

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, banker or other professional adviser immediately.

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**MESB BERHAD**

[Registration No. 199501008356(337554-D)]  
[Incorporated in Malaysia]

**CIRCULAR TO SHAREHOLDERS**

in relation to the

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE  
AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR  
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE  
OR TRADING NATURE ("COLLECTIVELY KNOWN AS PROPOSALS")**

The proposed resolutions in respect of the Proposals will be tabled as Special Businesses at the Twenty-Fourth Annual General Meeting ("AGM") of MESB Berhad ("**the Company**") to be held at Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Thursday, 19 December 2019 at 9:30 a.m.

The Notice of the Twenty-Fourth AGM together with the Proxy Form are set out in the Annual Report 2019. The Proxy Form must be deposited at Boardroom Share Registrars Sdn. Bhd. (formerly known as Symphony Share Registrars Sdn. Bhd.) of 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time stipulated for holding the Twenty-Fourth AGM or at any adjournment thereof. A member entitled to attend and vote at the meeting is entitled to appoint a proxy / proxies to attend and vote on his behalf. The lodging of the Proxy Form will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

**IMPORTANT DATES:**

Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the Twenty-Fourth AGM	: Thursday, 12 December 2019
Last date and time for lodging the Proxy Form	: Tuesday, 17 December 2019 at 9:30 a.m.
Date and time of the Twenty-Fourth AGM	: Thursday, 19 December 2019 at 9:30 a.m.

**This Circular is dated 30th day of October 2019**

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

- “Act” : Companies Act 2016 as amended from time to time and any re-enactment thereof
- “Active Fit” : Active Fit Sdn. Bhd. [Registration No. 200401022908(661413-A)], a wholly-owned subsidiary company of MESB
- “AGM” : Annual General Meeting
- “Angsana Inai” : Angsana Inai Sdn. Bhd. (1120240-U) is a Major Shareholder of MESB
- “Board” : Board of Directors of MESB
- “Bursa Securities” : Bursa Malaysia Securities Berhad (635998-W)
- “Director(s)” : Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and for the purpose of the Proposals includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Director of MESB or any other company which is its subsidiary or holding company or a chief executive officer of MESB, its subsidiary or holding company
- “LPD” : 10 October 2019 being the latest practicable date prior to the printing of this Circular
- “Main Market Listing Requirements” : Main Market Listing Requirements of Bursa Securities, and all amendments thereto
- “MESB” or the “Company” : MESB Berhad [Registration No. 199501008356(337554-D)]
- “MESB Group” or “Group” : MESB and its subsidiary companies, collectively
- “MESB Share(s)” or “Share(s)” : Ordinary share(s) in MESB
- “Miroza” : Miroza Leather (M) Sdn. Bhd. [Registration No. 199201010971 (242474-V)], a wholly-owned subsidiary company of MESB
- “Major Shareholder” : A person who has an interest or interests in one or more voting shares in MESB or any other company which is the subsidiary or holding company of MESB and the number or aggregate number of those shares, is:-
- (a) equal to or more than 10% of the total number of voting shares in MESB; or
  - (b) equal to or more than 5% of the total number of the voting shares in MESB where such person is the largest shareholder in MESB.
- It also includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder (as defined above) of MESB or any other company which is its subsidiary or holding company.
- For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act.
- “Proposals” : Proposed Renewal of Shareholders’ Mandate and Proposed New Shareholders’ Mandate

- “Proposed Renewal of Shareholders’ Mandate” : Proposed renewal of shareholders’ mandate for RRPTs
- “Proposed New Shareholders’ Mandate” : Proposed new shareholders’ mandate for additional RRPTs
- “Person(s) Connected” : In relation to a Director or a Major Shareholder, means such person who falls under any one (1) of the following categories:-
- (a) a family member of the Director or Major Shareholder;
  - (b) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director, Major Shareholder or a family member of the Director or Major Shareholder, is the sole beneficiary;
  - (c) a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder;
  - (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
  - (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;
  - (f) a body corporate in which the Director or Major Shareholder, and/or persons connected with him are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
  - (g) a body corporate which is a related corporation of the Directors or Major Shareholders.
- “Related Party(ies)” : A Director, Major Shareholder and/or persons connected with such Director or Major Shareholder as defined under the Main Market Listing Requirements
- “Recurrent Related Party Transactions” or “RRPT(s)” : Recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations and in the ordinary course of business
- “RM” and “sen” : Ringgit Malaysia and sen respectively

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless other specified.

