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MESB

B E R H A D

MESB BERHAD
(Company No. 337554-D)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- (I) **PROPOSED SHARE SPLIT INVOLVING THE SUBDIVISION OF EVERY TWO (2) EXISTING ORDINARY SHARES IN MESB BERHAD (“EXISTING SHARES”) INTO THREE (3) ORDINARY SHARES IN MESB BERHAD (“RESULTANT SHARES” OR “MESB SHARES”) ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED SHARE SPLIT”); AND**
- (II) **PROPOSED BONUS ISSUE OF 40,950,000 FREE WARRANTS IN MESB BERHAD (“WARRANTS”) ON THE BASIS OF ONE (1) WARRANT FOR EVERY TWO (2) RESULTANT SHARES HELD AFTER THE PROPOSED SHARE SPLIT (“PROPOSED BONUS ISSUE OF WARRANTS”)**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



INVESTMENT BANK BERHAD (20657-W)

The Notice of the Extraordinary General Meeting (“EGM”) of MESB Berhad to be held at Room 3, Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Friday, 8 December 2017 at 9.30 a.m. or any adjournment thereof, together with the Proxy Form are enclosed herewith. The Proxy Form must be deposited at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time stipulated for holding the EGM or any adjournment thereof. The lodgement of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

IMPORTANT DATES

Last date and time for lodging the Proxy Form : Wednesday, 6 December 2017 at 9.30 a.m. or any adjournment thereof
Date and time for the EGM : Friday, 8 December 2017 at 9.30 a.m.

This Circular is dated 23 November 2017

DEFINITIONS

In this Circular, unless otherwise indicated, the following words and abbreviations shall have the following meanings:-

“Act”	:	Companies Act 2016
“Board”	:	Board of Directors of MESB
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Circular”	:	This circular dated 23 November 2017 to the shareholders of MESB in relation to the Proposals
“Deed Poll”	:	The deed poll to be executed by the Company constituting the Warrants and governing the rights of the Warrant holders
“EGM”	:	Extraordinary General Meeting of MESB in relation to the Proposals
“Entitlement Date”	:	The date as at the close of business (to be determined and announced later by the Board after receipt of the approvals from the relevant authorities and shareholders of the Company for the Proposals) on which shareholders of MESB must be registered as a member in the Record of Depositors of MESB in order to participate in the Proposals
“EPS”	:	Earnings per share
“Exercise Period”	:	Three (3) years commencing on and including the date from the 2 nd anniversary date of the first issue of the Warrants. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid
“Exercise Price”	:	The exercise price of the Warrants of RM0.30 per Warrant, subject to further adjustments (where applicable) in accordance with the provisions of the Deed Poll
“Existing Share(s)”	:	Existing ordinary share(s) of the Company prior to the Proposed Share Split
“FYE”	:	Financial year ended/ending 31 March
“KAF IB”	:	KAF Investment Bank Berhad
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	10 November 2017, being the latest practicable date prior to the printing of this Circular
“LPS”	:	Loss per share
“MESB” or the “Company”	:	MESB Berhad
“MESB Group” or the “Group”	:	MESB and its subsidiaries, collectively
“MESB Share(s)” or “Resultant Share(s)”	:	Subdivided ordinary share(s) of the Company after the Proposed Share Split
“NA”	:	Net assets
“Proposals”	:	Collectively, the Proposed Bonus Issue of Warrants and the Proposed Share Split

DEFINITIONS (CONT'D)

“Proposed Bonus Issue of Warrants”	:	Proposed bonus issue of 40,950,000 Warrants on the basis of one (1) Warrant for every two (2) Resultant Shares held after the Proposed Share Split
“Proposed Share Split”	:	Proposed share split involving the subdivision of every two (2) Existing Shares into three (3) Resultant Shares on the Entitlement Date
“Record of Depositors”	:	A record of depositors established by Bursa Depository under the Rules of Bursa Depository
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“Rules of Bursa Depository”	:	The rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991 as amended from time to time, including the Securities Industry (Central Depositories) Amendment Act, 1998
“Warrant(s)”	:	5-year free detachable warrants in MESB to be issued pursuant to the Proposed Bonus Issue of Warrants

Words denoting the singular number only shall include the plural and vice-versa and words denoting the masculine gender shall, where applicable, include the feminine gender, neuter gender and vice versa. Reference to persons shall include a body of persons, corporate or unincorporated (including a trust). Any reference to a time of day shall be a reference to Malaysian time, unless otherwise stated. Any reference to any statute is a reference to that statute as for the time being amended or re-enacted.

All references to “you” in this Circular are to our shareholders.

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PROXY FORM..... **ENCLOSED**

MESB

B E R H A D

MESB BERHAD

(Company No. 337554-D)
(Incorporated in Malaysia)

Registered Office:
10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur

23 November 2017

BOARD OF DIRECTORS

Saffie Bin Bakar (Independent Non-Executive Chairman)
Tan Yew Kim (Independent Non-Executive Director)
Lee Kok Heng (Independent Non-Executive Director)
Loke Lee Ping (Executive Director cum Chief Executive Officer)
Chua Jin Kau (Executive Director)

To: The Shareholders of MESB

Dear Sir/Madam,

(I) PROPOSED SHARE SPLIT; AND (II) PROPOSED BONUS ISSUE OF WARRANTS

1.0 INTRODUCTION

1.1 On 19 October 2017, KAF had, on behalf of the Board, announced that the Company is proposing to undertake the following proposals:-

- (i) proposed share split involving the subdivision of every two (2) Existing Shares into three (3) Resultant Shares on the Entitlement Date; and
- (ii) proposed bonus issue of 40,950,000 Warrants on the basis of one (1) Warrant for every two (2) Resultant Shares held after the Proposed Share Split.

