



MEGROUP LTD.

(Company Registration No. 201804996H)
(Incorporated in the Republic of Singapore)

PROPOSED DISPOSAL OF MINORITY STAKE IN MENANG NUSANTARA SDN BHD

1. INTRODUCTION

The Board of Directors (the “**Board**”) of MeGroup Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly-owned subsidiary, MeMG Pte. Ltd. (“**MEMG**”) has on 8 July 2024 entered into a share sale agreement (the “**SSA**”) for the sale of 48,000 shares (the “**Sale Shares**”) representing approximately 3.2% of the total issued shares of Menang Nusantara Sdn Bhd (“**MNSB**”) with Hirotani Co., Ltd. (the “**Purchaser**”) (the “**Proposed Disposal**”).

2. PROPOSED DISPOSAL

2.1 Information on the Purchaser

The Purchaser is a company incorporated in Japan with its business address at 1153-10 Shiwahori, Shiwa-cho, Higashihiroshima, Hiroshima. The directors of the Purchaser are Kiyoshi Hirotani, Takeo Sumida, Toshimitsu Kubota and Kazuhiro Yoshimura. The ultimate beneficial owner of the Purchaser is Kiyoshi Hirotani.

The Purchaser is an independent third party who is not related to the directors of the Company or controlling shareholders of the Company (the “**Controlling Shareholders**”) and their respective associates.

2.2 Information on MNSB

MNSB a private limited company incorporated in Malaysia on 30 March 1995 and has the total issued share capital of RM1,499,850.00 (approximately S\$431,202.02) comprising 1,499,850 shares, all held by the Company’s wholly-owned subsidiary, MEMG. MNSB is principally engaged in manufacturing of noise, vibration and harshness (“**NVH**”) and non-NVH components for the automotive industry in Malaysia.

The directors of MNSB are Mr. Wong Cheong Chee, Mr. Abdul Razak Bin Montel, Mr. Wong Sai Hou, Ms. Wong Keat Yee and Mr. Wong Sai Keat.

3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

3.1 Consideration

The consideration (the “**Consideration**”) for the Proposed Disposal is RM3,195,360.00 (approximately S\$918,655.67), payable fully in cash on completion of the Proposed Disposal. The Consideration was arrived at on a “*willing buyer and willing seller*” basis after arm’s length negotiations between the management team of the Company and the Purchaser, after taking into account, amongst others, the financial position of MNSB. The Company believes that the Consideration reflects fairly the valuation of MNSB. No independent valuation was conducted for the Proposed Disposal.

3.2 Completion

Completion of the Proposed Disposal shall take place from the day falling after ten (10) days from the date of the SSA (or such other date as may be agreed by MEMG and the Purchaser in writing) (the “**Completion Date**”).

Upon completion of the Proposed Disposal, MNSB shall remain as a subsidiary of the MEMG with an approximately 96.8% interests.

4. NET ASSET VALUE AND NET PROFIT ATTRIBUTABLE TO THE SALE SHARES

As at 31 March 2024, the net asset value attributable to the Sale Shares was RM1,061,671.39 (approximately S\$305,227.09) and the net profit attributable to the Sale Shares was RM403,953.89 (approximately S\$116,135.44).

5. GAIN OR LOSS ON DISPOSAL FROM THE PROPOSED DISPOSAL AND USE OF PROCEEDS

There will be no gain or loss on disposal to be recorded as the Proposed Disposal does not result in a loss of control in MNSB. The Company intends to utilise the proceeds arising from the Proposed Disposal for general working capital.

6. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures for the Proposed Disposal, as computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST (the “**Listing Manual**”) Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**Catalist Rules**”) and the latest audited consolidated financial statements of the Group for the financial year ended 31 March 2024 (“**FY2024**”) are as follows: -

Rule 1006	Base	Relative Figures
(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value	2.00%
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group’s consolidated net profits	2.78%
(c)	The aggregate value of the consideration received, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares	6.15%
(d)	The number of equity securities issued by the Company as consideration for an acquisition compared with the number of equity securities previously in issue	Not applicable
(e)	The aggregate volume or amount of proven and probable reserves to be acquired, compared with the aggregate of the Group’s proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

Notes:

- (1) Based on the audited net asset value of the Group as at 31 March 2024 of RM53,077,518 and the audited net asset value attributable to the Sale Shares as at 31 March 2024 of RM1,061,671.
- (2) Net profit is defined to be profit or loss before income tax and non-controlling interests. The relative figure under Rule 1006(b) of the Catalist Rules has been computed based on (i) the net profits attributed to the Sale Shares as of 31 March 2024 of RM403,954; and (ii) the net profits of the Group for FY2024 of RM14,553,772.
- (3) The relative figure under Rule 1006(c) of the Catalist Rules is based on (i) the Consideration of RM3,195,360.00 (approximately S\$918,655.67); and (ii) the Company's market capitalisation of approximately of RM51,967,243 (approximately S\$14,940,414). The market capitalisation of the Company was computed based on the issued shares of 119,523,315 shares (excluding treasury shares) and the volume weighted average price of S\$0.125 per share on 2 July 2024 (being the last day on which the shares were traded prior to the date of this announcement).
- (4) Rule 1006(d) of the Catalist Rules is not applicable to a disposal of assets.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil, and gas company.

7. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal represents a significant milestone in the Group's long-standing partnership with the Purchaser. The Purchaser is a renowned leader in the automotive industry and the Proposed Disposal, which is materialised from years of collaboration with the Purchaser, allows the Group to continue accessing the Purchaser's technical expertise and innovation in noise vibration harshness (NVH) components. By leveraging the Purchaser's advanced technologies and innovative solutions, the Group strives to strengthen its market position by enhancing its capabilities and maintaining its competitive edge in the industry.

8. FINANCIAL EFFECTS ON THE PROPOSED DISPOSAL

The pro forma financial effects of the Proposed Disposal on the Group set out below are purely for illustrative purposes only and are therefore not indicative of the actual future financial position of the Group after the completion of the Proposed Disposal.

The pro forma financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2024 subject to the following assumptions: -

- (1) the financial effect on the consolidated net tangible assets per share is computed based on the assumption that the Proposed Disposal was completed on 31 March 2024;
- (2) the financial effect on the earnings per share (the "EPS") is computed based on the assumption that the Proposed Disposal was completed on 1 April 2023; and
- (3) the expenses to be incurred in respect of the Proposed Disposal is negligible.

Net Tangible Assets (the "NTA")

As at 31 March 2024	Before the Proposed Disposal	After completion of the Proposed Disposal
NTA	52,700,977	55,896,337
Number of issued shares	119,523,315	119,523,315

NTA per Share (RM cents)	44.09	46.77
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EPS

FY2024	Before the Proposed Disposal	After completion of the Proposed Disposal
Profit attributable to the owners of the Group (RM)	8,828,155	8,556,756
Weighted average number of issued shares	119,523,315	119,523,315
EPS – Basic (RM cents)	7.39	7.16

9. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

Save in respect of their shareholding interest in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect in the Proposed Disposal.

10. DIRECTORS' SERVICE CONTRACTS

No person is intended to be appointed as a director of the Company in connection with the Proposed Disposal and no service contract is intended to be entered into between the Company and any such person.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SSA is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office of the Company at 133 Cecil Street, #14-01 Keck Seng Tower, Singapore 069535 for a period of three (3) months from the date of this Announcement.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information provided in this announcement. They confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal and the Group. The Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

13. CAUTIONARY STATEMENT

Shareholders and potential investors should note that there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed. The Company will make the necessary announcements as and when there are material developments in respect of the Proposed Disposal. Shareholders are advised to read this announcement and any further announcements by the Company carefully and should exercise caution when trading in the

shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

Note: Unless otherwise indicated, all S\$ equivalent figures are based on the Bank Negara Malaysia exchange rate of RM1: S\$3.4783 as at 28 June 2024.

BY ORDER OF THE BOARD

Wong Cheong Chee
Executive Chairman and Chief Executive Officer
8 July 2024

*This announcement has been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "**Sponsor**").*

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.