

**NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting of MESB Berhad will be held at Room 5, Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Thursday, 27 September 2018 at 9:30 a.m. for the following purposes:

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| <p style="text-align: center;"><b>AGENDA</b></p> <p>1. To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2018 together with the Reports of the Directors and Auditors thereon.</p> <p>2. To re-elect the following Directors who are retiring pursuant to Article 78 of the Constitution of the Company:<br/>(i) Tan Yew Kim<br/>(ii) Loke Lee Ping</p> <p>3. To approve the payment of Directors' Fees of RM125,000 for the financial year ended 31 March 2018.</p> <p>4. To approve the payment of Directors' Remuneration (excluding Directors' Fees) to the Non-Executive Directors of the Company and its subsidiaries up to an amount of RM38,400 for the period from 28 September 2018 until the next Annual General Meeting.</p> <p>5. To re-appoint KPMG PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.</p> | <p><b>Please refer to Explanatory Note (i)</b></p> <p><b>Ordinary Resolution 1</b></p> <p><b>Ordinary Resolution 2</b></p> <p><b>Ordinary Resolution 3</b></p> <p><b>Ordinary Resolution 4</b></p> <p><b>Ordinary Resolution 5</b></p> |
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**AS SPECIAL BUSINESS**

- To consider and if thought fit, pass the following Ordinary Resolutions with or without modifications:
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| <p>6. <b>Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposal")</b></p> <p>"THAT subject always to the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities"), a shareholders' mandate be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions as specified in Section 2.4 of the Circular to Shareholders dated 31 July 2018, provided that such arrangements and/or transactions are:</p> <p>(i) recurrent transactions of a revenue or trading nature;<br/>(ii) necessary for the day-to-day operations;<br/>(iii) carried out on arm's length basis, in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public; and<br/>(iv) are not to the detriment of the minority shareholders.</p> <p>AND THAT the authority conferred by this resolution shall commence immediately upon the passing of this resolution and shall continue to be in force until:</p> <p>(a) the conclusion of the next Annual General Meeting of the Company at which time it will lapse, unless by a resolution passed by the shareholders of the Company in a general meeting;<br/>(b) the expiration of the period within which the next Annual General Meeting of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or<br/>(c) revoked or varied by resolution passed by the shareholders in a general meeting,<br/>whichever is the earlier.</p> <p>AND THAT the Directors of the Company be and are hereby empowered and authorised to complete and to do all such acts, deeds and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposal, with full power to assent to any condition, modification, variation and/or amendment (if any) as may be imposed or permitted by the relevant authorities."</p> <p>7. <b>Continuing in Office as Independent Non-Executive Director</b></p> <p>"THAT authority be and is hereby given to Encik Saffie bin Bakar, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."</p> <p>8. <b>Authority to Issue and Allot Shares</b></p> <p>"THAT subject always to the Companies Act 2016, Constitution of the Company and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 75 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 pursuant to Section 76 of the Companies Act 2016 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."</p> <p>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 Bursa Securities.</p> <p>9. <b>Proposed Adoption of New Company's Constitution</b></p> <p>"THAT the existing Memorandum and Articles of Association of the Company be hereby deleted in its entirety and a new Constitution, marked as "Appendix A" (a copy of which is attached) be replaced thereof and hereby adopted as the Company's Constitution.</p> <p>THAT henceforth, the Constitution shall bind the Company, the members and the Directors to the same extent as if the Constitution had been signed and sealed by each member and contain covenants on the part of each member and Director to observe all the provisions of the Constitution.</p> <p>AND THAT the Secretaries be authorised and instructed to do all the necessary and deemed fit to lodge the Constitution as adopted herewith with the Companies Commission of Malaysia on behalf of the Company in accordance with Section 36 of the Companies Act 2016."</p> <p>10. To transact any other ordinary business of the Company for which due notice shall have been given.</p> | <p><b>Ordinary Resolution 6</b></p> <p><b>Ordinary Resolution 7</b></p> <p><b>Ordinary Resolution 8</b></p> <p><b>Special Resolution 1</b></p> |
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**BY ORDER OF THE BOARD**

TAN KOK SIONG (LS 0009932)  
TAN BEE HWA (MAICSA 7058049)  
Company Secretaries

Kuala Lumpur  
Dated this 31st day of July 2018

**Notes:**

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. A member shall be entitled to appoint only one (1) proxy to attend and vote at the same meeting.
3. Where a member 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.
4. 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 account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where the exempt authorised nominee appoints two (2) or more proxies to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
5. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
6. The instrument appointing a proxy must be deposited at Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PUJ 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
7. If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
8. The Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the meeting is on 20 September 2018.

