



26 November 2010

The Board of Directors
MESB Berhad
10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur

Dear Sirs,

NOTICE OF CONDITIONAL TAKE-OVER OFFER ("NOTICE")

1. INTRODUCTION

- 1.1 On 26 November 2010, Teoh Peng Hwa ("Offeror") acquired via crossings through several direct transactions an aggregate of 6,599,600 ordinary shares of RM1.00 each in MESB Berhad ("MESB") ("MESB Shares"), representing approximately 15.71% of the issued and paid-up share capital of MESB, at RM0.33 per MESB Share or a total consideration of approximately RM2,177,868 ("Acquisition").
- 1.2 Prior to the Acquisition, the Offeror held directly and indirectly 12,274,099 and 701,000 MESB Shares, representing 29.22% and 1.67% respectively of the issued and paid-up share capital of MESB. The Offeror's indirect interest in MESB is via the shareholding of Tan Sok Gim ("TSG"), who is the spouse of the Offeror. TSG is the person acting in concert ("PAC") with the Offeror in respect of the Offer in accordance with Section 216 of the Capital Markets and Services Act, 2007 ("CMSA").
- 1.3 After the Acquisition, the equity interest of the Offeror in MESB (together with the PAC) increased from 30.89% to 46.60%.
- 1.4 Pursuant to Part II of the Malaysian Code on Take-overs and Mergers, 1998 ("Code"), the Offeror is obliged to serve the Notice on the Board of Directors of MESB ("Board") notifying MESB of his obligation to extend a conditional take-over offer for all remaining MESB Shares not already held by the Offeror and the PAC ("Offer Shares") at a cash offer price of RM0.33 per Offer Share ("Offer").
- 1.5 The Offer Shares shall comprise all of the existing issued and paid-up MESB Shares not already held by the Offeror and the PAC.

2. THE OFFER

- 2.1 On behalf of the Offeror, HwangDBS Investment Bank Berhad ("HwangDBS") hereby serves this Notice on the Board to acquire the Offer Shares based on the terms and conditions set out in Section 4 below.
- 2.2 To accept the Offer, holders of the Offer Shares ("Holders") are advised to refer to the procedures for acceptances which will be detailed in a document outlining the Offer together with the accompanying Form of Acceptance and Transfer ("Offer Document") to be posted to the Holders in due course. The Offer will be made to each Holder for all their Offer Shares.

3. INFORMATION ON THE OFFEROR AND PAC

(a) Offeror

The Offeror, a Malaysian, was appointed to the Board on 22 June 2006. He is currently the Executive Director of MESB. He set up Miroza Leather (M) Sdn Bhd ("MLSB") in 1992. MLSB manufactures and markets internationally renowned brands under exclusive licensing such as Pierre Cardin, Pierre Balmain, Alain Delon and MLSB also develops and markets its own house brand "Giossardi". He has existing business in leather accessories both in Malaysia and overseas such as Thailand, Vietnam, Indonesia and China.

(b) PAC

TSG is the spouse of the Offeror.

The shareholdings of the Offeror and PAC in MESB as at the date of this Notice is as set out in Section 8 of this Notice.

4. TERMS AND CONDITIONS OF THE OFFER

The principal terms and conditions of the Offer, unless otherwise directed or permitted to be varied by the Securities Commission ("SC"), will be as follows:

4.1 Consideration

The Offeror shall pay a cash consideration of RM0.33 per Offer Share to Holders who validly accept the Offer.

Notwithstanding the provision in Section 4.4 below, if MESB declares, makes or pay any dividend and/or other distributions on or after the date of this Notice but prior to the close of the Offer and the Holder retains the dividend and/or other distributions, the Offeror will reduce the consideration for each Offer Share by the quantum of net dividend and/or other distributions per Offer Share that such Holder who accepts the Offer retains.

Holders may accept the Offer in respect of all or part of their Offer Shares. The cash payment to the accepting Holder in respect of his or its valid acceptance of the Offer will be rounded down to the nearest whole sen. The Offeror will not pay fractions of a sen, if any.

4.2 Conditions

The Offer is conditional upon the following:

- (a) the Offeror receiving by the Condition Fulfilment Date as defined herein below, valid acceptances (provided that such acceptances are not, where permitted, subsequently withdrawn) in respect of the Offer Shares, which would result in the Offeror holding in aggregate together with such MESB Shares that are already acquired, held or entitled to be acquired or held by the Offeror and PAC, if any, more than 50% of the total voting shares of MESB ("50% Acceptance Condition"); and

- (b) consent or approval of any other relevant authorities, if required.