1.2 On 20 November 2017, KAF had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 20 November 2017, resolved to approve the following:-

- (a) the Proposed Share Split;
- (b) the admission of the Warrants to the Official List of the Main Market of Bursa Securities; and
- (c) the listing of and quotation for the Warrants and the new MESB Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities.

1.3 Further details of the conditions imposed by Bursa Securities as well as the status of compliance in respect thereof are set out in Section 6.0 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE THE SHAREHOLDERS OF MESB WITH THE DETAILS OF THE PROPOSALS AND TO SEEK YOUR APPROVALS ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED HERewith IN THIS CIRCULAR.

SHAREHOLDERS OF MESB ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2.0 DETAILS OF THE PROPOSALS

2.1 Proposed Share Split

2.1.1 Details of the Proposed Share Split

The Proposed Share Split entails the subdivision of every two (2) Existing Shares held by the shareholders, whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date, into three (3) Resultant Shares.

As at the LPD, the issued share capital of MESB is RM51,240,240 comprising 54,600,000 Existing Shares. Upon completion of the Proposed Share Split, the resultant issued share capital of MESB will be RM51,240,240 comprising 81,900,000 Resultant Shares.

Any fractional entitlements arising from the Proposed Share Split shall be disregarded and dealt with in such manner as the Board shall in its absolute discretion deem fit, expedient and in the best interests of the Company.

2.1.2 Ranking of the Resultant Shares

The Resultant Shares shall, upon allotment and issue, rank pari passu in all respects with each other, except that the Resultant Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distributions that may be declared, made or paid prior to the relevant date of allotment and issuance of the Resultant Shares.

2.1.3 Theoretical price of the Resultant Shares

For the purpose of illustration only, the theoretical adjusted market price of the Resultant Shares pursuant to the implementation of the Proposed Share Split shall be as follows:-

	Assumed no. of ordinary shares	Market/Theoretical price per share (RM)	Total value (RM)
As at the LPD	1,000	1.050*	1,050
After the Proposed Share Split	1,500	0.700	1,050

Note:-

* *Being the closing market price of the Existing Shares as at the LPD.*

As illustrated above, the Proposed Share Split is not expected to affect the total value of ordinary shares in MESB held by the Company's shareholders.

2.1.4 Procedures for the issuance of the Resultant Shares

As the Existing Shares are prescribed securities, the Resultant Shares will be credited directly into the respective central depository system accounts of the entitled shareholders whose names appear in the Record of Depositors of the Company on the Entitlement Date and no physical share certificate will be issued. In addition, the trading of the Existing Shares will not be suspended for the purpose of implementing the Proposed Share Split as the Proposed Share Split is prescribed as a Specified Subdivision pursuant to paragraph 13.04(3) of the Listing Requirements.

The Resultant Shares will be listed and quoted on the Main Market of Bursa Securities on the next market day after the Entitlement Date. The notices of allotment will be issued and despatched to the entitled shareholders within four (4) market days after the date of listing of and quotation for the Resultant Shares.

2.2 Proposed Bonus Issue of Warrants

2.2.1 Basis and number of Warrants to be issued

The Proposed Bonus Issue of Warrants involves the issuance of 40,950,000 Warrants on the basis of one (1) Warrant for every two (2) Resultant Shares held by the shareholders of MESB whose name appear in the Record of Depositors on the Entitlement Date.

For clarification purposes, the Entitlement Date for the Proposed Share Split and Proposed Bonus Issue of Warrants will be on the same date. However, the Proposed Bonus Issue of Warrants shall be implemented after the Proposed Share Split.

Based on the issued share capital of MESB of RM51,240,240 comprising 81,900,000 MESB Shares after taking into consideration the existing issued share capital of MESB as at the LPD and the Proposed Share Split, a total of 40,950,000 Warrants will be issued pursuant to the Proposed Bonus Issue of Warrants.

Fractional entitlements of the Warrants, if any, shall be disregarded and dealt with in such manner as the Board shall in its absolute discretion think fit and expedient, and in the best interests of the Company. The Proposed Bonus Issue of Warrants will not be implemented on a staggered basis.

The Warrants will be issued in registered form and constituted by the Deed Poll. The indicative salient terms of the Warrants are set out in Appendix I of this Circular.

2.2.2 Ranking of the Warrants and the new MESB Shares to be issued arising from the exercise of the Warrants

The holders of the Warrants will not be entitled to any voting rights or participation in any form of distribution other than on winding-up, compromise or arrangement of MESB to be set out in the Deed Poll and/or any offer of further securities in MESB until and unless such holders of the Warrants exercise their Warrants into new MESB Shares.

The new MESB Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing MESB Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or any other forms of distribution which may be declared, made or paid to the shareholders of MESB, the entitlement date of which is prior to the date of allotment and issuance of the new MESB Shares arising from the exercise of the Warrants.

2.2.3 Listing of and quotation for the Warrants and new MESB Shares to be issued arising from the exercise of the Warrants

The approvals from Bursa Securities for the admission of the Warrants to the Official List of the Main Market of Bursa Securities as well as for the listing of and quotation for the Warrants and the new MESB Shares to be issued arising from the full exercise of the Warrants on the Main Market of Bursa Securities have been obtained vide its letter dated 20 November 2017, subject to the terms and conditions as set out in Section 6.0 of this Circular.

2.2.4 Basis of determining the issue price and exercise price of the Warrants

The Warrants will be issued at no cost to the shareholders on a pro rata basis. The exercise price of the Warrants has been fixed at RM0.30 by the Board after taking into consideration, amongst others, the following:-

- (i) The historical price movement of the Existing Shares; and
- (ii) the theoretical ex-price of RM0.7517 per MESB Share after the Proposed Share Split, calculated based on the five (5)-day volume weighted average market price of the Existing Shares up to and including the LPD of RM1.1275.