**Explanatory Notes on Ordinary and Special Business:**

- (i) **Item 1 of the Agenda**  
The Audited Financial Statements under this agenda item is meant for discussion only, as the provision of 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) **Ordinary Resolutions 1 and 2**  
- **Re-election of Directors**  
Mr Tan Yew Kim and Mr Loke Lee Ping are standing for re-election as Directors of the Company and being eligible have offered themselves for re-election at this 23rd Annual General Meeting. The profile of the retiring Directors is set out in the Profile of Directors on page 20 of the Annual Report 2018.
- (iii) **Ordinary Resolutions 3 and 4**  
- **Directors' Fees and Remuneration**  
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 23rd Annual General Meeting for the following payment to the Directors:-  
- Resolution 3 on payment of Directors' Fees for the financial year ended 31 March 2018; and  
- Resolution 4 on payment of Directors' Remuneration (excluding Directors' Fees) for the period from 28 September 2018 until the next Annual General Meeting ("Relevant Period").  
The payment of the Directors' fees in respect of the financial year ended 31 March 2018 will only be made if the proposed Resolution 3 has been passed at the Annual General Meeting pursuant to Article 87 of the Company's Constitution and Section 230(1) of the Act.  
The Directors' Remuneration (excluding Directors' Fees) comprises the Meeting Allowances payable to the Non-Executive Directors of and are calculated based on the current composition of the Board and Board Committees and the number of meetings scheduled for the Board and Board Committees.  
Payment of Directors' Remuneration (excluding Directors' Fees) will be made by the Company to the Non-Executive Directors as and when incurred if the proposed Resolution 4 has been passed at the 23rd Annual General Meeting. The Board is of the view that it is just and equitable for the Directors to be paid such payment as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the Relevant Period as stated herein.
- (iv) **Ordinary Resolution 5**  
- **Re-Appointment of Auditors**  
The Audit Committee ("AC") has on 10 July 2018 carried out an assessment of the suitability and independence of the external auditors, KPMG PLT and was satisfied with the suitability of KPMG PLT based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. The AC in its assessment also found KPMG PLT to be sufficiently objective and independent. The Board therefore approved the AC's recommendation on the re-appointment of KPMG PLT as the external auditors of the Company until the next Annual General Meeting be put forward for the shareholders' approval at the 23rd Annual General Meeting.
- (v) **Ordinary Resolution 6**  
- **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposal")**  
The proposed Ordinary Resolution 6, if passed, will empower the Company to conduct recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, and will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.  
Further information on the Proposal is set out in the Circular to Shareholders dated 31 July 2018, which is circulated together with the Annual Report 2018 of the Company.
- (vi) **Ordinary Resolution 7**  
- **Continuing in Office as Independent Non-Executive Director**  
The Nomination Committee and the Board had assessed the independence of Encik Saffie Bin Bakar, who had served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and recommended him to continue in office as an Independent Non-Executive Director of the Company based on the following justifications:  
a. he fulfilled the criteria under the definition of Independent Director as set out under Paragraph 1.01 of the Main Market Listing Requirements of Bursa Securities Malaysia Berhad ("Bursa Securities"), and thus, he would be able to provide check and balance and bring an element of objectivity to the Board;  
b. he was not appointed by the current controlling shareholder and hence the issue on special relationship with or loyalty to the controlling shareholder does not arise;  
c. he had devoted sufficient time and attention to his professional obligations for informed and balanced decision making by actively participating in board discussion and provided an independent voice to the Board; and  
d. he had exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the best interest of the Company and the shareholders.  
Under the Malaysia Code on Corporate Governance 2017 ("Code") retention of an Independent Director above 12 years will require shareholders' approval through the two-tier voting process:-  
Tier 1: Voting by large shareholder(s); and  
Tier 2: Voting by other shareholders.  
Shareholder's approval for Ordinary Resolution 7 will be sought on two-tier voting basis, if passed, will allow the Independent Director to be retained and continue acting as Independent Director to fulfill the requirements of Paragraph 3.04 of the Main Market Listing Requirements of Bursa Securities and in line with the practices 4.1 and 4.2 of the Code.
- (vii) **Ordinary Resolution 8**  
- **Authority to Issue and Allot Shares**  
The proposed Ordinary Resolution 8, if passed, will give flexibility to the Directors of the Company to issue shares up to a maximum of ten per centum (10%) of the issued share capital of the Company at the time of such issuance of shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.  
This is the renewal of the mandate obtained from the shareholders at the last Annual General Meeting ("the Previous Mandate"). The Previous Mandate was not utilised and no proceed was raised therefrom.  
The purpose of this general mandate sought will provide flexibility to the Company for any possible fund raising activities but not limited for further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.
- (viii) **Special Resolution 1**  
- **Adoption of New Company's Constitution**  
The proposed Special Resolution is to seek shareholders' approval to adopt a new Constitution to align with the provisions of the Act, the Main Market Listing Requirements of Bursa Securities and Corporate Governance Requirements ("Proposed New Constitution"). Please refer to the Appendix A for detailed information on the Proposed New Constitution.  
The Proposed New Constitution shall take effect once the proposed Special Resolution 1 has been passed by a majority of not less than 75% of members who are entitled to vote and do vote in person or by proxy at the 23rd Annual General Meeting.