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## MESB BERHAD

[Registration No. 199501008356(337554-D)]  
(Incorporated in Malaysia)

### Registered Office

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

30 October 2019

### Board of Directors

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

### To: The shareholders of MESB

Dear Sir/Madam

## PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE

### 1. INTRODUCTION

On 17 September 2019, the Company announced its intention to seek the approval of its shareholders for the Proposals at the forthcoming AGM of the Company.

The shareholders' mandate for the RRPTs which was approved by the shareholders of MESB at the Twenty-Third AGM held on 27 September 2018 and in accordance with the Main Market Listing Requirements, will lapse at the conclusion of the forthcoming AGM unless authority for its renewal is obtained from the shareholders of the Company at the AGM.

The purpose of this Circular is to provide you with details of the Proposals and to seek your approval for the proposed resolutions pertaining thereto to be tabled at the forthcoming AGM of the Company.

**SHAREHOLDERS OF MESB ARE ADVISED TO READ THE CONTENTS AND APPENDIX OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE PROPOSED RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS AT THE FORTHCOMING AGM.**

### 2. DETAILS OF THE PROPOSALS

#### 2.1 Provisions of the Main Market Listing Requirements

Pursuant to Paragraph 10.09 and Practice Note 12 of the Main Market Listing Requirements, a listed issuer may seek a shareholders' mandate to enter into RRPTs subject to the following:

- (i) the transactions are in the ordinary course of business and on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year;

- (iii) the Company's circular to shareholders for the shareholders' mandate shall include information as set out in the Main Market Listing Requirements;
- (iv) in the general meeting to obtain the shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder, and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the proposed resolutions approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the proposed resolutions approving the transactions; and
- (v) MESB immediately announces to Bursa Securities when the actual value of a RRPT entered into by MESB Group, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include information as may be prescribed by Bursa Securities in its announcement.

## 2.2 Principal Activities of MESB Group

The principal activity of the Company is investment holding. The MESB Group are involved in the investment holding, trading and retailing of leather products, apparels and accessories.

The particulars of its subsidiary companies and their principal activities as at the LPD are as follows:

Subsidiaries	% Effective Equity Interest	Principal Activities
Active Fit	100%	Trading and retailing of casual apparels and accessories.
Miroza	100%	Trading and retailing of leather products and apparels.
Crystal United Sdn. Bhd.	100%	Investment holding.
MESB Capital & Development Sdn. Bhd.	100%	Investment holding.

## 2.3 Class of Related Parties

No.	Name of Company	Interested Parties	Nature of relationship
1.	MX Too Sdn. Bhd. ("MX Too")	Major Shareholders / Persons Connected <ul style="list-style-type: none"> <li>Teoh Hwa Peng</li> <li>Tan Sok Gim</li> <li>Angsana Inai</li> </ul>	<p><u>Angsana Inai</u></p> <ul style="list-style-type: none"> <li>Is a major shareholder of MESB.</li> </ul> <p><u>Teoh Hwa Peng</u></p> <ul style="list-style-type: none"> <li>Is a major shareholder of MESB. He is deemed interested under Section 8 of the Act by virtue of his shareholdings in Angsana Inai.</li> <li>Is a spouse to Tan Sok Gim.</li> <li>Is a director and major shareholder of MX Too, Roncato and Branded Platform.</li> </ul> <p><u>Tan Sok Gim</u></p> <ul style="list-style-type: none"> <li>Is a major shareholder of MESB. She is deemed interested under Section 8 of the Act by virtue of her shareholdings in Angsana Inai and shareholdings held by the spouse.</li> <li>Is a spouse to Teoh Hwa Peng.</li> <li>Is a director and major shareholder of MX Too, Roncato and Branded Platform.</li> </ul>
2.	Roncato Sdn. Bhd. ("Roncato")		
3.	Branded Platform Sdn. Bhd. ("Branded Platform")		

