

MESB BERHAD (337554-D)
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 company, Miroza Leather (M) Sdn. Bhd. (“Miroza”), has in the ordinary course of business entered into RRPT(s) as disclosed in the following table.

2. DETAILS OF THE RRPT

The total value of RRPTs of RM980,464.50 (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 29 April 2016 to 31 January 2017.

The details of the RRPTs of the Group as at *31 January 2017 are as follows:-

Parties transacting with MESB Group	Transacting company within MESB Group	Name of Interested Directors and/or Major Shareholders/ Persons Connected to them	Nature of RRPT	Value of RRPTs (RM)
MX Too Sdn. Bhd. (“MX Too”)	Miroza	<ul style="list-style-type: none"> ▪ Teoh Hwa Peng ▪ Tan Sok Gim 	Purchase of products from MX Too	43,076.04
Branded Platform Sdn. Bhd. (“Branded”)	Miroza	<ul style="list-style-type: none"> ▪ Teoh Hwa Peng ▪ Tan Sok Gim 	Sales of products from Miroza to Branded	799,511.46
Milazo Pte. Ltd. (Milazo”)	Miroza	<ul style="list-style-type: none"> ▪ Teoh Hwa Peng ▪ Tan Sok Gim 	Royalties charge by Milazo	137,877.00
			Total	980,464.50

Note : * This figure was reported up to January 2017 as the consignment reports for February 2017 will only be received and processed in the month of March 2017.

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

(a) Mr Teoh Hwa Peng is a major shareholder of MESB. He resigned as a Director of the Company on 6 March 2017. He is also the Directors and major shareholders of the following companies:-

- i. MX Too
- ii. Branded
- iii. Milazo

(b) Madam Tan Sok Gim is the spouse to Mr Teoh Hwa Peng and a major shareholder of MESB with an indirect interest of 29.26%. She is also the Directors and major shareholders of the following companies:-

- i. MX Too
- ii. Branded
- iii. Milazo

4. RATIONALE FOR THE RRPTs

The RRPTs are necessary for the day to day operation of MESB Group and are intended to meet the business need on best possible terms. The RRPTs 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 RRPTs will not have any effect on the issued and paid-up capital and substantial shareholders' shareholdings of the Company. The RRPTs are 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 RRPTs.

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 RRPTs, is of opinion that the RRPTs are in the best interest of MESB Group.

9. APPROVAL REQUIRED

As the highest applicable percentage ratio of the value transacted up to the announcement date is 1.17% based on the consolidated Audited Financial Statement of MESB for the financial year ended 31 March 2016, 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 7 March 2017