The 50% Acceptance Condition shall be fulfilled by 5.00 p.m. (Malaysian time) on or before the close of the Offer which should not be later than the 60th day from the date of posting of the Offer Document (the "Condition Fulfilment Date"), failing which the Offer shall lapse and the Offer will cease to be capable of further acceptances and all acceptances shall be returned to the Holders who have accepted the Offer and the Offeror will thereafter cease to be bound by any such prior acceptances of the Offer.

The condition of the Offer other than the 50% Acceptance Condition shall be fulfilled within twenty one (21) days after:

- (a) the first Closing Date (defined in Section 4.5(a) below); or
- (b) the 50% Acceptance Condition is fulfilled,

whichever is later, but shall not be later than seven (7) days after the 60th day from the Posting Date (defined in Section 4.3 below), failing which the Offer shall lapse.

4.3 Posting of the Offer Document

The Offer will be made in conjunction with the posting of the Offer Document which will not be later than twenty one (21) days from the date of this Notice or any extension of time period as may be approved by the SC ("Posting Date"). We, on behalf of the Offeror, will make an application to the SC for the extension of time to post the Offer Document if the Posting Date is deferred beyond the requisite twenty one (21) days.

Subject to Section 4.10(a) below, the Offeror will post the Offer Document to the Holders whose names appear on the Record of Depositors of MESB as at the latest practicable date prior to the Posting Date.

4.4 Warranties

The Offeror shall acquire the Offer Shares based on the acceptance by a Holder in accordance with the Offer Document. Such acceptance will be deemed to constitute a warranty by the Holder that the Offer Shares, to which the acceptance relates to, are sold:

- (a) free from all moratorium, claims, charges, liens, pledges, encumbrances, options, rights of pre-emption, third party rights and equities from the date of valid acceptance; and
- (b) with all rights, benefits and entitlements attached thereto from the date of this Notice, including the right to all dividends and/or distributions declared, paid or made after the date of this Notice.

4.5 Duration of the Offer

(a) Original Duration

- (i) Unless the Offeror withdraws the Offer with the prior written approval of the SC and every person shall be released from any obligation incurred under the Offer, the Offer will remain open for acceptances until 5:00 p.m. (Malaysian time) for at least twenty one (21) days after the Posting Date, or such other later date(s) as we may announce on behalf of the Offeror in accordance with the provisions of the Code ("Closing Date").

(ii) Where a competing take-over offer is made anytime between the Posting Date and the Closing Date of the Offer, the Posting Date shall be deemed to be the date the competing offer document was posted.

(b) **Revisions to the Offer**

(i) If the Offer is revised after the Posting Date, it will remain open for acceptances for at least fourteen (14) days from the date of the posting of the written notification of the revision to all Holders. Where the terms are revised, the revised benefits of the Offer, including the revised consideration that is to be paid or provided for the acceptance of the Offer will be made available to the Holders who have previously accepted the Offer.

(ii) The Offer may not be revised after the forty-sixth (46th) day from the Posting Date or date the competing offer document (if any) was posted.

(c) **Extension of the Offer**

If there is any announcement of an extension of the Offer, the next expiry date of the Offer will be stated.

(d) **Closing of the Offer**

(i) Where the Offer has become or is declared unconditional as to acceptances of the Offer on any day on or **BEFORE** the forty-sixth (46th) day from the Posting Date, the Offer will remain open for acceptances for not less than fourteen (14) days from the date on which the Offer becomes or is declared unconditional which shall, in any event, be no later than the sixtieth (60th) day from the Posting Date.

(ii) Where the Offer has become or is declared unconditional as to acceptances of the Offer on any day **AFTER** the forty-sixth (46th) day from the Posting Date, the Offer will remain open for acceptances for not less than fourteen (14) days from the date on which the Offer becomes or is declared unconditional which shall, in any event, be no later than the seventy-fourth (74th) day from the Posting Date.

(iii) Without prejudice to Sections 4.5 (d)(i) and (ii) above, the Offeror shall give not less than fourteen (14) days notice in writing ("Closing Notice") to the Holders before closing the Offer. Subject to the SC's approval, no Closing Notice will be given where the Offer has become unconditional as to acceptances before an expiry date and the Offer Document clearly states that the Offer will be closed on a specific date.

(iv) The Offeror shall not give a written notice under Section 4.5(d)(iii) above where a competing take-over offer has been announced, unless the competing take-over offer has reached its conclusion or the holder(s) of 50% or more of the total voting shares of MESB have irrevocably rejected the competing take-over offer in favour of the Offer.

- (v) The Offer shall lapse if the condition set out in Section 4.2(a) of this Notice is not fulfilled by 5.00 p.m. on the 60th day from the Posting Date.