## 2.4 Nature of RRPTs

The nature of transactions of the RRPT of MESB Group are as follows:-

### (a) Proposed Renewal of Shareholders' Mandate

Parties transacting with the MESB Group	Transacting company within the MESB Group	Nature of transactions	Estimated value of transactions <sup>^</sup> (RM'000)	§ Actual value from 27 September 2018 (date of last AGM) up to the LPD (RM'000)	Estimated value of transactions as disclosed in preceding year's circular (RM'000)
MX Too	Miroza	Sale of apparels and leather products from Miroza to MX Too on an out-right basis.	1,500	14	1,500
Roncato	Miroza	Sale of apparels and leather products from Miroza to Roncato on an out-right basis or under *consignment basis.	4,000	651+	4,000
Branded Platform	Miroza	Sale of apparels and leather products from Miroza to Branded Platform on an out-right basis or under *consignment basis.	4,000	2,014+	2,200
MX Too	Miroza	Purchase of luggage, travelling bags and others from MX Too.	1,000	26	1,000

### (b) Proposed New Shareholders' Mandate

Parties transacting with the MESB Group	Transacting company within the MESB Group	Nature of transactions	Estimated value of transactions <sup>^</sup> (RM'000)
Branded Platform	Active Fit	Sale of apparels and accessories (i.e. small leather goods, socks, shoes, etc.) from Active Fit to Branded Platform on an out-right basis or under *consignment basis.	4,500
Roncato	Active Fit	Sale of apparels and accessories (i.e. small leather goods, socks, shoes, etc.) from Active Fit to Roncato on an out-right basis or under *consignment basis.	1,000
Branded Platform	Miroza	Royalty or commission charge by Miroza on the licensed leather product.	1,000

#### Notes:

\* The nature of sales is based on the standard consignment agreement, whereby the terms and conditions for the consignment sales are similar for all unrelated customers.

<sup>^</sup> The estimated values of RRPT from the date of the forthcoming AGM to the next AGM are derived based on the historical value as per statutory financial statements for the financial period ended 30 June 2019 and projected sales growth as per business plan for the next financial year ending 30 June 2020. The actual values transacted may differ from the estimated values above depending on the prevailing economic and competitive environment.

+ This figure was reported up to September 2019 as the consignment reports for October 2019 will only be received and processed in the month of November 2019.

§ None of the actual values of the above RRPT had exceeded the estimated value by 10% or more.

## 2.5 Details of Overdue Trade Receivables

There were no amounts due and owing to MESB Group by its related party(ies) pursuant to a RRPT which exceeded the credit term as at 30 June 2019. Hence, the disclosure as required under Paragraphs 16A and 16B in the Annexure PN12-A of the Main Market Listing Requirements are not applicable.

## 2.6 Review Procedures for the RRPTs

The Group has implemented the following procedures and guidelines to ensure that the RRPTs are undertaken on transaction prices on arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders:

- (i) A list of Related Parties shall be circulated to Management of all subsidiary companies from time to time with the instruction that, all RRPTs with such Related Parties are required to be transacted on an arm's length basis, on normal commercial terms consistent with the Group's normal business practices and policies and will be not be prejudicial to the shareholders.
- (ii) RRPTs will be monitored through management reports made to the Board and to the Audit Committee;
- (iii) The Board and the Audit Committee will review the management reports to ascertain that the guidelines and procedures established to monitor the RRPTs have been complied with; and
- (iv) Where any Director or persons connected to him has an interest (direct or indirect) in any related party transactions, such director (or his alternate) shall abstain from voting on the matter. Where any member of the Audit Committee is interested in any transaction, that member shall abstain from voting on any matter relating to any decisions to be taken by the Audit Committee with respect to such transactions.