For illustration purposes, the Exercise Price represents a discount of RM0.4517 or approximately 60.09% to the aforesaid theoretical ex-price of RM0.7517 per MESB Share after the Proposed Share Split.

The Exercise Price was fixed at a substantial discount to the theoretical ex-price with the aim of rewarding the entitled shareholders to the Warrants for their continuous support of MESB and at the same time, incentivising them to exercise the Warrants during the Exercise Period, thereby further increasing their equity participation in the Company. Nevertheless, having considered the substantial discount accorded to the Exercise Price and the enlarged number of MESB Shares in issue upon completion of the Proposed Share Split, the Exercise Period was structured with a moratorium period of two (2) years, whereby the Warrants can only be exercised into MESB Shares commencing on and including the date from the 2nd anniversary date of the first issue of the Warrants, with the aim of preventing an immediate dilution to the consolidated EPS of MESB as a result of the exercise of Warrants.

2.2.5 Utilisation of proceeds

The Proposed Bonus Issue of Warrants will not raise any immediate funds upon its issuance as the Warrants will be issued at no cost to the entitled shareholders of MESB. The exact quantum of the future proceeds that may be raised by MESB would depend upon the actual number of Warrants exercised during the tenure of the Warrants. As such, the exact timeframe for the utilisation of proceeds arising therefrom is not determinable at this juncture.

Assuming full exercise of the Warrants at the exercise price of RM0.30 per Warrant, a total of 40,950,000 new MESB Shares would be issued and the Company could potentially raise a maximum gross proceeds of RM12.29 million. Such proceeds to be raised, as and when the Warrants are exercised, shall be utilised for the future working capital requirements of the MESB Group, which include, amongst others, payment to trade and other payables, repayment of bank borrowings, staff costs and other operating expenses such as, purchase inventory, royalty fee, rental and utilities. The total borrowings of the Group stood at RM25.77 million as at the LPD. The proceeds to be utilised for each component of working capital are subject to the MESB Group's operating requirements at the time of utilisation and therefore cannot be determined at this juncture.

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3.0 RATIONALE FOR THE PROPOSALS

3.1 Proposed Share Split

The Proposed Share Split serves to enhance the marketability and trading liquidity of the ordinary shares in MESB on Bursa Securities as a result of the increase in the number of shares in issue. By so doing, the Resultant Shares are expected to appeal to a wider group of shareholders and investors in terms of the affordability of the shares of the Company.

3.2 Proposed Bonus Issue of Warrants

The Board is of the view that the Proposed Bonus Issue of Warrants is an appropriate avenue for rewarding the existing shareholders of MESB after taking into consideration, amongst others, the following factors:-

- (a) the Proposed Bonus Issue of Warrants will reward the shareholders for their continuous support by enabling them to participate in a derivative of MESB without incurring any costs;
- (b) the issuance of Warrants will provide the shareholders with an opportunity to further increase their equity participation in the Company by exercising the Warrants at a pre-determined price over the tenure of the Warrants. The shareholders who are entitled to the Warrants may also benefit from any potential capital appreciation arising from the exercise of the Warrants;
- (c) to strengthen its financial position with enhanced shareholders' funds and enlarged capital base pursuant to the exercise of Warrants into new MESB Shares which is expected to enhance the liquidity of MESB Shares on the Main Market of Bursa Securities; and
- (d) the Warrants will enable the Company to raise further proceeds as and when the Warrants are exercised, for working capital requirements of the MESB Group.

4.0 INDUSTRY OUTLOOK AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy recorded a stronger growth of 6.2% in the third quarter of 2017 (2Q 2017: 5.8%). Private sector spending continued to be the main driver of growth. The external sector also contributed positively to growth, as real exports expanded at a faster pace (11.8%; 2Q 2017: 9.6%), supported by stronger demand from major trading partners. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.8% (2Q 2017: 1.3%).

Domestic demand grew by 6.6% in the third quarter of the year (2Q 2017: 5.7%), supported by continued expansion in both private sector expenditure (7.3%; 2Q 2017: 7.2%) and public sector spending (4.1%; 2Q 2017: 0.2%).

Private consumption expanded by 7.2% (2Q 2017: 7.1%), underpinned by better labour market conditions. In particular, private sector wages were sustained amid stronger employment growth.

Private investment registered a stronger growth of 7.9% (2Q 2017: 7.4%), mainly in the services and manufacturing sectors. Within the manufacturing sector, both export- and domestic-oriented subsectors undertook higher capital spending during the quarter. Business sentiments also remained above the optimism threshold, in line with favourable external and domestic demand conditions.

Public consumption expanded by 4.2% (2Q 2017: 3.3%) following faster growth in emoluments amid continued prudence in spending on supplies and services. Public investment turned around to register positive growth of 4.1% during the quarter (2Q 2017: -5.0%). This was due to higher fixed assets spending by both the Federal Government and public corporations.

Gross fixed capital formation (GFCF) growth was higher at 6.7% (2Q 2017: 4.1%) driven by higher growth in private investment and the positive turnaround in public investment. By type of assets, capital spending on machinery and equipment improved to 11.5% (2Q 2017: 4.4%) while investment in structures moderated to 3.6% (2Q 2017: 5.1%). Investment in other types of assets was higher at 7.2% (2Q 2017: -3.7%).

Given the continued strong performance in the third quarter, the Malaysian economy is on track to register stronger growth in 2017. Looking ahead, the economy is poised to register a strong growth that is close to the upper end of the official forecast range of 5.2 – 5.7% in 2017. Growth momentum has been lifted by stronger spill overs from the external sector to the domestic economy. The operating environment has also improved significantly as households and businesses have steadily acclimatised to the adjustments in the global and domestic economic conditions in the past few years.

