

**SKP RESOURCES BERHAD**  
[Registration No. 200001021690 (524297-T)]  
(Incorporated in Malaysia)

**MINUTES OF THE TWENTY-THIRD ANNUAL GENERAL MEETING OF THE COMPANY HELD ON A FULLY VIRTUAL BASIS VIDE THE ONLINE MEETING PLATFORM HOSTED ON SECURITIES SERVICES E-PORTAL AT [HTTPS://SSHSB.NET.MY/](https://sshsb.net.my/) PROVIDED BY SS E SOLUTIONS SDN. BHD. IN MALAYSIA ON FRIDAY, 29 SEPTEMBER 2023 AT 11:00 A.M.**

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<b>DIRECTORS</b>	:	Tan Sri Datuk Hussin Bin Haji Ismail Mr. Ivan Gan Poh San Mr. Koh Chin Koon Ms. Anita Chew Cheng Im Mr. Goh Kah Im	<i>(Independent Non-Executive Chairman)</i> <i>(Managing Director)</i> <i>(Non-Independent Non-Executive Director)</i> <i>(Independent Non-Executive Director)</i> <i>(Independent Non-Executive Director)</i>
<b>MEMBERS</b>	:	As per Attendance List	
<b>PROXY HOLDERS</b>	:	As per Attendance List	
<b>INVITEES</b>	:	As per Attendance List	
<b>IN ATTENDANCE</b>	:	Mr. Kau Wai Faun Ms. Lee Ming Li Ms. Chua Siew Chuan Ms. Yau Jye Yee Ms. Rachel Chong	<i>(Group Financial Controller)</i> <i>(External Auditors)</i> <i>(Company Secretary)</i> <i>(Company Secretary)</i> <i>(Assisting the Company Secretary)</i>

**CHAIRMAN**

Tan Sri Datuk Hussin Bin Haji Ismail, the Chairman of the Company ("**Tan Sri Chairman**") was in the Chair. Tan Sri Chairman welcomed all present to the live streaming of the Twenty-Third ("**23rd**") Annual General Meeting ("**AGM**") of the Company and called the Meeting to order at 11:00 a.m.

Tan Sri Chairman then proceeded to introduce the Directors, the Company Secretary and the representative from Ernst & Young PLT, the External Auditors of the Company all of whom joined the Meeting remotely.

**QUORUM**

The requisite quorum being present pursuant to Clause 96 of the Company's Constitution, Tan Sri Chairman declared the Meeting duly convened.

Tan Sri Chairman informed the Meeting that the Company was using 21 September 2023 as the determinant date of the General Meeting Record of Depositors.

**NOTICE**

The Notice convening the Meeting dated 31 July 2023 having been circulated within the prescribed period was with the permission of the Meeting, taken as read.

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**PROCEEDINGS**

Ms. Chua Siew Chuan ("**Ms. Chua**"), the Company Secretary informed that the Meeting would first go through all the formalities of the agenda items followed by a questions and answer session.

The Secretary further informed that Securities Commission Malaysia has stipulated that shareholders and proxies could rely on real time submission of typed text to exercise their rights to speak or communicate in a virtual meeting by submitting questions or remarks in relation to the agenda item. Therefore, they were requested to use the text box provided in the live stream player within the same e-Portal page to submit their questions. The Meeting shall via the broadcast announce the relevant questions and answer them accordingly.

The Meeting was informed that the Company would endeavour to respond to all questions relevant to the Agenda items during the Meeting and any unattended questions or remarks submitted by shareholders and/or proxies would be responded to via email after the conclusion of the Meeting.

The Secretary then informed that the voting session had commenced from the start of the Meeting and shall continue until the closure of the voting session to be announced. Alternatively, shareholders, proxies or corporate representatives could also cast their vote after all the question and answer session in relation to each Agenda item have been dealt with.

The Meeting noted that SS E Solutions Sdn. Bhd. was the Poll Administrator and Commercial Quest Sdn. Bhd. was the Independent Scrutineers to verify the results of the poll voting.

A step-by-step guide together with a short audio clip on the Securities Services e-Portal ("**SSeP**") online voting module within the e-Portal was played.