4.6 Rights of Withdrawal by an accepting Holder

- (a) Save as expressly provided in this Section 4.6, all acceptances of the Offer by a Holder **shall be irrevocable**. However, a Holder shall be entitled to withdraw his acceptance in the following circumstances:
 - (i) if the Offeror having announced the Offer to be unconditional as to acceptances, fails to comply with any requirements set out in Section 4.9(a) below by the close of trading at Bursa Malaysia Securities Berhad ("Bursa Securities") on the market day after the day on which the Offer closes, becomes or is declared unconditional as to acceptances, revised or extended, as the case may be ("Relevant Day"), any Holder who has accepted the Offer is entitled to withdraw his acceptance immediately after the Relevant Day; or
 - (ii) if the period for accepting the Offer is extended, any Holder who has accepted the Offer is entitled to withdraw his acceptance twenty one (21) days after the first Closing Date unless the Offer has become or is declared unconditional as to acceptances.
- (b) Notwithstanding Section 4.6(a) above, the SC may terminate the above right of withdrawal of a Holder who has accepted the Offer if:
 - (i) the Offeror has complied with the requirements as set out in Section 4.9(a) below within eight (8) days from the Relevant Day where the expiry of the eight (8)-day period from the Relevant Day shall not fall after the sixtieth (60th) day from the Posting Date; and
 - (ii) the Offeror has confirmed in a statement by way of press notice that the Offer is still unconditional as to acceptances.

However, the right of any person who has already withdrawn his acceptance under Section 4.6(a) of this Notice shall not be prejudiced by the termination of such right of withdrawal by the SC.

4.7 Withdrawal of the Offer by the Offeror

The Offeror may only withdraw the Offer with the prior written approval of the SC.

4.8 Method of Settlement

Save for the Offeror's right to reduce the cash consideration for the Offer Shares as set out in Section 4.1 above and except with the consent of the SC, which would only be granted in certain circumstances in which all Holders are to be treated similarly, settlement of the consideration to which the accepting Holder is entitled under the Offer will be made in full in accordance with the terms and conditions of the Offer without regard to any lien, right of set-off, counter-claim or other similar rights to which the Offeror may otherwise be or claim to be entitled against the accepting Holder. This, however, is without prejudice to the Offeror's rights to make any claim against the accepting Holder after such full settlement in respect of a breach of the warranties as set out in Section 4.4 above.

The settlement of the Offer will be effected via the remittance in the form of cheque, banker's draft and/or cashier's order which will be despatched by ordinary mail to the accepting Holders (or their designated agent(s), as they may direct), at their own risk within the following periods:

- (a) Where valid acceptances are received during the period when the Offer is still conditional, the Offeror shall post the cash consideration within twenty one (21) days from the date the Offer becomes or is declared unconditional; or
- (b) Where valid acceptances are received during the period when the Offer has become or been declared unconditional, the Offeror shall post the cash consideration within twenty one (21) days from the date of receipt of the valid acceptances.

This is provided that such acceptances are deemed by the Offeror to be complete and valid in all respects in accordance with the terms and conditions in the Offer Document.

4.9 Announcement of Acceptances

- (a) The Offeror shall inform the SC and Bursa Securities and announce by way of press notice before trading commences on Bursa Securities on the Relevant Day, the following information:
 - (i) the position of the Offer, that is, as to whether the Offer is closed, becomes or is declared unconditional as to acceptances, revised or extended; and
 - (ii) the total number of Offer Shares (together with the percentage of the issued and paid-up share capital of MESB represented by such shares):
 - (aa) for which acceptances of the Offer have been received after the Posting Date;
 - (bb) held by the Offeror as at the Posting Date; and
 - (cc) acquired or agreed to be acquired by the Offeror during the period commencing from the date of announcement of the Notice until the closing date of the Offer.
- (b) In computing the acceptances of Offer Shares, the Offeror may include or exclude, for announcement purposes, acceptances which are not in order in any respect or which are subject to verification.
- (c) References to the making of an announcement or the giving of notice by the Offeror include the following:
 - (i) release of an announcement by HwangDBS, or the Offeror's advertising agent(s) to the press; and
 - (ii) the delivery of or transmission by facsimile, telex or by release of an announcement to Bursa Securities via Bursa Securities' Listing Information Network (also known as Bursa LINK).
- (d) An announcement made by the Offeror to any other party shall be notified simultaneously to Bursa Securities.

4.10 General

- (a) All communications, notices, documents and payments to be delivered or sent to the Holders or their designated agent(s) will be posted by ordinary mail to the Holders' registered Malaysian address last maintained with Bursa Malaysia Depository Sdn Bhd at the risk of the Holders.

