

**MESB BERHAD**

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

**APPENDIX 2 OF THE MINUTES OF THE 29<sup>TH</sup> ANNUAL GENERAL MEETING HELD ON 9 DECEMBER 2024**

**- QUESTIONS AND ANSWERS SESSION**

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- Q1: (a) Will the Company carry out any corporate exercise or give shareholders bonus issue or dividend for the financial year ending 30 June 2025?**  
**(b) Company is profitable, cash rich, can company reward dividend to shareholder? (especially living cost is higher)**

Answer:

*The Company will closely monitor the performance of the Group and will evaluate and consider all potential opportunities and prospects thoroughly. We remain committed to delivering strong performance and rewarding our shareholders to the best of our ability.*

- Q2: How much is MESB recycle business profit margin? Is this margin sustainable? How does the Company aim to improve further?**

Answer:

*The profit margin of the waste management industry can vary depending on the specific segment, geographical location, and the business model in use. However, the overall profit margins for waste management companies tend to range between 5% to 20%.*

*We will continue to monitor the recycle business performance and remain dedicated to putting forth our best efforts to improve its profitability.*

- Q3: (a) Regarding the newly acquired waste recycling business, majority of revenue is come from selling recycled paper. May I know what is the existing market demand for recycled paper as compared to virgin paper?**  
**(b) For paper recycling process, is there any chemical process (Deinking, de-shredding,..)? Or it is solely collecting, sorting and distributing?**  
**(c) Paper is a type of commodity items. What is the current price of recycled paper as compared to 6 months and 1 years ago?**  
**(d) What kind of products are manufactured by customers from the recycled paper collected from MESB?**  
**(e) The process involving in waste recycling business is collection, sorting, recycling and distribution which is low barrier to entry but the profit margin is high ~18% based on FY2024. Could you briefly explain about it?**  
**(f) Does the company plan to further expand waste recycling business by M&A using cash on hand?**

Answers:

- (a) We do not have statistics data on the market demand for recycled paper as compared to virgin paper.*  
*(b) For paper recycling process, it is mainly on collecting, sorting and distributing.*  
*(c) Market price on paper is volatile, and the Group observed that its current price has increased by 50% compared to one year ago.*  
*(d) The customers will process the recycled materials further before re-selling.*  
*(e) The increase in profit margin was mainly due to the increase in selling price of recycled materials in FY2024 as well as the Group's continuous efforts in meeting customers' expectation and maintaining customers' satisfaction.*  
*(f) The Company will constantly assess expansion proposal when the opportunities arise.*

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**Q4: Hi, thanks management for the past effort. I would like to ask 6 questions regarding the newly acquired 3 recycling company named NU Recycle, Waier & Formidex:**

- (a) **What type of recycle material we are doing? plastic, glass, electronics, aluminium cans or?**
- (b) **Our waste is mainly sourced from consumer or industry?**
- (c) **Who is our client? Our number of client? Any major client risk, example Top 5 Client already more than 80% of revenue or?**
- (d) **What's our competitive advantage in this sun rise yet low entry barrier industry?**
- (e) **Our recycling company can manage how many types of waste out of 77 types of waste? How many tons of waste per year we did averagely?**
- (f) **What is our future prospect & outlook in 2-3 years?**

Answers:

- (a) *The recycle materials we are doing are paper, plastics and scraps.*
- (b) *The waste are from both consumer and industry, majority are from industry.*
- (c) *We are obliged to protect personal data of our customers and unable to reveal more details.*
- (d) *The Group had been taking continuous efforts to improve its products and to ensure the recycled materials meet customers' expectation and maintain customers' satisfaction.*
- (e) *The Group processed waste which is categorised into paper, plastics and scraps. The Group processed an average of 20 to 30 tons of waste yearly.*
- (f) *Our prospects and outlook remain positive for the next 2-3 years. We will continue to strive further and will dedicate our best efforts to deliver a positive result.*

**Q5: Understand that MESB current Cash on Hand/Bank is more than RM50 million, does the company has any plans on the utilization of the cash?**

Answer:

*We continue to explore business opportunities while carefully managing the available cash.*

**Q6: May I know what process of recycling that company is involved in? What are the medium plan business strategy of the company?**

Answer:

*Process of recycling mainly consist of waste collecting, sorting and distributing.*

*With regards to the Company's business strategy, we remain focused on identifying valuable opportunities and enhancing our productivity to adapt to market changes. Additionally, we will strengthen our competitive edge and efficiency to tackle market challenges.*