**VOTING PROCEDURES**

Tan Sri Chairman informed that voting for Meeting would be conducted by way of electronic polling in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Tan Sri Chairman then informed that there is no legal requirement for a proposed resolution to be seconded, as such shareholders could submit the votes at their own time before the closure of voting.

**LETTER RECEIVED FROM MINORITY SHAREHOLDERS WATCH GROUP**

Tan Sri Chairman informed that the Company had received a letter from the Minority Shareholders Watch Group ("**MSWG**") dated 21 September 2023.

The Company Secretary read and presented the questions raised by the MSWG as well as the response from the Company. A copy of MSWG's letter dated 21 September 2023 together with the Company's written reply dated 26 September 2023 is attached herein as "**Appendix A**".

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**1.0 AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND THE AUDITORS THEREON**

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Tan Sri Chairman informed the Meeting that the first item on the Agenda was to receive the Audited Financial Statements for the financial year ended 31 March 2023 ("**AFS 2023**") together with the Reports of the Directors and the Auditors thereon.

The Meeting noted shareholders' approval is not required for this item of the agenda and would not be put for voting. Tan Sri Chairman then declared that the AFS 2023 together with the Directors' and Auditors' Reports thereon be received.

**2.0 ORDINARY RESOLUTION 1  
RE-ELECTION OF MS. ANITA CHEW CHENG IM WHO RETIRES IN ACCORDANCE WITH CLAUSE 119 OF THE COMPANY'S CONSTITUTION**

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Tan Sri Chairman informed the Meeting that the next item on the Agenda was to re-elect the retiring Director, namely, Ms. Anita Chew Cheng Im to Clause 119 of the Company's Constitution and being eligible, had offered herself for re-election.

**3.0 ORDINARY RESOLUTION 2  
RE-ELECTION OF TAN SRI DATUK HUSSIN BIN HAJI ISMAIL WHO RETIRES IN ACCORDANCE WITH CLAUSE 118 OF THE COMPANY'S CONSTITUTION**

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Tan Sri Chairman informed the Meeting that in view of the next item on the Agenda is on his re-election, Tan Sri Chairman handed over the chairmanship to Mr. Ivan Gan Poh San ("**Mr. Ivan Gan**") to chair this segment of the Meeting.

Mr. Ivan Gan took over the chairmanship and informed the Meeting that the next item on the Agenda was to re-elect Tan Sri Datuk Hussin Bin Haji Ismail who retired in accordance with Clause 118 of the Company's Constitution and being eligible, had offered himself for re-election.

The Meeting noted that the re-election of each Director is to be voted individually.

Mr. Ivan Gan then handed over the chairmanship back to Tan Sri Chairman. Tan Sri Chairman thanked Mr. Ivan Gan for chairing this item of the Agenda.

**4.0 ORDINARY RESOLUTION 3  
PAYMENT OF DIRECTORS' FEES OF RM455,000.00 FOR THE PERIOD FROM 1 OCTOBER 2023 TO 30 SEPTEMBER 2024, TO BE PAYABLE ON A QUARTERLY BASIS IN ARREARS**

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Tan Sri Chairman informed the Meeting that the next item on the Agenda was to approve the payment of Directors' fees of RM455,000.00 (Ringgit Malaysia: Four Hundred and Fifty-Five Thousand only) from 1 October 2023 to 30 September 2024, to be payable on a quarterly basis in arrears.

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Tan Sri Chairman informed that Ordinary Resolution 3 is to facilitate payment of Directors' fees on current financial year basis.

**5.0 ORDINARY RESOLUTION 4  
RE-APPOINTMENT OF ERNST & YOUNG PLT AS AUDITORS OF THE COMPANY  
UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING AND TO  
AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION**

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Tan Sri Chairman informed the Meeting that the next item on the Agenda was to re-appoint Ernst & Young PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.

**6.0 SPECIAL BUSINESS  
ORDINARY RESOLUTION 5  
AUTHORITY TO ISSUE SHARES PURSUANT TO COMPANIES ACT 2016 AND  
WAIVER OF PRE-EMPTIVE RIGHTS**

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Tan Sri Chairman informed that the next item on the Agenda was a special business to approve the Ordinary Resolution on the authority to issue shares pursuant to the Companies Act 2016 and waiver of pre-emptive rights.