The Audit Committee's review procedures will be conducted on a quarterly basis together with the review of quarterly results, or such frequency as the Audit Committee considers appropriate having regard to the value and the frequency of the RRPTs.

## 2.7 Methods or procedures of determining prices of RRPTs

Generally, the prices, terms and conditions of the RRPTs are based on market rates, the availability of the amount/resources to be transacted or negotiated on a *willing buyer willing seller* basis. The Group shall ensure that at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.

In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by MESB Group's usual business practices to ensure that the RRPTs are not detrimental to the minority shareholders.

In most dealings with Related Parties, companies within MESB Group and the related party/(ies) have good understanding of each other's business needs thus providing a platform where all parties can ensure timely delivery and provision of services, commitment and reliability of quality services for MESB Group, to enable the smooth operation of the day-to-day business of MESB Group.



There are no specific thresholds for approval of RRPTs within MESB Group. However, all RRPT are subject to the approval by the appropriate level of authority according to the authority limit thresholds as established below:-

No.	Threshold for RRPT for each single project or transaction with a related party	Approval Level
1.	Any amount below RM1.0 million or 1% of shareholders' funds (whichever is lower)	The RRPT under this threshold will be reviewed and approved by a Senior Management staff or any one Executive Director of the respective subsidiaries who has no interest in the transaction.
2.	Any amount equal to or in excess of RM1.0 million or 1% of shareholders' funds (whichever is lower) but less than 5% of the shareholders' funds	The RRPT under this threshold will be reviewed and approved by any one Executive Director of MESB who has no interest in the transaction.
3.	5% of the shareholders' funds and above	Prior consideration of the Audit Committee and approval of the Board is required before the transaction is procured.
4.	RRPT contemplated in the Circular to Shareholders	Annual review of the approval procedures to be undertaken by the Audit Committee and the Board. Approval of the shareholders would be sought at the AGM for renewal of RRPT mandate.

Note: 1% and 5% of the shareholders' funds are approximately **RM0.92 million** and **RM4.60 million** respectively based on the latest audited financial statements for the financial period ended 30 June 2019.

None of the Audit Committee Members of MESB have any interest, direct or indirect, in the Proposals.

## 2.8 Disclosure of RRPTs

Disclosure will be made in accordance with the Practice Note 12 of the Main Market Listing Requirements, which requires a breakdown of the aggregate value of the RRPTs entered into during the financial year, including amongst others, the following information:

- (i) the types of RRPTs made; and
- (ii) the names of the Related Parties involved in each type of the RRPTs made and their relationships with MESB Group.

The above disclosure will be made in the Company's annual report for each subsequent financial year after the Proposals have been obtained.

## 2.9 Statement by the Audit Committee

The Audit Committee of the Company has seen and reviewed the methods or procedures and is satisfied that the review procedures and processes for RRPTs, as well as the quarterly review to be made by the Audit Committee, are sufficient and are appropriate to ensure that RRPTs are undertaken on an arm's length and in accordance with the Group's normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detrimental to the minority shareholders, and hence not disadvantageous to the Group.

Furthermore, the Audit Committee shall have the discretion to request for additional information pertaining to the RRPTs from independent sources or advisers.

The Audit Committee is of the view that the Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner, and the review is done every quarter together with the review of the procedure and processes of quarterly results.

## **2.10 Validity Period for the Proposals**

It is envisaged that MESB Group would, in the ordinary course of business, enter into the RRPTs as detailed in Section 2.4 of this Circular. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

The Board of MESB proposes to seek your approval for the Proposals, which will allow MESB Group to enter into RRPTs as set out in Section 2.4 of this Circular. Such RRPTs are carried out on arm's length basis, on normal commercial terms and on terms which are not more favourable to the related party than those generally available to the public and not to the detriment of the minority shareholders.

