

MESB BERHAD
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OF TRADING NATURE (“RRPT”)

1. INTRODUCTION

Pursuant to Paragraph 10.09(1)(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad, MESB Berhad (“**the Company**” or “**MESB**”) wishes to announce that its subsidiary companies, Active Fit Sdn. Bhd. (“Active Fit”) and Miroza Leather (M) Sdn. Bhd. (“Miroza”), have in the ordinary course of business entered into RRPT with Jordone Corporation Sdn. Bhd. (“Jordone”).

2. DETAILS OF THE RRPT

The total value of RRPTs of RM0.90 million (see table below), which have been aggregated given that the RRPTs are entered into with parties connected with one another pursuant to Paragraph 10.12(2)(a) of the MMLR, has triggered the limit of 1% prescribed under Paragraph 10.09(1)(b) for the period from 16 October 2015 to 1 April 2016.

The details of the RRPTs of the Group as at 1 April 2016 are as follows:-

Parties transacting with the MESB Group	Transacting company within the MESB Group	Name of Interested Directors and/or Major Shareholders/ Persons Connected to them	Nature of RRPT	Value of RRPT (RM)
Jordone	Active Fit	<ul style="list-style-type: none"> ▪ Siow Sea Nen (“SSN”), ▪ Chen Mui Yong (“CMY”), and ▪ Loke Lee Peng (“LLP”) 	Sales of products from Active Fit to Jordone	659,000
Jordone	Miroza	SSN, CMY, LLP	Sales of products from Miroza to Jordone	65,000
			Consultation fee charged by Jordone	32,000
			Rental of premises from Jordone	140,000
			Total	896,000

3. DETAILS OF THE INTERESTED DIRECTORS AND/OR MAJOR SHAREHOLDERS

(a) MESB acquired the entire equity interest in Active Fit from SSN, CMY and Liew Kee Wah (“Acquisition”), and the Acquisition was completed on 15 October 2015.

(b) Details of the interested parties:

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Interested Parties	Nature of Relationships
SSN	<ul style="list-style-type: none">i. SSN was a Director of Active Fit and had resigned on 16 October 2015.ii. SSM was the major shareholder of Active Fit, and had ceased to be the major shareholder of Active Fit on 15 October 2015.iii. Spouse of CMY.iv. A Director and major shareholder of Jordone.
CMY	<ul style="list-style-type: none">i. CMY was the shareholder of Active Fit, and had ceased to be the shareholder of Active Fit on 16 October 2015.ii. Spouse of SSN.iii. A shareholder of Jordone.
LLP	<ul style="list-style-type: none">i. A Director of MESB and all its subsidiary companies.ii. LLP was the Chief Operating Officer of Jordone, who has resigned since 31 October 2015.iii. LLP has no direct or indirect interest in Jordone.

4. RATIONALE FOR THE RRPT

The RRPT are necessary for the day to day operation of MESB Group and are intended to meet the business need on best possible terms. The RRPT are made in the ordinary course of business at arm's length and normal commercial terms which are not more favourable to the related parties.

5. FINANCIAL EFFECTS

The RRPT will not have any effect on the issued and paid-up capital and substantial shareholders' shareholdings of the Company. The RRPT is not expected to have any material effect on the earnings per share, gearing and net assets per share of the MESB Group.

6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS AND PERSON CONNECTED TO DIRECTORS AND MAJOR SHAREHOLDERS

Save as disclosed in item 3 above, none of the Directors and/or major shareholders and/or persons connected with them have any interest, direct or indirect in the RRPT.

7. STATEMENT BY THE AUDIT COMMITTEE (“AC”)

The AC has reviewed the terms of the RRPTs and in the view that the RRPTs are in the best interest of MESB, and are fair, reasonable and on normal commercial terms and not detrimental to the interest of the minority shareholders of MESB.

8. DIRECTORS' STATEMENT

The Board of Directors of the Company, having taken into consideration of all aspects of the RRPT, is of opinion that the RRPT is in the best interest of MESB Group.

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9. APPROVAL REQUIRED

As the highest applicable percentage ratio of the value transacted up to the announcement date is 1.08%. Therefore, no shareholders' approval is required. However, shareholders' mandate will be sought if the percentage ratio of the RRPT is 5% and above.

This announcement is dated 8 April 2016.