

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fifth (25th) Annual General Meeting of MESB Berhad will be held at Level 2, Espira Sri Petaling (formerly known as Hotel Sri Petaling), 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Thursday, 17 December 2020 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 year ended 30 June 2020 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:
 - Mr. Chua Jin Kau
 - Mr. Tan Yew Kim
- To approve the payment of Directors' Fees of RM96,000 for the financial year ended 30 June 2020.
- 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 RM42,000 for the period from 18 December 2020 until the conclusion of 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 resolutions with or without modifications:

6. Continuing in Office as Independent Non-Executive Directors

- "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."
- "THAT subject to the passing of Ordinary Resolution 2, 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 6

ORDINARY RESOLUTION 7

7. Proposed Amendment to the Company's Constitution ("Proposed Amendment")

"THAT the proposed amendment to the following Clause of the Company's Constitution, be and is hereby approved:-

SPECIAL RESOLUTION 1

Existing Clause 15 - Issue of Securities	Proposed Clause 15 - Issue of Securities
Subject to the Listing Requirements, the Act, the Central Depositories Act and/or the Rules and notwithstanding the existence of a resolution pursuant to Section 75 of the Act, the Company must ensure that it shall not issue any shares or convertible Securities if those shares or convertible Securities, when aggregated with any such shares or convertible Securities issued during the preceding 12 months, exceeds 10% of the value of the issued shares (excluding treasury shares) of the Company, except where the shares or convertible Securities are issued with the prior approval of the Members in general meeting of the precise terms and conditions of the issue. In working out the number of shares or convertible Securities that may be issued by the Company, if the Security is a convertible Security, each such Security is counted as the maximum number of shares into which it can be converted or exercised.	Subject to the Listing Requirements, the Act, the Central Depositories Act and/or the Rules and notwithstanding the existence of a resolution pursuant to Sections 75 and 76 of the Act, the Company must ensure that it shall not issue any shares or convertible Securities if the total number of those shares or convertible Securities, when aggregated with the total number of any such shares or convertible Securities issued during the preceding twelve (12) months, exceeds the percentage threshold on the total number of issued shares as prescribed in the Listing Requirements or modified by the Exchange (excluding treasury shares), except where the shares or convertible Securities are issued with the prior approval of the Members in general meeting of the precise terms and conditions of the issue. In working out the number of shares or convertible Securities that may be issued by the Company, if the Security is a convertible Security, each such Security is counted as the maximum number of shares into which it can be converted or exercised.

THAT the Directors of the Company be and are hereby authorised to assent to any conditions, variations, modifications and/or amendments as may be required by any relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the Proposed Amendment for and on behalf of the Company.

AND THAT the Secretary be authorised and instructed to do all the necessary and deemed fit to lodge the Constitution as amended herewith with the Companies Commission of Malaysia on behalf of the Company in accordance with the provisions of the Companies Act 2016."

ORDINARY RESOLUTION 8

8. Authority to Issue and Allot Shares

"THAT subject always to the passing of the Special Resolution 1, 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 twenty percent (20%) 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 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."

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

BY ORDER OF THE BOARD

TAN KOK SIONG (SSM PC NO. 202008001592 [LS 0009932])
TAN BEE HWA (SSM PC NO. 202008001174 [MAICSA 7058049])
Company Secretaries

Kuala Lumpur
Dated this 30th day of October 2020

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 proportions of his holdings to be represented by each proxy. 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.
- The instrument appointing a proxy must be deposited at the office of the Share Registrar, Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Professor 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.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or, 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 11 December 2020.

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 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.

(ii) Ordinary Resolutions 1 and 2 - Re-election of Directors

Mr. Chua Jin Kau and Mr. Tan Yew Kim are standing for re-election as Directors of the Company and being eligible have offered themselves for re-election at this 25th Annual General Meeting ("AGM"). The profile of the retiring Directors is set out in the Profile of Directors on pages 30 and 31 of the Annual Report 2020.

