



SERN KOU RESOURCES BERHAD
(519103-X)
(Incorporated in Malaysia)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth 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 Thursday, 23 November 2017 at 11.00 a.m. for the following purposes:-

- To receive the audited financial statements for the financial year ended 30 June 2017 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**
- To re-elect the following Directors who are retiring in accordance with Article 128 of the Company's Constitution:-
 - Dr Tan Chee Huat **(Ordinary Resolution 1)**
 - Mr Loo Eng Hua **(Ordinary Resolution 2)**
 - Mr Leou Thiam Lai **(Ordinary Resolution 3)**
- To re-appoint Tan Sri Abdul Rahim Bin Mohd Noor, who retires at the conclusion of this Seventeenth Annual General Meeting of the Company as an Independent Non-Executive Director of the Company. **(Ordinary Resolution 4)**
- To approve the payment of Directors' fees amounting to RM334,300 for the financial year ended 30 June 2017. **(Ordinary Resolution 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 RM3,040,000 for the period from 31 January 2017 until the next Annual General Meeting. **(Ordinary Resolution 6)**
- To re-appoint Messrs BDO (AF 0206) as Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 7)**

Special Business

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

- 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 ten percent (10%) 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 8)**
- Ordinary Resolutions**
- Continuing in office as Independent Non-Executive Directors
 - "THAT subject to the passing of Ordinary Resolution 4, authority be and is hereby given to Tan Sri Abdul Rahim Bin Mohd Noor, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to act as Independent Non-Executive Director of the Company." **(Ordinary Resolution 9)**
 - "THAT authority be and is hereby given to Datuk Dr Haris Bin Haji Salleh, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to act as Independent Non-Executive Director of the Company." **(Ordinary Resolution 10)**
 - "THAT authority be and is hereby given to Datuk Tay Puay Chuan, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to act as Independent Non-Executive Director of the Company." **(Ordinary Resolution 11)**
 - "THAT subject to the passing of Ordinary Resolution 1 authority be and is hereby given to Dr Tan Chee Huat, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to act as Independent Non-Executive Director of the Company." **(Ordinary Resolution 12)**
- To transact any other business for which due notice has been given.

By Order of the Board

LIM LEE KUAN (MAICSA 7017753)
NG SALLY (MAICSA 7060343)
Chartered Secretaries

Kuala Lumpur
31 October 2017

Notes:

- A member may appoint only one (1) proxy to attend on the same occasion. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. There shall be no restriction as to the qualification of the proxy.
- Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 it may appoint only one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities accounts ("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. If a Member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holding to be represented by each proxy.
- 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.
- 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 forty-eight (48) hours before the time appointed for holding the meeting or any adjourned meeting as the case may be.
- The Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the Meeting is 16 November 2017.

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 3 of the Agenda - Ordinary Resolution 4

Tan Sri Abdul Rahim Bin Mohd Noor who is over the age of 70 years was re-appointed under Section 129 of the Companies Act, 1965 at 2016 AGM held on 23 November 2016. With the removal of the above section under the Companies Act, 2016, he is subject to retirement and eligible for re-appointment at the forthcoming Seventeenth AGM to be held on 23 November 2017. The proposed Resolution 4 is to seek shareholders' approval on the re-appointment of Tan Sri Abdul Rahim Bin Mohd Noor as an independent Non-Executive Director of the Company.

(iii) Item 4 and 5 of the Agenda - Ordinary Resolutions 5 and 6

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 Seventeenth AGM on the Directors' remuneration in two (2) separate resolutions as below:-

- Resolution 5 on payment of Directors' fees for the financial year ended 30 June 2017; and
- Resolution 6 on payment of Directors' remuneration (excluding Directors' fees) payable to the Board of the Company and its subsidiaries for the period ended from 31 January 2017 until the next AGM ("Relevant Period")

The payment of the Directors' Fees in respect of the financial period ended 30 June 2017 will only be made if the proposed Resolution 5 has been passed at the Seventeenth AGM pursuant to Section 111 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 RM3,040,000 were determined based on the various factors including the number of scheduled meetings for the Board and Board Committees as well as the extend of involvement of the respective Directors. It is also subject to the changes in the regulatory requirements (if any) from time to time.

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 6 has been passed at the Seventeenth 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 31 January 2017 until the next AGM. 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 8

The proposed Ordinary Resolution 8, if passed, will empower the Directors from the date of this AGM, to allot and issue up to a maximum of 10% 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 projects(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 23 November 2016 ("the Previous Mandate"). The Previous Mandate was not utilised and no proceeds were raised.

(v) Item 8 of the Agenda - Ordinary Resolutions 9 to 12

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 Dr Haris Bin Haji Salleh, Datuk Tay Puay Chuan and Dr Tan Chee Huat, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than 9 years, and recommended them to continue acting as the Independent Non-Executive Directors of the Company based on the following justifications:-

- 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;
- they are familiar with the Company's business operations and are able to advise the Board diligently;
- they have devoted sufficient time and attention to their professional obligations for informed and balanced decision making by actively participated in Board discussion and provided an independent voice to the Board; and
- 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.