Pursuant to Paragraph 3.1.4 of Practice Note 12 of the Main Market Listing Requirements, the Proposals, if approved by the shareholders of MESB, will take effect from the date of the passing of the proposed resolutions at the forthcoming AGM and shall apply until:

- (i) the conclusion of the next AGM of the Company following the general meeting at which the Proposals, at which time it will lapse, unless by a resolution passed at the general meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM is to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier.

## **3. BENEFITS AND RATIONALE FOR THE PROPOSALS**

The RRPTs to be entered into by MESB Group are in the ordinary course of business and are intended to meet business needs at the best possible terms which will be of benefit to all the companies within MESB. Such RRPTs will increase the business volume and expand the customer base/range to the existing business of MESB Group without the need for extra sales time and efforts and enabling the existing marketing teams to divert their effort to securing and servicing in other sales and business areas. They are recurring transactions of a revenue and trading nature which are likely to occur with some degree of frequency and may arise at any time and from time to time.

The transactions envisaged under the Proposals may be constrained by its time-sensitive nature and it may be impractical to seek shareholders' approval on a case-to-case basis before entering into such RRPTs. The Proposals will substantially reduce the expenses associated with convening of general meetings on an ad-hoc basis and hence will reduce the expenses associated therewith and prevent administrative inconvenience.

## **4. FINANCIAL EFFECTS OF THE PROPOSALS**

The Proposals will have no effect on the issued share capital and Substantial Shareholder's shareholdings of MESB and it is also not expected to have any material effect on the net assets per share and earnings per share of MESB.

## 5. APPROVAL REQUIRED

The Proposals are subject to the approval of the shareholders of MESB at the forthcoming AGM.

## 6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM

Save as disclosed below, none of the Directors, Major Shareholders and/or persons connected to the Directors and/or Major Shareholders has any interest, direct or indirect, in the Proposals as at LPD:

Name	Nationality	<-----Shareholdings----->			
		Direct	%	Indirect	%
<u>Major Shareholder</u> • Angsana Inai	Malaysia	18,411,148	22.48	-	-
<u>Persons Connected</u> • Teoh Hwa Peng	Malaysian	23,998 <sup>(1)</sup>	0.03	18,411,148 <sup>(2)</sup>	22.48
• Tan Sok Gim	Malaysian	-	-	18,435,146 <sup>(2)</sup>	22.51

Notes:

(1) Held under his name and UOBM Nominees (Tempatan) Sdn. Bhd.

(2) Deemed interested under Section 8 of the Act by virtue of shareholdings held by the persons connected.

The above mentioned Major Shareholder and Persons Connected will abstain from voting in respect of their direct and/or indirect shareholdings in MESB on the proposed resolutions pertaining to the Proposals at the forthcoming AGM. They have also undertaken to ensure that the persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings in MESB on the proposed resolutions pertaining to the Proposals at the forthcoming AGM.

## 7. DIRECTORS' RECOMMENDATION

The Board having considered all aspects of the Proposals, is of the opinion that the Proposals are in the best interest of the MESB Group. Accordingly, the Board recommends that you vote in favour of the proposed resolutions pertaining to the Proposals at the forthcoming AGM.

## 8. AGM

The proposed resolutions to vote on the Proposals are set out in the Notice of AGM in the Annual Report 2019 for the Twenty-Fourth AGM to be held at Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Thursday, 19 December 2019 at 9:30 a.m.

If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the Proxy Form enclosed in the Annual Report 2019 in accordance with the instructions therein as soon as possible and in any event so as to arrive at Boardroom Share Registrars Sdn. Bhd. (formerly known as Symphony Share Registrars Sdn. Bhd.), 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than 48 hours before the time set for the meeting or any adjournment thereof.

The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

## **9. FURTHER INFORMATION**

Shareholders of MESB are requested to refer to the attached Appendices I and II for further information.