Tan Sri Chairman informed that the proposed adoption of this Ordinary Resolution was to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued did not exceed 10% of the total issued share capital of the Company for the time being.

Once the proposed Ordinary Resolution is carried, the shareholders of the Company shall agree to waive their statutory pre-emptive right and thus will allow the Directors to issue new shares to any person under general mandate without having to offer the new shares to all existing shareholders of the Company prior to issuance of the new shares.

**7.0 SPECIAL BUSINESS  
ORDINARY RESOLUTION 6  
PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS  
OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")**

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Tan Sri Chairman informed that the next item on the Agenda was a special business to approve the Ordinary Resolution on the Proposed Renewal of Share Buy-Back Authority.

The proposed adoption of the ordinary resolution is to renew the authority granted by the shareholders of the Company at the Twenty-Second Annual General Meeting held on 23 September 2022.

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The proposed renewal is to enable the Directors to exercise the power of the Company to purchase not more than 10% of the total number of issued shares of the Company at any point of time, within the time period stated in the Bursa Securities' Main Market Listing Requirements.

**8.0 ANY OTHER BUSINESS**

There was no other notice received to transact any other business.

**QUESTION AND ANSWER SESSION**

Tan Sri Chairman informed the Meeting that the following questions were received from shareholders via SSeP and invited Mr. Ivan Gan, the Managing Director to respond to the questions:-

**1. Questions from Mr. Lau Thing Sing**

- (i) What is the Company's future outlook?;
- (ii) Any door gift to be given to those who participated in the AGM?

**Answer**

- (i) The Company is facing challenges like other companies and industries due to the current economic and geopolitical environment which remain volatile. The Group is likely to face this 'headwinds' for some time. However, for the near-term outlooks remain soft due to consumers cautious stance in anticipation for the challenging global economic environment ahead. The Management is cautiously optimistic of the bright future of SKP Group. The Company had performed well for the financial year ended 31 March 2023 ("FY2023") and the Group will further invest for FY2024. Despite the aforementioned headwinds, the Board is positive that the Group will sustain its resilience by maintaining a robust financial position at all times.
- (ii) The Company has no policy of providing door gifts to shareholders who participated in annual general meeting. The Company would reward its shareholders equally with dividends.

**2. Question From Mr. Hiu Chee Keong**

How is the minimum wage affect the Company?

**Answer**

The Company complies with all relevant local labour laws and regulations with regard to the minimum wage implemented by the Malaysian Government. Fortunately, the Company is able to pass on the minimum wage to most of the supportive clients of SKP who are willing to absorb the cost and hence, the minimum wage issue has minimally affected SKP Group. The Management also had taken effective measures to reduce dependent of manpower with continuous improvement and investment in automation to provide better efficiency to the SKP manufacturing and production business.

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**3. Questions From Mr. Lew Tuck Wai**

The revenue of the Group has increased approximately 8.3% from FY2022. However, the workforce of the Group has increased substantially by 25% of 1,644 personnel for FY2023.

- (i) What are the reason(s) for the huge increase in headcounts for FY2023 but not shown in similar revenue increase?;
- (ii) Will the newly completed factory planned with more automation in the manufacturing process and less reliant on manual labour?

**Answer**

- (i) There was attrition of foreign workers within the Company's operation and some of the foreign workers' contract have not been renewed or contract were already due and have returned to their home countries for various reasons. Therefore, there were replacement for foreign workers and affected the revenue as well. The Company has taken pre-emptive measures to counter the aforesaid reasons effectively.
- (ii) This is an ongoing effort and over the years, the Management have implemented various automations process in the pipeline as well as ongoing in the current manufacturing processes and certainly, the new completed factory will increase more automation features in the manufacturing processing.

**4. Question From Mr. Lew Tuck Wai**

Revenue from one (1) major customer amounted to RM1.953 billion have increased further from RM1.756 billion in FY2023. The high dependency on one (1) major customer which contributed more than 77% of the Group revenue is a major risk for the Group which also raised in previous AGM. Can the Board and Management update shareholders on the steps taken to minimise the dependency on this major customer?

