the business may not be sustainable with such a GPM level, what is the immediate action to improve the GPM level? In what ways can Sern Kou improve its GPM level?

**REPLY:**

- (a) Our key actions to improve GPM moving forward is prioritising margin over volume growth. The Group will focus on maintaining and improving margins by carefully evaluating pricing strategies and ensuring that our products are sold at optimal profitable levels. We will avoid pursuing high-volume sales at the expense of margin, as this can compromise long-term profitability.
- (b) In the short term, our focus is on implementing strategic pricing and pursuing a new venture.

3. The Group is pleased to share that the restoration and repair efforts at one of its furniture manufacturing plants in Muar, Johor that was previously affected by a fire incident back in December 2022, made good progress and is expected to be completed soon followed by installation of new machines. The facility will be equipped with new machinery and equipment (Page 3 of AR2024).

- a) What is the percentage of progress made by the restoration and repair efforts, and when does the Group expect the exercise to be completed?
- b) What is the budget requirement for the new machinery and equipment for FY2025?

**REPLY:**

- a) The restoration and repair efforts at the Muar, Johor plant are 80% completed, and the Group expects the project to be fully completed by 3QFYE2025, following the installation of the new machinery and equipment. Training and test run for the new machinery are scheduled to commence in December 2024.
- b) The budget requirement for FYE2025 includes RM1 million as the remaining balance for the restoration and installation of the factory building. Additionally, RM4.4 million is allocated for the replacement of machinery and equipment that were completely destroyed in the fire incident.



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**B. SUSTAINABILITY MATTERS**

4. Climate Change

The Company partially achieved the KPI for Scope 1 Emissions Intensity over Sales (tCO<sub>2</sub>e/ RM'mil) of 2% reduction, achieving only 0.90% reduction of Scope 1 emissions intensity over sales (Page 24 of AR2024).

a) What factors led to this lower percentage in FY2024?

b) What is the target for FY2025, and what plans have been rolled out to achieve it?

**REPLY:**

- a) In FYE2024, SKRB recorded Scope 1 emissions of 441.82 tCO<sub>2</sub>e, reflecting an 11.9% year-on-year decrease from 501.64 tCO<sub>2</sub>e in FYE2023. This reduction was primarily due to lower diesel consumption, as certain manufacturing tasks were subcontracted to external providers in the manufacturing of furniture segment in order to sustain sales, and the destruction of one of the facilities due to the fire incident led to a reduction in internal diesel usage.

However, emissions intensity margins (when measured against revenue) saw a smaller reduction due to the challenging operating environment experienced in FYE2024, where revenue were primarily driven by the Group's processing and trading of wood segment. The destroyed manufacturing plant was in the process of rebuilding its fire damaged facilities, could not contribute directly to revenue gain for that financial year.

That said, the rebuilt furniture manufacturing plant is expected to commence production by 3QFYE2025, which should allow for the resumption of emissions intensity based on revenue to be a comparable metric for FYE2026 and onwards.

- b) The Group has taken note of the discrepancy and is in the midst of reassessing and revising the KPIs and targets for adoption, which are currently undergoing review by the Risk Management and Sustainability Committee (RMSC).

The Group's current focus on emissions reduction is on managing the Scope 2 emissions, which constitute the bulk of the Group's total emissions (please see the breakdown of Emissions Generated on page 49 of AR2024). The Group has adopted renewable energy, with 2 out of 8 business units having installed Solar Photovoltaic Panels.



5. Technology and Innovation

Due to inventory valuation and stock issues, the full rollout of SAP has been delayed to the second half of 2024 (Q2 FY2025) (Page 24 of AR2024).

- a. What were the details of the abovementioned two issues?
- b. What is the progress of the full rollout of SAP, and does the Group expect a further delay in its implementation? If so, why?
- c. What sustainability challenges will the Group face in the near and immediate term in case of further delay?

**REPLY:**

- a. The full rollout of the SAP system has been delayed due to challenges in two critical areas:

**1. Product Code Redesign**

The redesigning of product code is required for the inventory valuation process to ensure the system could effectively allocate costs at a more detailed level. While this change is critical for achieving better financial and operational insights, it has required additional time for restructuring and testing.

**2. Inventory Management**

The transition to the new system also required substantial enhancements to the stock management processes. This involves realigning stock tracking and reporting mechanisms to ensure they integrate seamlessly with the updated product codes.

Despite these delays, other critical modules, including marketing, procurement, and accounting, are fully operational within the SAP system.

- b. The Group has engaged a new SAP consultant to address the outstanding issues and is actively working towards a resolution. Given the complexity of the system and the scope of the required changes, the new consultant has advised that it would be prudent to schedule the full rollout during the FYE2025. This timeline allows for thorough testing and ensures alignment with the financial closing as at 30 June 2025.
- c. We do not foresee any significant sustainability challenges, as the current system is operating concurrently to support ongoing operations. The SAP implementation is aimed at enhancing the efficiency and streamlining of reporting processes, providing additional long-term benefits once fully operational.



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

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

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**C. CORPORATE GOVERNANCE MATTERS**

The Company is seeking shareholders' approvals for the payment of Directors' Remuneration (excluding Directors' Fees) payable to the Board of the Company and its subsidiaries up to RM3,500,000.00 for the period from 1 January 2025 until 31 December 2025 (Notice of 24th AGM). This represents an increase of 12.90% compared to RM3,100,000.00 for the period from 1 December 2023 until 31 December 2024 (Notice of 23rd AGM).

We also noted that the Company's bottom-line performance has deteriorated from FY2022 to FY2024.

What are the justifications for the higher remuneration that the Company is tabling for shareholders' approval?

**REPLY:**

The proposed increase was due to the remuneration to be paid to the Managing Director (MD) of one of the subsidiaries, which has contributed substantially to the Group's revenue. The MD has not received any remuneration from this subsidiary since his appointment.

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