

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting of MESB Berhad will be held at Level 2, Hotel Sri Petaling, 30, Jalan Radin Annum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Thursday, 19 December 2019 at 9:30 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

- To receive the Audited Financial Statements of the Company for the financial period ended 30 June 2019 together with the Reports of the Directors and Auditors thereon.
- To re-elect the following Directors who are retiring pursuant to Clause 97 of the Constitution of the Company:
 - Encik Saffie Bin Bakar
 - Mr. Lee Kok Heng
- To approve the payment of Directors' Fees of RM156,250 for the financial period ended 30 June 2019.
- 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 RM37,000 for the period from 20 December 2019 until the next Annual General Meeting.
- To re-appoint Messrs 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.

Please refer to Explanatory Note (i)
Ordinary Resolution 1
Ordinary Resolution 2
Ordinary Resolution 3
Ordinary Resolution 4
Ordinary Resolution 5

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following Ordinary Resolutions with or without modifications:

- Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposal")**

"THAT subject always to the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, approval 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(a) of the Circular to Shareholders dated 30 October 2019, provided that such arrangements and/or transactions are:

 - recurrent transactions of a revenue or trading nature;
 - necessary for the day-to-day operations;
 - 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
 - are not to the detriment of the minority shareholders.

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:

 - 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;
 - 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
 - revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

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."

Ordinary Resolution 6

- Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("New Proposal")**

"THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval 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(b) of the Circular to Shareholders dated 30 October 2019, provided that such arrangements and/or transactions are:

 - recurrent transactions of a revenue or trading nature;
 - necessary for the day-to-day operations;
 - 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
 - are not to the detriment of the minority shareholders.

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:

 - 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;
 - 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
 - revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

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 New 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."

Ordinary Resolution 7

- Continuing in Office as Independent Non-Executive Directors**
 - "THAT subject to the passing of Ordinary Resolution 1, 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."
 - "THAT authority be and is hereby given to Mr. Tan Yew Kim, 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."

Ordinary Resolution 8

Ordinary Resolution 9

- Authority to Issue and Allot 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 Section 75 of the Companies Act 2016 to issue and allot not more than ten per centum (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.

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 Malaysia Securities Berhad."

Ordinary Resolution 10

- To transact any other business of the Company for which due notice shall have been given.

BY ORDER OF THE BOARD

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

Kuala Lumpur
Dated this 30th day of October 2019

Notes:

- 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. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies 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 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.
- The instrument appointing a proxy must be deposited at Boardroom Share Registrars Sdn. Bhd. (formerly known as Symphony Share Registrars Sdn. Bhd.), 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
- 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.
- The Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the meeting is on 12 December 2019.

Explanatory Notes on Ordinary and Special Business:

- Item 1 of the Agenda**

The Audited Financial Statements under this agenda item is meant for discussion only, as the provision of Sections 248 and 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.
- Ordinary Resolutions 1 and 2 - Re-election of Directors**

Encik Saffie Bin Bakar and Mr. Lee Kok Heng are standing for re-election as Directors of the Company and being eligible have offered themselves for re-election at this 24th Annual General Meeting. The profile of the retiring Directors is set out in the Profile of Directors on pages 32 to 35 of the Annual Report 2019.
- 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 24th Annual General Meeting for the following payment to the Directors:-

 - Ordinary Resolution 3 on payment of Directors' fees for the financial period ended 30 June 2019; and
 - Ordinary Resolution 4 on payment of Directors' Remuneration (excluding Directors' Fees) for the period from 20 December 2019 until the next Annual General Meeting ("Relevant Period").

The payment of the Directors' Fees in respect of the financial period ended 30 June 2019 will only be made if the proposed Ordinary Resolution 3 has been passed at the 24th Annual General Meeting pursuant to Clause 105 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 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 Ordinary Resolution 4 has been passed at the 24th Annual General Meeting. The Board is of the view that it is just and equitable for the Directors to be paid such payments 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.

- Ordinary Resolution 5 - Re-Appointment of Auditors**

The Audit Committee ("AC") has 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 has in turn reviewed the recommendation of the AC and recommended the same to be tabled to the shareholder for approval at the 24th Annual General Meeting.
- Ordinary Resolutions 6 and 7 - Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (collectively known as "the Proposals")**

The proposed Ordinary Resolutions 6 and 7, 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 Proposals is set out in the Circular to Shareholders dated 30 October 2019.
- Ordinary Resolutions 8 and 9 - Continuing in Office as Independent Non-Executive Directors**

The Nomination Committee and the Board had assessed the independence of Encik Saffie Bin Bakar and Mr. Tan Yew Kim, who has served as the Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, and has recommended them to continue in office 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 set out under Paragraph 1.01 of the Main Market Listing Requirements of Bursa Securities, and thus, they would be able to provide check and balance and bring an element of objectivity to the Board;
 - they were not appointed by the current controlling shareholder and hence the issue on special relationship with or loyalty to the controlling shareholder does not arise;
 - 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 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 the shareholders.

In line with Practice 4.2 of the Malaysian Code on Corporate Governance ("MCCG"), the Company would seek for the shareholders' approval through a two-tier voting process as described in the Guidance to Practice 4.2 of the said MCCG to retain Encik Saffie Bin Bakar, who has served as an Independent Non-Executive Director for more than twelve (12) years.
- Ordinary Resolution 10 - Authority to Issue and Allot Shares**

The proposed Ordinary Resolution 10, 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 total number of issued shares 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 been 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.