**Answer**

As replied to MSWG's question earlier this morning, the Company has diversified into various industries such as food and beverage ("**F&B**"), automotive and amongst various others. The Management is currently in discussion with various potential new electronics manufacturing services ("**EMS**") customers. Rest assured, the Management has taken necessary steps and measures to continuous diversify to mitigate the risk.

**5. Questions From Mr. Lew Tuck Wai**

How much is the remaining Capital Expenditure ("**CAPEX**") required for the newly constructed brand new 650,000 square feet manufacturing facility for FY2024? Will the new manufacturing facility be utilised for EMS or non-EMS products?

**Answer**

Most of the CAPEX has been paid for the said new manufacturing facility in Johor Bahru and there will not be required more CAPEX for the said new manufacturing facility. The new manufacturing facility will mostly be utilised for EMS products.

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**POLLING PROCESS**

Having dealt with all the relevant questions received, the step-by-step guide together with a short audio clip on the online voting module within the e-Portal was played again. Shareholders and proxy holders were given another 10 minutes to cast and submit their votes. Thereafter, the Scrutineer verified the poll results.

**ANNOUNCEMENT OF POLL RESULTS**

The Meeting resumed and Tan Sri Chairman then called the Meeting to order at 11:55 a.m. for the declaration of the poll results. The results of the poll were shown on the screen.

**ORDINARY RESOLUTION 1**  
**RE-ELECTION OF MS. ANITA CHEW CHENG IM WHO RETIRES IN ACCORDANCE WITH**  
**CLAUSE 119 OF THE COMPANY'S CONSTITUTION**

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The poll result for the Ordinary Resolution 1 was carried as follows:-

Resolution	Voted in Favour		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<b>Ordinary Resolution 1</b>	1,025,836,539	94.9771	54,251,822	5.0229	Carried

Tan Sri Chairman declared that Ordinary Resolution 1 was carried as follows:-

*"That Ms. Anita Chew Cheng Im, being eligible for re-election, be re-elected to serve on the Board of Directors of the Company."*

**ORDINARY RESOLUTION 2**  
**RE-ELECTION OF TAN SRI DATUK HUSSIN BIN HAJI ISMAIL WHO RETIRES IN**  
**ACCORDANCE WITH CLAUSE 118 OF THE COMPANY'S CONSTITUTION**

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The poll result for the Ordinary Resolution 2 was carried as follows:-

Resolution	Voted in Favour		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<b>Ordinary Resolution 2</b>	1,080,039,656	99.9949	54,705	0.0051	Carried

Tan Sri Chairman declared that Ordinary Resolution 2 was carried as follows:-

*"That Tan Sri Datuk Hussin Bin Haji Ismail, being eligible for re-election, be re-elected to serve on the Board of Directors of the Company."*

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**ORDINARY RESOLUTION 3**

**PAYMENT OF DIRECTORS' FEES OF RM455,000.00 FOR THE PERIOD FROM 1 OCTOBER 2023 TO 30 SEPTEMBER 2024, TO BE PAYABLE ON A QUARTERLY BASIS IN ARREARS**

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The poll result for the Ordinary Resolution 3 was carried as follows:-

Resolution	Voted in Favour		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<b>Ordinary Resolution 3</b>	1,079,946,896	99.9857	153,965	0.0143	Carried

Tan Sri Chairman declared that Ordinary Resolution 3 was carried as follows:-

*"That the payment of Directors' fees of RM455,000.00 for the period from 1 October 2023 to 30 September 2024 be and is hereby approved."*

**ORDINARY RESOLUTION 4**

**RE-APPOINTMENT OF ERNST & YOUNG PLT AS AUDITORS OF THE COMPANY UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION**

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The poll result for the Ordinary Resolution 4 was carried as follows:-

Resolution	Voted in Favour		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<b>Ordinary Resolution 4</b>	1,080,056,209	99.9951	53,152	0.0049	Carried

Tan Sri Chairman declared that Ordinary Resolution 4 was carried as follows:-

*"That Ernst & Young PLT be re-appointed as the Auditors of the Company until the conclusion of the next Annual General Meeting and that authority be and is hereby given to the Board of Directors to fix their remuneration."*