(Source: Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2017, Bank Negara Malaysia)

In 2016, the Malaysian economy recorded a growth of 4.2% (2015: 5.0%) despite considerable external and domestic headwinds. The global economic landscape was challenging given the subdued global demand and low commodity prices. International financial markets were also subjected to heightened uncertainty with significant reversal of capital flows from emerging economies. This was driven by the unexpected political developments in the advanced economies, such as the UK and the US, and the macroeconomic policies adopted by these economies. Domestically, the economy continued to face headwinds from the higher cost of living amid soft employment conditions. Concurrently, business and consumer sentiments were affected by a confluence of global and domestic factors, including the heightened volatility in financial markets and the significant underperformance of the ringgit.

Global economic activity is projected to improve in 2017, underpinned by an expansion in domestic demand in the advanced and emerging market economies, boosted in part by expansionary fiscal policies in selected major economies. These pro-growth policies would spur global demand and provide impetus to global trade. The outlook would also be supported by a recovery in commodity prices amid the move to reduce oversupply conditions. Nonetheless, the global economy will continue to be subjected to several downside risks. These include a potential retreat from globalisation and free trade in the advanced economies, and uncertainty over the UK and EU negotiations and geopolitical developments. Anticipation of monetary policy divergence between the US and the other major economies could also result in over adjustment in the foreign exchange markets amidst destabilising capital flows.

With the gradual improvement in global growth, recovery in global commodity prices and the continued growth of domestic demand are expected to collectively support Malaysia's growth performance. The Malaysian economy is projected to register a sustained growth of 4.3% - 4.8% in 2017.

(Source: Bank Negara Malaysia Annual Report 2016, Bank Negara Malaysia)

4.2 Overview and outlook of retail industry in Malaysia

The services sector registered a higher growth of 6.6% in the third quarter of 2017 (3Q2016: 6.2%). Growth of the wholesale & retail trade sub-sector was supported by continued growth in household spending. The information and communication sub-sector remained strong, driven by higher demand for data communication services, while the transportation and storage sub-sector benefitted from the robust trade activities.

(Source: Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2017, Bank Negara Malaysia)

On the supply side, all economic sectors continued to expand in 2016, with the exception of the agriculture sector. The services sector recorded a higher growth of 5.6% in 2016 (2015: 5.1%). Growth was supported by expansion across all sub-sectors. The finance and insurance sub-sector turned around to register positive growth, driven by higher net interest income and better performance of the life

insurance segment. The retail and food and beverage and accommodation sub-sectors recorded higher growth, supported by continued wage and employment growth and a recovery in tourist arrivals.

The services sector is projected to expand by 4.9% in 2017, albeit at a more moderate pace. In particular, the performance of consumption-related services such as retail trade, food & beverages and accommodation will be underpinned by stable labour market conditions and continued wage growth. The transport and storage sub-sector will benefit from higher air passenger traffic, commencement of the Mass Rapid Transit (MRT) services and the improvement in trade activity. In the information and communication sub-sector, growth will be supported by strong demand for internet and digital services. Growth in the finance and insurance sub-sector is, however, anticipated to remain subdued in tandem with the moderate loan growth.

(Source: Bank Negara Malaysia Annual Report 2016, Bank Negara Malaysia)

4.3 Overview and outlook of apparel industry in Malaysia

The textiles and apparel industry registered progress and continued to be a growth industry. During the period of the Second Industrial Master Plan (IMP2), 1996-2005, the industry contributed to growth, in terms of enhancement of production capabilities, increases in exports and investments, and development of linkages.

During the period of the Third Industrial Master Plan (IMP3), 2006-2020, initiatives will be undertaken in key areas to promote investments, sustain exports and market share of targeted growth areas in textiles and apparel, and enhance the industry's overall competitiveness.

The future of the Malaysian textiles and apparel industry is dependent upon consolidation, upgrading of existing facilities, reducing costs and improving efficiency to remain competitive. In 2005, Malaysia was ranked 37th largest exporter of textiles and apparel in the world. The removal of quotas creates opportunities for the industry to increase its exports. To remain competitive in the global market, the industry needs to focus on exports of functional fabrics having special features, such as wrinkle-free and anti-bacteria, and high-end apparel, such as blazers and bridal gowns. Presently, the industry faces competition from countries which have entered into free trade agreements (FTAs) with the major markets, such as the United States of America, Japan and the People's Republic of China.

(Source: Third Industrial Master Plan (IMP3) 2006-2020, Ministry of International Trade and Industry)

4.4 Prospects of the MESB Group

MESB was incorporated in Malaysia on 28 March 1995 under the Act as a private limited company. The Company is principally an investment holding company incorporated to manage various subsidiaries. The subsidiaries are principally engaged in brand building, concept development, fashion designing, sourcing, marketing, distribution and retailing of apparels, leather goods products and accessories.

The retail industry is presently facing some challenges from softer consumer sentiment, depreciation of the Ringgit Malaysia as well as more cautious consumer spending from cost-push factors. Nevertheless, the management of MESB Group is of the view that moving forward, the growth of the Malaysian apparel industry will be supported and underpinned by, amongst others, stable labour market conditions and continued wage growth.

As announced in July 2017, the Group has committed to expand its retailing market and strengthen its presence in leather goods and apparels industries by launching babies' apparel and accessories across Malaysia as well as launching of a new brand covering, men's children's and babies' apparel, babies' accessories and men's leather accessories and opening of about 70 new consignment counters in appropriate location nationwide as follows:-

- 46 new consignment counters for existing products including new brand; and
- 24 new consignment counters for new product categories.

The Group plans to launch the new products during the last quarter of 2017 at Parkson Paradigm, Johor Bahru and another 23 new consignment counters of new products are expected to be opened progressively at the selected departmental stores in Kuala Lumpur, Selangor, Kelantan, Pulau Pinang, Pahang, Melaka, Johor Bahru and Sarawak, targeting new born babies and toddlers age up to 3 years old and parents with middle income and lives in urban areas.

