

MESB BERHAD (337554-D)
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OF TRADING NATURE (“RRPT”)

1. INTRODUCTION

Pursuant to Paragraph 10.09(1)(a) 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, Miroza Leather (M) Sdn. Bhd. (“Miroza”) and Active Fit Sdn. Bhd. (“Active Fit”), have in the ordinary course of business entered into RRPT(s) as disclosed in the following table.

2. DETAILS OF THE RRPT

The total aggregate value of RRPTs entered into with parties connected with one another pursuant to Paragraph 10.12(2)(a) of the MMLR as shown in the table below for the period from 1 April 2017 to 31 January 2018 amounting to RM906,025.31 representing 1.11% which exceeded the limit of 1% prescribed under Paragraph 10.09(1)(a) MMLR in February 2018.

The details of the RRPTs of the Group as at *31 January 2018 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)
Branded Platform Sdn. Bhd. (“Branded Platform”)	Active Fit	<ul style="list-style-type: none"> ▪ Teoh Hwa Peng ▪ Tan Sok Gim ▪ Angsana Inai Sdn. Bhd. (“Angsana Inai”) 	Sales of products from Active Fit to Branded Platform	810,641.86
Roncato Sdn. Bhd. (“Roncato”)	Active Fit		Sales of products from Active Fit to Roncato	28,171.23
Branded Platform	Miroza		Royalty charge by Miroza	45,053.22
Milazo Pte. Ltd. (Milazo”)	Miroza		Royalty charge by Milazo	22,159.00
			Total	906,025.31

Note : * This figure was reported up to January 2018 as the consignment reports for February 2018 will only be received and processed in the month of March 2018.

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

(a) Mr Teoh Hwa Peng is a major shareholder of MESB. He is also the Directors and/or major shareholders of the following companies:-

- i. Angsana Inai
- ii. Branded Platform
- iii. Roncato
- iv. 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 22.51%. She is also the Directors and/or major shareholders of the following companies:-

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

- i. Angsana Inai
- ii. Branded Platform
- iii. Roncato
- iv. 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, whether 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 1.11% based on the consolidated Audited Financial Statement of MESB for the financial year ended 31 March 2017, 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 21st day of February 2018