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**SPECIAL BUSINESS**

**ORDINARY RESOLUTION 5**

**AUTHORITY TO ISSUE SHARES PURSUANT TO COMPANIES ACT 2016 AND WAIVER OF PRE-EMPTIVE RIGHTS**

The poll result for the Ordinary Resolution 5 was carried as follows:-

Resolution	Voted in Favour		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<b>Ordinary Resolution 5</b>	885,091,339	81.9680	194,709,122	18.0320	Carried

Tan Sri Chairman declared that Ordinary Resolution 5 was carried as follows:-

*"THAT subject always to the Companies Act 2016 ("**the Act**"), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being ("**General Mandate**");*

*AND THAT approval be and is hereby given for the pre-emptive rights of the shareholders of the Company under Section 85 of the Act read together with Clause 14 of the Constitution, over all the new shares to be issued pursuant to and/or arising from the General Mandate ranking equally to the existing issued shares, being in proportion as nearly as the circumstances admit, to the amount of the existing shares held by the shareholders of the Company as at the date of issuance and allotment of such new shares ("**Pre-emptive Rights**"), be irrevocably and unconditionally waived ("**Waiver of Pre-emptive Rights**");*

*AND THAT the Company be exempted from the obligation to offer such new shares to be issued and allotted pursuant to the General Mandate to the shareholders of the Company in accordance with the Pre-emptive Rights;*

*AND THAT the Directors and/or the Company Secretary be hereby authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the Waiver of Pre-emptive Rights for and on behalf of the Company;*

*AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Main Market of Bursa Securities;*

*AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company."*

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**SPECIAL BUSINESS**

**ORDINARY RESOLUTION 6**

**PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")**

The poll result for the Ordinary Resolution 6 was carried as follows:-

Resolution	Voted in Favour		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<b>Ordinary Resolution 6</b>	1,080,035,912	99.9933	72,904	0.0067	Carried

Tan Sri Chairman declared that Ordinary Resolution 6 was carried as follows:-

*"THAT subject to Section 127 of the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, approval be and is hereby given to the Company, to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company, provided that:-*

- (i) the aggregate number of ordinary shares to be purchased and/or held by the Company does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase; and*
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s).*

*THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares purchased in their absolute discretion in the following manner:-*

- (i) cancel all the shares so purchased; and/or*
- (ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; and/or*
- (iii) retain part thereof as treasury shares and cancel the remainder; and/or*

*in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.*

*THAT such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until: -*

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- (a) *the conclusion of the next AGM of the Company following this AGM at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or*
- (b) *the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or*
- (c) *revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting;*

*Whichever occurs first.*

*AND THAT the Directors of the Company be authorised to do all acts, deeds and things as they may consider expedient or necessary in the best interest of the Company to give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all such steps, and do all such acts and things as they may deem fit and expedient in the best interest of the Company."*

**TERMINATION**

There being no other business, Tan Sri Chairman concluded the Meeting and thanked all present for their attendance. The Meeting ended at 11:57 a.m. with a vote of thanks to the Chair.

SIGNED AS A CORRECT RECORD

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TAN SRI DATUK HUSSIN  
BIN HAJI ISMAIL  
CHAIRMAN

Dated: 29 September 2023



26 September 2023

**Minority Shareholders Watch Group**  
Level 23, Unit 23-2, Menara AIA Sentral,  
No. 30, Jalan Sultan Ismail,  
50250 Kuala Lumpur.

**Attn : Ms Rita Foo (Head of Corporate Monitoring)**

**Re: 23rd Annual General Meeting (“AGM”) of SKP Resources Bhd (“SKP or the “Company”)  
to be held on Friday, 29 September 2023**

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With reference to your letter dated 21 September 2023, below please find our answers to your queries:

**Operational & Financial Matters**

1) Page 18 of the Annual Report 2023 (“AR2023”) states:

“The Group accomplished gross profit amounted to approximately to RM319.66 million or 12.7% gross profit margin equivalent for FY2023 (FY2022: RM324.83 million or 14.0% gross profit margin equivalent) despite operated in challenging environment that remains to be impacted by the severe lingering effects of the global pandemic, inflation as well as ongoing Russia-Ukraine conflict”

In view of the challenging environment, what is the Company's strategy for maintaining and improving profitability in the coming years?