The launching of new product lines and launching of a new brand, namely Ducati, aimed at improving the revenue stream and profitability of the Group as well as the opening of new consignment counters are expected to enable the Group to increase its market presence in the Malaysian retailing industry and distribution capabilities, particularly the presence of the Group's product lines in newly opened and/or upcoming shopping malls, such as AEON Mall Dato Onn Jaafar, Johor Bahru, Paradigm, Johor Bahru and Evo, Bangi, Selangor which would in turn serve as additional retail channels for the Group to reach out to potential customers.

Barring the above and any unforeseen circumstances, the Board, after having considered all the relevant aspects including the business expansion plans and strategies as aforementioned as well as the outlook of the retailing industry as set out in Sections 4.2 and 4.3 of this Circular, is of the view that the prospect of the Group are expected to be positive. In addition, the Group anticipated that with the favourable labour market conditions and income, consumer sentiments and spending will remain positive and will benefit the Group's revenue growth.

(Source: Management of MESB Group)

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5.0 EFFECTS OF THE PROPOSALS

5.1 Share capital

The proforma effects of the Proposed Share Split and the Proposed Bonus Issue of Warrants on the issued share capital of MESB are as follows:-

	No. of ordinary shares in MESB	Total Value (RM)
Issued and paid-up share capital as at the LPD	54,600,000	51,240,240
After the Proposed Share Split	81,900,000	51,240,240
To be issued upon full exercise of the Warrants*	40,950,000	12,285,000
Enlarged issued and paid-up share capital	122,850,000	63,525,240

Note:-

* Assuming all entitled shareholders of the Company exercise their Warrants at the Exercise Price of RM0.30 for each Warrant.

5.2 Earnings and EPS

The Proposals will not have any effect on the consolidated earnings of MESB except for the corresponding dilution in the consolidated EPS of MESB as a result of the increase in the number of MESB Shares pursuant to the Proposals.

For the purpose of illustration only, based on the latest audited consolidated financial statements of MESB for the FYE 31 March 2017, the proforma effects of the Proposed Share Split and the Proposed Bonus Issue of Warrants, assuming all entitled shareholders of the Company exercise their Warrants, on the consolidated loss and LPS of MESB are as follows:-

	Audited for the FYE 31 March 2017	(I) After the Proposed Share Split	(II) After (I) and upon full exercise of the Warrants
Loss attributable to owners of the Company (RM)	(2,630,000)	(2,630,000)	(2,630,000)
No. of ordinary shares	54,600,000	81,900,000	122,850,000
LPS (sen)	(4.82)	(3.21)	(2.14)

Moving forward, the Group's future earnings would depend on, inter-alia, the returns to be generated from the utilisation of proceeds from the exercise of the Warrants, if any.

The resultant increase in the number of MESB Shares in issue pursuant to the exercise of the Warrants may accordingly dilute the consolidated EPS of MESB if the earnings of the Group do not increase in tandem with such increase in the number of MESB Shares. Nevertheless, the extent of dilution to the consolidated EPS of MESB is dependent upon, amongst others, the eventual number of MESB Shares to be issued pursuant to the exercise of the Warrants vis-à-vis the future earnings of the Group.

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5.3

NA and gearing

The proforma effects of the Proposed Share Split and the Proposed Bonus Issue of Warrants on the gearing and NA per share of the MESB Group based on the audited consolidated financial statements of MESB for the FYE 31 March 2017 are as follows:-

	Audited as at 31 March 2017 RM'000	(I) (2) Adjustment for subsequent event RM'000	(II) After (I) and the Proposed Share Split RM'000	(III) After (II) and upon full exercise of the Warrants RM'000
Share capital	42,042	51,240	51,240	63,525
Reserves	39,283	39,083	(4) 38,883	38,883
Shareholders' equity/NA	81,325	90,323	90,123	102,408
No. of shares ('000)	(1) 42,000	54,600	(3) 81,900	122,850
NA per share (RM)	1.94	1.65	1.10	0.83
Borrowings (RM'000)	30,975	30,975	30,975	30,975
Gearing (times)	0.38	0.34	0.34	0.30

Notes:-

- (1) Existing ordinary shares in MESB as at 31 March 2017.
- (2) After adjusting for the issuance of 12,600,000 new MESB Shares at RM0.73 per Share pursuant to a private placement exercise which was completed on 9 October 2017 and the estimated expenses incidental to the said private placement exercise of RM200,000. The Company raised total gross proceeds of RM9.20 million from the said private placement exercise and the status of the utilisation of proceeds as at the LPD are as follows:-

	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Unutilised proceeds (RM'000)	Timeframe for the utilisation of proceeds
Working capital for the MESB Group	2,498	2,008	490	Within 6 months
Business expansion	6,500	-	6,500	Within 12 months
Estimated expenses	200	168	32	Within 1 month
Total	9,198	2,176	7,022	

- (3) Ordinary shares in MESB after the implementation of the Proposed Share Split.

- (4) After deducting estimated expenses of RM200,000 in relation to the Proposals.

