

MESB Berhad

Subject : Material Litigation
Description : MESB BERHAD (“MESB” or “the Company”) - Writ of Summons and Statement of Claim by the Kuala Lumpur High Court Suit No. WA-22NCVC-579-08/2019, filed by Zelleco Engineering Sdn. Bhd.

1. Date of presentation of the Writ of Summons and the date of the Writ of Summons served on MESB

MESB has been served with a Writ of Summons on 22 August 2019 in relation to a claim filed by Zelleco Engineering Sdn. Bhd. (Company No. 277451-U) through a firm of lawyers acting on behalf of Plaintiff.

2. Background

Zelleco Engineering Sdn. Bhd. (Company No. 277451-U) is a private limited company with a business address at Lot 49 & 50, Jalan Industry 2/2, Rawang Integrated Industrial Park, 48000 Rawang, Selangor Darul Ehsan (“the Plaintiff”).

The first defendant is MESB and other six (6) defendants are the directors of MESB at the material time (“the Defendants”).

Maintenance Engineering Sdn. Bhd. (“ME”) was previously a wholly owned subsidiary of MESB that was disposed on 22 March 2012 and subsequently dissolved on 18 June 2013. ME was principally engaged in the supply of engineering equipments, spare parts and tools, and to the undertaking of engineering and construction projects.

3. Particulars of claims under the Writ of Summons and Statement of Claim

The Plaintiff’s claims against the Defendants as follows:-

- (a) The amount of RM5,243,299.42 for suit no. 22NCC-1134/2011;
- (b) Interest at the rate of 1.5% per month from 14 December 2010 to 6 July 2012 on the sum of RM1,639,160.88 and the interest at the rate of 4% per annum on the sum of RM1,639,160.88 from 6 July 2012 until the date of full settlement for suit no. 22NCC-1134/2011;
- (c) Costs on the solicitor for suit no. 22NCC-1134/2011 amounting to RM50,000.00 and interest at the rate of 4% per annum on the sum of RM50,000 from 6 July 2012 until the date of full settlement for suit no. 22NCC-1134/2011;
- (d) General damages;
- (e) Special damages;
- (f) Exemplary damages;
- (g) Costs of this course of action on a solicitor client basis; and
- (h) Other relief / orders as the Honourable Court deems fit and fair.
(Collectively as “the Claims”)

4. Details of default or circumstances leading to the filing of the Writ of Summons

- (a) The Plaintiff had on 5 July 2011 filed a Writ of Summons (Kuala Lumpur High Court Suit No. 22NCC-1134/2011) in relation to a claim in respect of an outstanding amount of RM7,614,227.62 together

with the interest, cost and other relief / orders as the Honourable Court deems fit and fair against Maintenance Engineering Sdn. Bhd.

- (b) On 9 January 2012, MESB released an announcement that the Company had entered into a share sale agreement (“the Agreement”) with Tepat Pesona Sdn. Bhd. (“TPSB”) for the disposal of 8,000,000 ordinary shares of RM1.00 each, representing 100% equity interest in ME, for a total consideration of RM4,500,000 (“the Disposal”). The Company had disclosed to TPSB pursuant to the Agreement that save for the liabilities disclosed in the financial statements of ME, and the contingent liabilities relating to litigations and/or claims amounting to approximately RM7,915,000 on the legal proceeding between ME and Plaintiff, there are no other liabilities to be assumed by TPSB pursuant to the Disposal.
- (c) On 22 March 2012, an Extraordinary General Meeting was held by MESB for the purpose of passing the ordinary resolution on the Disposal and the said ordinary resolution was duly approved by the shareholders of MESB. HwangDBS Investment Bank Berhad, the principal adviser had released an announcement on behalf of the Directors of MESB that the Disposal was completed on 22 March 2012. Hence, ME has ceased as a wholly-owned subsidiary of MESB with immediate effect.
- (d) On 6 July 2012, the High Court has ordered an outstanding amount of RM5,243,299.42 together with interest and legal fee of RM50,000 to be settled by ME.
- (e) The Plaintiff now alleges that the Defendants are liable for the Claims.

5. Financial and Operational impact of the Writ of Summons on the Group

There is no immediate financial and operational impact on MESB Group arising from the Writ of Summons.

6. The estimated potential liability to the group arising from the Writ of Summons

The sum of RM5,243,299.42 alleged to be due together with interest and cost thereon.

7. Steps taken and proposed to be taken by the Company in respect of the Writ of Summons

MESB will obtain necessary legal advice from its solicitors with regard to the above Claims and have instructed its solicitors to defend the said Claims and the Board of Directors is of the view that the Company has reasonable grounds to defend the Claims.

The Company will announce further developments on the above matter as and when necessary.

This announcement is dated 26 August 2019.