



MESB BERHAD

Registration No. 199501008356 (337554-D)
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE TWENTY-EIGHTH ANNUAL GENERAL MEETING (“28TH AGM” OR “THE MEETING”) OF MESB BERHAD (“MESB” OR “THE COMPANY”) HELD ON WEDNESDAY, 6 DECEMBER 2023 AT 3.00 P.M.

REPLY TO QUESTIONS FROM THE MINORITY SHAREHOLDERS WATCH GROUP (“MSWG”)

Mr. Loke Lee Ping, the Executive Director/Chief Executive Officer of the Company, presented to the shareholders, the questions received from the MSWG along with the responses from the Board, as summarised below:-

Operational & Financial Matters

- 1. In FY2023, MESB recorded a profit after taxation (PAT) of RM13,187,000 from its continuing operations (FY2022: PAT of RM17,343,000). This represents a year-on-year decrease of 23.96% (Page 71 of the Annual Report 2023/AR2023).**

How does the Board intend to address the drop in profits from the continuing operations? What is the outlook for MESB’s bottom-line performance from continuing operations in FY2024?

The decrease in Profit After Tax (PAT) is attributed to increase in business operation costs and the inclusion of professional fees related to acquisition and disposal exercise expenses.

The recent acquisition of recycling companies is expected to yield positive results for MESB in the upcoming fiscal year, with optimism for improved performance in FY2024.

- 2. Retailing**

The retailing segment is gearing up for expansion in the Group’s own retail shop with the imminent opening of three additional boutiques in the Klang Valley area in October 2023, under the standalone brand name Ducati, offering an extensive range of men’s wear, kids’ wear, and leather goods (Page 4 of AR2023).

- (a) What is the current sales performance of these newly opened boutiques? Which of the abovementioned products has produced the most sales? What is the targeted sales performance in FY2024?**

Three recently opened boutiques in October 2023 are currently running promotions to attract more customers. It's too early to determine their success, and we plan to assess their performance in next twelve (12) months, post the festive season. Our objective is to gain a better understanding of how things are going. While we are emphasizing on effective promotions, the management is constantly monitoring performance, and making adjustments as needed. Providing a positive customer experience, efficient product management, and active participation in the local community are also key priorities. We aim to remain flexible and adapt to the trend and customer preferences. Continuous observation and necessary adjustments will be made.

The management had set an expectation for each boutique to achieve RM 65 to 75 sales per square feet/month.

- (b) Has the segment set retail Key Performance Indicators (KPIs) for these additional boutiques for the next two financial years? If so, what are the targeted KPIs to be achieved by these boutiques?**

The boutiques currently don't have specific Key Performance Indicators (KPIs), but Sales Targets have been established for all outlets. The marketing plan is subject to change based on market reactions, allowing for flexibility and adaptation to evolving circumstances.

- 3. The Group continually invests in developing and enhancing its website to elevate the overall customer experience with a user-friendly interface and a broader range of products (Page 4 of AR2023).**

- (a) What is the budget requirement for developing and enhancing the Group's website in the next two financial years?**

The Group is currently leveraging internal resources for website development and collaborating with established E-Commerce platforms. These platforms continue to charge the company for ongoing improvements and enhancements.

- (b) Has the Group measured the website's return on investment (ROI)? If yes, what are the website's current and targeted ROIs?**

At present, the group's main source of sales comes from physical stores, and considerations for the targeted Return on Investment (ROI) will be made in the future.

4. Waste Recycling

- (a) Expanding into the Recycling Business through the acquiree Companies has been a strategic move aimed at enhancing, among others, the Group's market share (Page 7 of AR2023).**

Including the acquiree Companies into the Group, to what extent can it enhance MESB's market share? What is the segment's current market share and targeted enhancement in the market share in the next two financial years?

Prior to including the acquiree Companies into the Group, MESB's recycling business contributed about RM10.0 million revenue to the Group for this financial year. With the acquiree Companies, it is expected that MESB's recycling business will contribute significantly to the Group over the next two (2) financial years.

- (b) In FY2023, the segment recorded a revenue of RM10,785,000. This represents only 5.39% of the Group's total revenue (Page 125 of AR2023).**

As the segment embarks on the expansion mode, what is the segment's targeted revenue contribution percentage to the Group's total revenue in the next two financial years?

Turnover of the recycling business will grow as part of the expansion, and effort will be emplaced to ensure that this segment's contribution is improved. It is expected that the segment's targeted revenue will increase from 5.39% to around 20% over the next two (2) years.

QUESTIONS RAISED BY THE SHAREHOLDERS DURING THE MEETING

There were several questions/comments posted by the shareholders/proxies which were duly responded by Mr. Loke Lee Ping, the Executive Director/Chief Executive Officer of the Company, as summarised below:-

Q1. Would the Board consider rewarding shareholders who attended the virtual AGM by way of e-wallet credits or e-vouchers? This would be ideal for older and loyal shareholders who appreciate rewards, especially with the high inflation now.

The Company will be distributing cash vouchers via email to all shareholders who participated and attended the Meeting.

Q2. Any plans to dispose of the Group's retail division due to profit uncertainty?

There are no plans to do so for the time being.

Q3. Were all Directors present at the AGM?

All Directors attended the Meeting.

Q4. Does the Company have a dividend payout policy for the next financial year?

Currently, the Company does not have plan to establish such policy for the next financial year.

Q5. Will the Board consider a brief presentation on the Company's financial performance at the forthcoming AGM?

The Board took note of the suggestion by the shareholder and will discuss among the Board members in due course.

This summary is reviewed and approved by,

Loke Lee Ping
Executive Director/Chief Executive Officer

Date: 6 December 2023