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5.4 Substantial shareholders' shareholdings

The proforma effects of the Proposed Share Split and the Proposed Bonus Issue of Warrants on the substantial shareholders' shareholdings of the Company are as follows:-

	As at the LPD			(I) After the Proposed Share Split			(II) After (I) and upon full exercise of the Warrants		
	Direct No. of shares	Indirect No. of shares	%	Direct No. of shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%
Angsana Inai Sdn Bhd	12,274,099	-	22.48	18,411,149	-	22.48	27,616,723	-	22.48
Teeoh Hwa Peng	15,999	(1) 12,274,099	0.03	23,999	(1) 18,411,149	0.03	35,998	(1) 27,616,723	0.03
Tan Sok Gim	-	(1) 12,290,098	-	-	(1) 18,435,147	-	-	(1) 27,652,721	-
Konwa Industrial Sewing Machine (M) Sdn Bhd	4,847,700	-	8.88	7,271,550	-	8.88	10,907,325	-	8.88
Lim Chin Hua Holdings Sdn Bhd	-	(1) 4,847,700	-	-	(1) 7,271,550	-	-	(1) 10,907,325	-
Lim Chin Hua	-	(1) 4,847,700	-	-	(1) 7,271,550	-	-	(1) 10,907,325	-
Lee Kuai Fong	-	(1) 4,847,700	-	-	(1) 7,271,550	-	-	(1) 10,907,325	-
Ihsan Bin Osman	3,109,600	(1) 1,540,400	5.70	4,664,400	(1) 2,310,600	2.82	6,996,600	(1) 3,465,900	5.70

Note:-

(1) Deemed interested by virtue of shareholdings held by persons connected pursuant to Section 8 of the Act.

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5.5 Convertible securities

The Company does not have any convertible securities in issue as at the LPD.

6.0 APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:-

- (a) Bursa Securities for:-
- (i) the Proposed Share Split;
 - (ii) the admission of the Warrants to the Official List of the Main Market of Bursa Securities; and
 - (iii) the listing of and quotation for the Warrants and the new MESB Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities;

which was obtained vide its letter dated 20 November 2017, subject to the following conditions:-

	Conditions imposed	Status of compliance
(1)	MESB or KAF IB is required to make the relevant announcements pursuant to Paragraph 13.10(2) of the Listing Requirements;	To be met.
(2)	MESB and KAF IB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue of Warrants;	To be met.
(3)	MESB and KAF IB to inform Bursa Securities upon the completion of the Proposed Bonus Issue of Warrants;	To be met.
(4)	MESB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue of Warrants is completed; and	To be met.
(5)	MESB to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be met.

- (b) the shareholders of MESB for the Proposed Share Split and the Proposed Bonus Issue of Warrants at the EGM; and
- (c) any other relevant authorities (if applicable).

7.0 CONDITIONALITY

The Proposed Bonus Issue of Warrants is conditional upon the Proposed Share Split but not vice versa. In addition, the Proposals are not conditional upon any other corporate proposals undertaken or to be undertaken by MESB.

8.0 HISTORICAL SHARE PRICES

The monthly highest and lowest prices of the Existing Shares as traded on Bursa Securities for the past twelve (12) months up to the LPD are as follows:-

	Highest (RM)	Lowest (RM)
<u>2016</u>		
November	0.720	0.640
December	0.620	0.570
<u>2017</u>		
January	0.640	0.560
February	0.630	0.550
March	0.740	0.590
April	0.950	0.720
May	1.070	0.685
June	0.880	0.715
July	0.950	0.785
August	0.900	0.835
September	1.120	0.850
October	1.370	0.925

The last transacted price of the Existing Shares on 19 October 2017, being the latest Market Day preceding the announcement of the Proposals, was RM1.300 per Existing Share.

The last transacted price of the Existing Shares on the LPD was RM1.050 per Existing Share.

(Source: Bloomberg)

9.0 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors, major shareholders and/or persons connected with the Directors and/or major shareholders of MESB have any interest, direct or indirect, in the Proposals save for their respective entitlements as shareholders under the Proposals, which are also available to all other shareholders of the Company.

10.0 DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposals, including but not limited to the rationale and financial effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company and accordingly, recommends you to vote in favour of the resolutions in relation to the Proposals to be tabled at the forthcoming EGM.

11.0 OUTSTANDING CORPORATE EXERCISES

Save for the Proposals which are the subject matter of this Circular, there are no other intended corporate exercises/schemes which have been announced by the Company but are pending completion prior to the printing of this Circular.

12.0 ESTIMATED TIME FRAME FOR COMPLETION OF THE PROPOSALS

Subject to the approvals as stated in Section 6.0 above and barring any unforeseen circumstances, the Board expects the Proposals to be completed by the first (1st) quarter of 2018. The tentative timetable in relation to the implementation of the Proposals is set out below:-

Tentative Date	Events
8 December 2017	Convening of the EGM to obtain the approvals of MESB's shareholders
Early December 2017	Announcement of the Entitlement Date
End December 2017	Entitlement Date
Early January 2018	Listing of and quotation for the Resultant Shares, the Warrants on Bursa Securities/Completion of the Proposals

13.0 EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Room 3, Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Friday, 8 December 2017 at 9.30 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing the relevant resolutions pertaining to the Proposals.

If you are unable to attend and vote in person at the EGM, you should complete, sign and return the Proxy Form enclosed with this Circular in accordance with the instructions printed therein as soon as possible so as to arrive at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not later than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. The lodgement of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