We and the Offeror presume that the delivery of the communication, notice, document or payment is effected by properly addressing, prepaying and posting by ordinary mail, the communication, notice, document or payment and presume that it has been effected at the time when the communication, notice, document or payment would have been delivered in the ordinary course of the mail.

- (b) Accidental omission to post the Offer Document to any Holder shall not invalidate the Offer in any way.
- (c) The Offer and all acceptances received under the Offer will be construed under and governed by Malaysian law. The Offeror and the Holders shall submit to the exclusive jurisdiction of the Courts of Malaysia in respect of all matters in relation to the Offer.
- (d) All costs and expenses of or incidental to the preparation and despatch of the Offer Document (other than professional fees and other costs relating to the Offer incurred by MESB) will be borne by the Offeror. Malaysian stamp duty and Malaysian transfer fees, if any, resulting from valid acceptances of the Offer will be borne by the Offeror. For the avoidance of doubt, the payment of any transfer fees, taxes, duties, costs, expenses or other requisite payments due in a jurisdiction outside Malaysia or the payment of any levy for the repatriation of capital or income tax shall not be borne by the Offeror. Holders accepting the Offer will however bear all costs incidental to their acceptances of the Offer.
- (e) The Form of Acceptance and Transfer accompanying the Offer Document will contain the following:
- (i) provisions for the acceptance of the Offer and the transfer of the Offer Shares to the Offeror or its appointed nominee(s);
 - (ii) instructions to complete the Form of Acceptance and Transfer; and
 - (iii) other matters incidental to the acceptance of the Offer and the transfer of the Offer Shares to the Offeror.

No acknowledgement of the receipt of the Form of Acceptance and Transfer will be issued.

5. LISTING STATUS OF MESB

Under paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements"), to maintain the continued listing of MESB Shares on Bursa Securities, MESB must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. Bursa Securities may accept a percentage lower than 25% of the total number of listed shares (excluding treasury shares) if it is satisfied that such lower percentage is sufficient for a liquid market in such shares.

A listed issuer which fails to maintain the required shareholding spread may request for an extension of time to rectify the situation. Where no extension of time is granted by Bursa Securities, Bursa Securities may take or impose any type of action or penalty pursuant to paragraph 16.19 of the Listing Requirements for a breach of paragraph 8.02(1) of the Listing Requirements and suspend the trading in the securities of MESB pursuant to paragraph 16.02 of the Listing Requirements.

In relation to a take-over offer for the acquisition of the listed shares of a listed issuer pursuant to the Code, upon 90% or more of the listed shares (excluding treasury shares) of the listed issuer being held by a shareholder either individually or jointly with associates of the said shareholder, an immediate announcement must be made by the listed issuer. Upon such immediate announcement, Bursa Securities shall:

- (a) in the case where the Offeror's intention is not to maintain the listing status, the trading in the listed issuer's securities will be suspended immediately upon the expiry of five (5) market days from the date of the immediate announcement; or
- (b) in the case where the Offeror's intention is to maintain the listing status, the trading in the listed issuer's securities will be suspended immediately upon the expiry of thirty (30) market days from the date of the immediate announcement. The suspension will only be uplifted upon full compliance with the required public shareholding spread requirement or as may be determined by Bursa Securities.

It is the intention of the Offeror to maintain the listing status of MESB. In the event MESB fails to comply with the public shareholding spread requirements under paragraph 8.02 of the Listing Requirements, the Offeror will endeavour to do such acts which are necessary to rectify the shortfall in the public shareholding spread of MESB to maintain the listing status of MESB on Bursa Securities.

Nevertheless, Holders should note that the ability of the Offeror to rectify the shortfall in the public shareholding spread of MESB shall be subject to market conditions and the relevant approvals from regulatory authorities, where applicable. Therefore, whilst it is the intention of the Offeror to rectify the shortfall in the public shareholding spread of MESB, there can be no assurance that he will be able to do so within the timeframe as allowed by the relevant authorities or that the relevant authorities will grant any further extensions of time. The Offeror will have to reconsider the listing status of MESB should all acts necessary to maintain the listing status of MESB, which the Offeror will explore, fail to address the public shareholding spread of MESB.

6. COMPULSORY ACQUISITION

Section 222 of the CMSA states that, where a take-over offer by an offeror to acquire all the shares or all the shares in any particular class in an offeree has, within four (4) months after the making of the take-over offer, been accepted by the holders of not less than nine-tenths (9/10) in the nominal value of those shares or of the shares of that class (excluding shares already held at the date of the take-over offer by the offeror or persons acting in concert), the offeror may, at any time within two (2) months from the date the nine-tenths (9/10) in the nominal value of those shares have been achieved, give notice in the manner prescribed under the Code to any dissenting shareholder that it desires to acquire his or its shares, subject to the Offeror complying with Section 222 of the CMSA.