(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 25th AGM for the following payment to the Directors:-

- Ordinary Resolution 3 on payment of Directors' fees for the financial year ended 30 June 2020; and
- Ordinary Resolution 4 on payment of Directors' Remuneration (excluding Directors' Fees) for the period from 18 December 2020 until the conclusion of the next AGM ("Relevant Period").

The payment of the Directors' Fees in respect of the financial year ended 30 June 2020 will only be made if the proposed Ordinary Resolution 3 has been passed at the 25th AGM 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 25th AGM. 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 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 be put forward for the shareholders' approval at the 25th AGM.

(v) Ordinary Resolutions 6 and 7 - 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 have 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 Malaysia Securities Berhad ("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.

(vi) Special Resolution 1 - Proposed Amendment to the Company's Constitution

Bursa Securities has on 16 April 2020, issued a letter on the additional temporary relief measures to listed corporation, which included a higher general mandate limit under paragraph 6.03 of the Main Market Listing Requirements of Bursa Securities for new issuance of securities from the existing 10% limit to 20% limit of the total number of issued shares (excluding treasury shares) ("20% General Mandate").

The 20% General Mandate will enable the Company to raise funds quickly and efficiently during this challenging time, to ensure the long-term sustainability and interest of the Company and the shareholders.

The Special Resolution 1, if passed, will align the Constitution of the Company with the measure allowed or empowered by Bursa Securities from time to time.

This Special Resolution 1 shall be passed by a majority of not less than 75% of members entitled to vote in person or by proxy at the 25th AGM.

(vii) Ordinary Resolution 8 - Authority to Issue and Allot Shares

The Company wishes to renew the mandate on the authority to allot and issue shares pursuant to Sections 75 and 76 of the Act at the 25th AGM of the Company ("General Mandate").

The Company has also obtained the mandate from the members at the last AGM held on 19 December 2019 ("Previous Mandate"). As at the date of this Notice, no new shares in the Company were issued pursuant to the Previous Mandate and accordingly, no proceeds were raised.

Bursa Securities has from its letter dated 16 April 2020 empowered the Company to issue new securities up to 20% of the total number of issued shares (excluding treasury shares) until 31 December 2021 ("Extended Utilisation Period") ("20% General Mandate").

The Board would like to procure approval for the 20% General Mandate, inclusive of the Extended Utilisation Period, pursuant to Section 76(4) of the Act, from its shareholders at the 25th AGM of the Company.

The purpose to seek the 20% General Mandate is 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 as it would be both time and cost-consuming to organise a general meeting merely for such purpose. The 20% General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares, for purpose of funding its business plans, current and/or future investment projects), working capital, repayment of borrowings and/or acquisitions.

The 20% General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM or at the end of the Extended Utilisation Period, i.e. by 31 December 2021.

After having considered all aspects of the 20% General Mandate, the Board is of the opinion that the adoption of the 20% General Mandate would be in the best interest of the Company and its shareholders, on the following basis:-

- The interest of the Company as well as its long-term shareholders should be in congruence on the issue of long term sustainability of the Company as only a business operation with healthy and sufficient working capital could generate positive returns to the Company and its shareholders.
- Given the outbreak of the Coronavirus Disease (Covid-19) pandemic and the subsequent imposition of the Movement Control Order by the Malaysian Government to contain the Covid-19, the economy of the Country have been severely affected. The additional fund raising flexibility through the 20% General Mandate will enable the Company, should it required to do so, to meet its funding requirements for working capital and operational expenditure, expeditiously and efficiently, without burdening the shareholders with a separate general meeting during this challenging period.
- The Extended Utilisation Period accorded by Bursa Securities has eased the cash flow planning of the Company should the Company require additional bridge funding for the execution of its business plan or the business contingency plans to mitigate against the financial impact of Covid-19, without burdening the shareholders with another round of fund raising exercise.