14.0 FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendices for further information.

Yours faithfully,
For and on behalf of the Board
MESB BERHAD

LOKE LEE PING
Executive Director cum Chief Executive Officer

INDICATIVE PRINCIPAL TERMS OF THE WARRANTS

Form and denomination	:	The Warrants will be issued in registered form and constituted by the Deed Poll.
Number of Warrants	:	40,950,000 Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants.
Exercise Price	:	The exercise price of the Warrants has been fixed at RM0.30 per Warrant, subject to further adjustments (where applicable) in accordance with the provisions of the Deed Poll.
Exercise Period	:	Three (3) years commencing on and including the date from the 2 nd anniversary date of the first issue of the Warrants. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
Method of exercise	:	The Warrant holders are required to lodge at the Company's registrar an exercise form, as set out in the Deed Poll, duly completed and signed, together with payment of the exercise price for the total number of new MESB Shares subscribed by banker's draft or cashier's order or money order or postal order issued by a post office operating in Malaysia.
Expiry Date	:	The close of business at 5.00 p.m. in Kuala Lumpur on the last market day immediately preceding the fifth (5 th) anniversary date of first issue of the Warrants, and if such date is not a market day, then on the immediate preceding market day.
Exercise Rights	:	Each Warrant entitles its holder to subscribe for one (1) new MESB Share at the Exercise Price at any time during the Exercise Period subject to adjustments in accordance with the provisions in the Deed Poll.
Board lot	:	The Warrants are tradable upon listing on Bursa Securities in board lots of 100 Warrants.
Status of new MESB Shares to be issued pursuant to the exercise of the Warrants	:	All new MESB Shares to be issued upon the exercise of the Warrants (in accordance with the provisions of the Deed Poll) shall, upon allotment and issue, rank pari passu in all respects with the then existing MESB Shares, save and except that the new MESB Shares shall not be entitled to any dividends, rights, allotments and/or any other distribution which may be declared, made or paid before the date of allotment of such new MESB Shares.
Adjustment in the Exercise Price and/or the number of Warrants held by Warrant holders in the event of alteration to the share capital	:	Subject to the provisions of the Deed Poll, the exercise price and/or the number of unexercised Warrants held by each Warrant holder shall be adjusted by the Board in consultation with an approved principal advisor and a certified auditor in Malaysia appointed by the Company for the purposes of the Deed Poll in the event of alteration to the share capital of the Company in accordance with the provisions as set out in the Deed Poll.
Rights of Warrants	:	The Warrants do not entitle the registered holders thereof to any voting rights in any general meeting of the Company or to participate in any distribution (other than on winding-up, compromise or arrangement of MESB) and/or offer of further securities in the Company unless the Warrant holder becomes a shareholder by exercising his/her Warrants.
Modification of rights of Warrant holders	:	Subject to the approval of Bursa Securities (if required), any modifications to the Deed Poll may be effected only by the Deed Poll, executed by the Company and expressed to be supplemental hereto and comply with the requirements of the Deed Poll. The Company must notify the Warrants holders of every modification within thirty (30) days after such modification is effected in accordance with the Deed Poll. Save for modification made which does not materially prejudice the interests of the Warrant holders or correction of any manifest error or to comply with mandatory provisions of the laws of Malaysia,

INDICATIVE PRINCIPAL TERMS OF THE WARRANTS (CONT'D)

- any modifications, amendments, deletions or additions to the Deed Poll shall require the approval of the Warrant holders sanctioned by special resolution and may be effected only by the Deed Poll executed by the Company and expressed to be supplemental hereto and subject to the approval of the relevant authorities, if necessary.
- Rights of Warrant holders on winding-up, compromise or arrangement of the Company : Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one (1) or more companies, then every Warrant holder shall be entitled, upon and subject to the provisions of the Deed Poll, at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company, or within six (6) weeks after (whichever is later) the court order approving the compromise or arrangement, to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement (as the case may be) exercised the Exercise Rights represented by the Warrants and had on such date been the holder of the new MESB Shares arising from the exercise of the Warrants. Upon the expiry of the above six (6) weeks, all exercise rights of the Warrants shall lapse and cease to be valid for any purpose.
- Listing status : The Warrants will be listed and traded on the Main Market of Bursa Securities. Approval has been obtained from Bursa Securities for the admission of the Warrants to the Official List of Main Market of Bursa Securities as well as the listing of and quotation for the Warrants and the new MESB Shares to be issued pursuant to the exercise of Warrants on the Main Market of Bursa Securities.
- Governing Law : Laws and regulations of Malaysia.

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FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and the Directors of MESB individually and collectively accept full responsibility for the accuracy of the information given in this Circular and confirm that after making all reasonable enquiries, and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement/information herein false or misleading.

2. CONSENTS

KAF IB, as the adviser to MESB in relation to the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto, where relevant, in the form and context in which they appear.

3. DECLARATIONS

KAF IB has confirmed that it is not aware of any conflict of interest situation that exists or likely to exist that affect or may affect its ability to act independently and objectively as the adviser in connection with the Proposals.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, save as disclosed below, the Board is not aware of any other material commitments and contingent liabilities incurred or known to be incurred by the MESB Group which, upon becoming due and enforceable, may have a material and adverse impact on the financial results/position of the MESB Group:-

Contingent Liabilities	RM'000
- Corporate guarantee to financial institutions for credit facilities granted to the MESB's subsidiaries	25,444

5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, the MESB Group is not engaged in any other material litigation, claim or arbitration either as plaintiff or defendant or otherwise and the Directors of MESB are not aware of any proceeding pending or threatened against MESB and/or its subsidiaries, or of any fact likely to give rise to any proceeding which might materially or adversely affect the financial position or business of the MESB Group.

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FURTHER INFORMATION (CONT'D)

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of MESB at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the EGM:-

- (a) the Memorandum and Articles of Association / Constitution of MESB;
- (b) the letters of consent and conflict of interest referred to in Section 2 and Section 3 respectively of this Appendix II;
- (c) the audited consolidated financial statements of MESB for the past two (2) FYE 2016 and FYE 2017;
- (d) the latest unaudited consolidated financial statements of MESB for the three (3)-month financial period ended 30 June 2017; and
- (e) the draft Deed Poll.