In the event the Offeror is able to obtain acceptances as mentioned above, the Offeror does not intend to invoke the provisions of Section 222 of the CMSA to compulsorily acquire any remaining Offer Shares from Holders who have not accepted the Offer ("Dissenting Shareholders").

Notwithstanding the above, if the Offeror receives acceptances from Holders resulting in the Offeror holding not less than nine-tenths (9/10) in the nominal value of the existing issued and paid-up share capital of MESB on or before the Closing Date, a Dissenting Shareholder may exercise his or its rights, pursuant to Section 223 of the CMSA, by serving a notice to require the Offeror to acquire his or its shares on the same terms as set out in the Offer Document or such other terms as may be agreed between the Offeror and the Dissenting Shareholders concerned.

If the Dissenting Shareholder invokes the provisions of Section 223 of the CMSA for the compulsory acquisition of any remaining Offer Shares after the Offer, the Offeror will acquire such Offer Shares in accordance with the provisions of the CMSA, subject to the provisions of Section 224 of the CMSA. In accordance with Section 224 of the CMSA, when a Dissenting Shareholder exercises his or its rights under Section 223 of the CMSA, the court may, on an application made by such Dissenting Shareholder or by the Offeror, order that the terms on which the Offeror shall acquire such Offer Shares shall be as the court thinks fit.

7. FINANCIAL RESOURCES

The Offeror confirms that the Offer will not fail by reason of insufficient financial capability of the Offeror and that every Holder who wishes to accept the Offer will be paid in full by cash.

We, as the financial adviser for the Offeror, are reasonably satisfied that the Offer will not fail by reason of insufficient financial capability of the Offeror and that every Holder who wishes to accept the Offer will be paid in full by cash.

8. DISCLOSURE OF INTEREST IN MESB

In accordance with Sections 12(4)(c) and (d) of the Code, the Offeror hereby discloses the following:

- (a) Save as disclosed below, as at the date of this Notice, the respective shareholdings of the Offeror and TSG (who is the PAC) in MESB are as follows:

Name	Direct		Indirect	
	No. of MESB Shares held	%	No. of MESB Shares held	%
The Offeror	18,873,699	44.93	701,000*	1.67
TSG	701,000	1.67	18,873,699*	44.93

* Deemed Interest through his/her spouse's shareholding by virtue of Section 134(12)(c) of the Companies Act, 1965.

- (b) As at the date of this Notice, neither the Offeror nor the PAC has any option to acquire additional MESB Shares;
- (c) As at the date of this Notice, there is no existing or proposed agreement, arrangement or understanding in relation to the Offer Shares between the Offeror or the PAC, and any other Holder; and
- (d) As at the date of this Notice, neither the Offeror nor the PAC has received any irrevocable undertakings from any Holder to accept the Offer.



9. OFFEROR'S RESPONSIBILITY STATEMENT


The Offeror has seen this Notice and has approved the issuance of this Notice. The Offeror accepts full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of his knowledge and belief, there are no false or misleading statements or other material facts, the omission of which, would make any statement in this Notice false or misleading.

10. PUBLIC RELEASE

In accordance with the provisions of the Code, copies of this Notice will be released to the press and forwarded to the SC and Bursa Securities for public release.

We would appreciate it if you could acknowledge receipt of this Notice by signing and returning to us the duplicate of this Notice.

Yours faithfully,
for and on behalf of,
HWANGDBS INVESTMENT BANK BERHAD


YEO TECK HOOI
Senior Vice President & Head
Corporate Finance


WONG KOK SIE
Vice President
Corporate Finance

TO: HWANGDBS INVESTMENT BANK BERHAD ("HWANGDBS")

We, MESB Berhad, hereby acknowledge the receipt of this Notice of Conditional Take-Over Offer dated 26 November 2010 by the Offeror through HwangDBS.

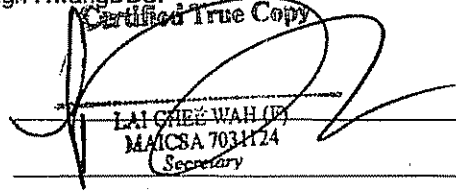
On behalf of the Board of Directors of
MESB Berhad

Name

Designation

Date

Time

Certified True Copy

LAI CHEE WAH
MAICSA 703424
Secretary

26/11/2010
5:07 pm 4.55 pm