Yours faithfully  
for and on behalf of the Board of Directors of  
**MESB BERHAD**

**SAFFIE BIN BAKAR**  
Chairman / Senior Independent Non-Executive Director

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## APPENDIX I – FURTHER INFORMATION

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### 1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board who collectively and individually, accept full responsibility for the accuracy of the information contained herewith and confirm that, after having taken due care and making reasonable enquiries, to the best of their knowledge and belief, there are no facts, the omission of which would make any statement herein misleading.

### 2. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

Save as disclosed below, as at the LPD, neither MESB nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and to the best of the Board's knowledge and belief, the Board is not aware of any proceedings, pending or threatened against the Company or its subsidiaries or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Company or its subsidiaries:-

#### **Zelleco Engineering Sdn Bhd ("Plaintiff") v MESB & 6 others**

On 22 August 2019, the Company was served with a writ of summon together with statement of claim in relation to a claim filed by the Plaintiff. The claim relates to a suit previously filed against Maintenance Engineering Sdn. Bhd. for an outstanding amount of approximately RM5.24 million together with interest and cost thereon, which was duly disposed by the Company on 22 March 2012 and wound up by a third party on 18 June 2013.

The Company had filed its defence on 19 September 2019 and the matter is now pending for case management on 17 October 2019. The Board, based on legal advice, is of the view that the Company has an even chance of defending the claim.

### 3. MATERIAL CONTRACTS

There are no other material contract (not being contracts entered into in the ordinary course of business), which are or may be material which have been entered into by MESB and/or its subsidiaries, within the two years immediately preceding the date of this Circular.

### 4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company 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 forthcoming AGM:

- (i) The Constitution of MESB;
- (ii) The audited consolidated financial statements of MESB for the financial year ended 31 March 2018 and financial period ended 30 June 2019; and
- (iii) The relevant cause of papers in respect of material litigation, claims and arbitration referred to in section 2 above.

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**APPENDIX II – EXTRACT OF RESOLUTIONS  
FROM THE NOTICE OF TWENTY-FOURTH AGM**

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**AS SPECIAL BUSINESS**

To consider and if thought fit, pass the following Ordinary Resolutions with or without modifications:

**Ordinary Resolution 6**

**- Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposal")**

"THAT subject always to the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions as specified in Section 2.4 (a) of the Circular to Shareholders dated 30 October 2019, provided that such arrangements and/or transactions are:

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations;
- (iii) carried out on arm's length basis, in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public; and
- (iv) are not to the detriment of the minority shareholders.

AND THAT the authority conferred by this resolution shall commence immediately upon the passing of this resolution and shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company at which time it will lapse, unless by a resolution passed by the shareholders of the Company in a general meeting;
- (b) the expiration of the period within which the next Annual General Meeting of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby empowered and authorised to complete and to do all such acts, deeds and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposal, with full power to assent to any condition, modification, variation and/or amendment (if any) as may be imposed or permitted by the relevant authorities."

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**APPENDIX II – EXTRACT OF RESOLUTIONS  
FROM THE NOTICE OF TWENTY-FOURTH AGM (cont'd)**

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**Ordinary Resolution 7**

**- Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("New Proposal")**

"THAT subject always to the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions as specified in Section 2.4 (b) of the Circular to Shareholders dated 30 October 2019, provided that such arrangements and/or transactions are:

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations;
- (iii) carried out on arm's length basis, in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public; and
- (iv) are not to the detriment of the minority shareholders.

AND THAT the authority conferred by this resolution shall commence immediately upon the passing of this resolution and shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company at which time it will lapse, unless by a resolution passed by the shareholders of the Company in a general meeting;
- (b) the expiration of the period within which the next Annual General Meeting of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby empowered and authorised to complete and to do all such acts, deeds and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the New Proposal, with full power to assent to any condition, modification, variation and/or amendment (if any) as may be imposed or permitted by the relevant authorities."

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