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MESB BERHAD
(Company No. 337554-D)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of MESB Berhad (“**MESB**” or the “**Company**”) will be held at Room 3, Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Friday, 8 December 2017 at 9.30 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing the following ordinary resolutions, with or without any modifications:-

ORDINARY RESOLUTION 1

PROPOSED SHARE SPLIT INVOLVING THE SUBDIVISION OF EVERY TWO (2) EXISTING ORDINARY SHARES IN MESB (“EXISTING SHARE(S)”) INTO THREE (3) ORDINARY SHARES IN MESB (“RESULTANT SHARES” OR “MESB SHARES”) ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“ENTITLEMENT DATE”) (“PROPOSED SHARE SPLIT”)

“**THAT** subject to the approvals of all relevant authorities being obtained, where required, approval be and is hereby given for the Board of Directors of MESB (“**Board**”) to subdivide every two (2) Existing Shares held by the shareholders of MESB whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board, into three (3) Resultant Shares;

THAT the Board be and is hereby authorised to deal with any fractional shares that may arise from the Proposed Share Split in such manner as the Board shall in their absolute discretion deem fit, expedient and in the best interest of the Company;

THAT pursuant to the Proposed Share Split, all the issued Resultant Shares shall rank pari passu in all respects with each other except that the Resultant Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distributions that may be declared, made or paid prior to the relevant date of allotment and issuance of the Resultant Shares;

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Share Split with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities, and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Share Split.”

ORDINARY RESOLUTION 2

PROPOSED BONUS ISSUE OF 40,950,000 FREE WARRANTS IN MESB (“WARRANTS”) ON THE BASIS OF ONE (1) WARRANT FOR EVERY TWO (2) RESULTANT SHARES HELD AFTER THE PROPOSED SHARE SPLIT (“PROPOSED BONUS ISSUE OF WARRANTS”)

“**THAT** subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities being obtained for the Proposed Bonus Issue of Warrants, where required, the Board of Directors of MESB (“**Board**”) be and are hereby authorised to issue 40,950,000 Warrants to the shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date, on the

basis of one (1) Warrant for every two (2) Resultant Shares held in accordance with the provisions in the deed poll to be executed by the Company, constituting the Warrants (“**Deed Poll**”);

THAT the Board be and is hereby authorised to issue such additional Warrants as may be required or permitted to be issued as consequences of any adjustments under the provisions in the Deed Poll (“**Additional Warrants**”);

THAT the Board be and is hereby authorised to issue and allot such appropriate number of new MESB Shares arising from the exercise of the Warrants by the holders of the Warrants of their rights in accordance with the provisions of the Deed Poll, including such appropriate number of new MESB Shares arising from the exercise of subscription rights represented by the Additional Warrants;

THAT the Board be and is hereby authorised to deal with any fractional entitlements of the Warrants that may arise from the Proposed Bonus Issue of Warrants in such manner as the Board shall in their absolute discretion deem fit, expedient and in the best interest of the Company;

THAT the new MESB Shares to be issued arising from the exercise of the Warrants and/or the Additional Warrants shall, upon allotment and issuance, rank pari passu in all respects with the then existing MESB Shares except that the new MESB Shares to be issued arising from the exercise of the Warrants and/or the Additional Warrants will not be entitled to any dividends, rights, allotments and/or any other forms of distribution which may be declared, made or paid to the shareholders of MESB, the entitlement date of which is prior to the date of allotment of the new MESB Shares to be issued arising from the exercise of the Warrants and/or the Additional Warrants;

THAT the Board be and is hereby authorised to enter into and execute the Deed Poll on behalf of the Company with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities or deemed necessary by the Board, and subject to all provisions and adjustments contained in the Deed Poll, to assent to any modifications and/or amendment to the exercise price, exercise period and/or number of Warrants as may be required or permitted to be revised as consequence of any adjustments under the provisions of the Deed Poll with full power to implement and give effects to the terms and conditions of the Deed Poll, and to take all steps as the Board deem fit or expedient in order to implement, finalise and give full effect to the Deed Poll;

AND THAT the Board be and are hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to and to complete the Proposed Bonus Issue of Warrants with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or deemed necessary by the Board and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue of Warrants.”

BY ORDER OF THE BOARD

NG SALLY (MAICSA 7060343)
TEO MEE HUI (MAICSA 7050642)
Company Secretaries
Kuala Lumpur
23rd day of November 2017

Notes:-

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*
2. *A member shall be entitled to appoint only one proxy to attend and vote at the same meeting.*
3. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint only one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.*
6. *The instrument appointing a proxy must be deposited at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*
7. *If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.*
8. *The Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the meeting will be on 4 December 2017.*

MESB

B E R H A D

MESB BERHAD
(Company No. 337554-D)
(Incorporated in Malaysia)

PROXY FORM

No. of shares held	
CDS Account	
Contact No.	

I/We, _____ NRIC No./Passport No./Company No. _____
of _____
being a member/members of MESB Berhad hereby appoint _____
NRIC No./Passport No. _____ of _____

*and/or failing him/her _____ NRIC No./Passport No. _____ of _____

or failing him/her, *the Chairman of the Meeting as *my/our proxy to vote for *me/us and on my/our behalf at the Extraordinary General Meeting of MESB Berhad to be held at Room 3, Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Friday, 8 December 2017 at 9.30 a.m., or any adjournment thereof.

Please indicate with (X) on how you want to cast your vote.

RESOLUTION	FOR	AGAINST
Ordinary Resolution 1 – Proposed Share Split		
Ordinary Resolution 2 – Proposed Bonus Issue of Warrants		

Dated this _____ day of _____ 2017

.....
Signature(s)/Common Seal of Shareholder(s)

The proportion of my/our shareholding to be represented by my/our proxy/proxies is as follows:

First named proxy _____ %
Second named proxy _____ %
_____ 100 %

If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.

* Delete whichever is not applicable.

Notes:-

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. A member shall be entitled to appoint only one proxy to attend and vote at the same meeting.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint only one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
6. The instrument appointing a proxy must be deposited at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
7. If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.
8. The Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the meeting will be on 4 December 2017.



Fold this flap for sealing

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The Share Registrar
MESB BERHAD
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

AFFIX
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