**Our Reply**

The Group's strategies for maintaining and improving profitability in the coming years are as outlined below:

- a) On going plant expansion development to cater for the demand from the Group's existing and prospective customers. As of the date of this letter, the Group successfully obtained Certificate of Completion and Compliance in regards of the new factory building constructed on a piece of land at Negeri Johor having land size of approximately 6.4 acres;
- b) Experienced in-house sale and commercial team to handle stringent requirements set up by various customers and negotiate relevant form of cost recoveries in view of various cost escalation faced by the Group in addition to other responsibilities such as dealing and following up on various enquiries from potential customers;
- c) Rightsizing of organisation via efficient human resources management;
- d) Adoption of various lean manufacturing practices which aimed primarily of maximising productivity while minimising waste within various manufacturing bases concomitantly; and
- e) Investments in state-of-the-art manufacturing facilities by the Group over time.



- 2) In relation to the non-electronics manufacturing services ("non-EMS") segment, the Group has launched several new products for its customers. Driven by business opportunities in non-EMS segment, the Group has invested RM13.53 million in non-EMS segment in the financial year ended 31 March 2023 ("FYE") (Page 18 of AR2023).

Further, in the reply to MSWG's letter dated 9 September 2022, the Company mentioned that EMS segment yielded a higher net profit margin compared to non-EMS segment.

- a) How much did non-EMS business segment contribute to the revenue and gross profit of the Group for the FYE 2023?  
b) How does the investment in non-EMS segment align with the Company's long-term growth strategy?

#### **Our Reply**

- a) Contribution of non-EMS business segment of the Group in respect of revenue and gross profit amounted to 22% and 17% for FYE 2023 respectively.  
b) The Group's non-EMS segment business portfolio include Food and Beverage ("F&B"), Automotive, Industrial and Medical Industries has contributed resilience and cushioned us well in these challenging operating environments that the Group operated in.

The Group is confident that there are many valuable opportunities within non-EMS sectors in view of diversification of trade locally and globally in future and constantly pursuing for diversification in customer base, whenever opportunity arise, albeit of anticipated market uncertainties ahead.

- 3) "The Group will continue its concerted efforts in managing manpower, supply chain management and also, implementation of other cost optimisation measures at existing manufacturing bases of the Group" (Page 10 of the quarterly report for the 3-month financial period 30 June 2023 ("FPE 30 June 2023")).

What specific cost optimisation measures are being implemented by the Company at its existing manufacturing bases? Are these measures expected to yield cost savings in the short term or long term?

#### **Our Reply**

The specific cost optimization measures which are being implemented by the Group at existing manufacturing bases of the Group are detailed in subsection (c) till (e) of our response towards Question No.1 raised and expected to yield cost savings both in the short term and long term.

- 4) The lower profitability for the 3-month FPE 30 June 2023 was attributable to softening market demand (Page 10 of the quarterly report for the FPE 30 June 2023).

When does the Company expect the market demand/ order flows to rebound?

#### **Our Reply**

The Group expect the market demand/order flows to normalise in near future, barring any unforeseen circumstances.



- 5) The net unhedged financial liabilities (held in United States Dollars) of the Group as at 31 March 2021, 31 March 2022 and 31 March 2023 were RM55.23 million, RM83.30 million and RM63.47 million respectively.

In view of the above, what is the Company's strategy for managing foreign currency risk, especially considering the volatile nature of currency markets?

**Our Reply**

The Group adopts natural hedge strategies which primarily focus on mitigation of foreign currency exchange risk by offset foreign currency exchange losses occurred in the business operations of the Group by others via various measures such as recouping of foreign currency exchange losses incurred in procurement of raw materials sourced from abroad or foreign suppliers as much as possible from customers through determination of selling price of goods on a regular basis.

Also, the Group anticipates the volume and extent of settlement denominated in other foreign currencies on a regular basis and closely monitor the fluctuation of foreign currency exchange. Conversion of our functional currency (i.e., Malaysian Ringgit) to other foreign currencies, especially United State Dollars, with various licensed institutions will be performed whenever the Group deemed the foreign exchange conversion rate is favourable.

The Group does not rule out the possibility of the usage of various hedging instruments where appropriate and cost-efficient in the future.