

**PROPOSED DISPOSAL OF PROPERTY BY MSM INTERNATIONAL LIMITED**

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**1. INTRODUCTION**

- 1.1 The board of directors (“**Board**” or “**Directors**”) of MSM International Limited (“**Company**”, and together with its subsidiaries, “**Group**”) wishes to announce that its wholly-owned subsidiary, MSM Metal Industries Sdn. Bhd., (“**MSM Metal**”) has on 7 July 2023 entered into a sale and purchase agreement (“**SPA**”) with Plustech Engineering and Construction Sdn. Bhd., (“**Purchaser**”) for the sale of its properties located at Lot 1861, H.S.(M) 13710, Mukim Cheras, 43200 Cheras, Selangor (“**Property 1**”) and Lot 1867, Kawasan Perindustrian Kg Baru Balakong, 43300 Seri Kembangan, Selangor (“**Property 2**” and collectively with Property 1, the “**Properties**”) for an aggregate cash consideration of RM23,500,000.00 (“**Consideration**”) upon the terms and conditions of the SPA (“**Proposed Disposal**”).
- 1.2 As the relative figure computed under Rule 1006(c) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Section B: Rules of Catalist (the “**Catalist Rules**”) exceeds 50%, the Proposed Disposal constitutes a “major transaction” as defined under Rule 1014 of the Catalist Rules. Accordingly, the approval of shareholders of the Company (“**Shareholders**”) at an extraordinary general meeting (“**EGM**”) is required for the Proposed Disposal.

**2. INFORMATION ON THE PROPOSED DISPOSAL**

**2.1 Information on MSM Metal and the Properties**

- 2.1.1 MSM Metal is a wholly-owned subsidiary of the Company that carries out the manufacturing of metal products.
- 2.1.2 Property 1 is a parcel of vacant industrial land bearing the postal address of Lot 1861, H.S.(M) 13710, Mukim Cheras, 43200 Cheras, Selangor held under Individual Title Pajakan Mukim 4124, Lot 1861 (previously held under H.S.(M) 13710, PT 1861), Pekan Cheras, Daerah Hulu Langat, Negeri Selangor measuring approximately 0.8251 hectares in area. Property 1 is presently charged to Public Bank Berhad (“**PBB**”) as security for a loan granted by PBB to the Company. Property 1 is a leasehold property with a leasehold tenure of 99 years expiring on 21 June 2071.
- 2.1.3 Property 2 is a parcel of vacant industrial land bearing the postal address of Lot 1867, Kawasan Perindustrian Kg Baru Balakong, 43300 Seri Kembangan, Selangor held under Individual Title Geran Mukim 7977, Lot 58572 (previously held under H.S.(M) 13710, PT 1861), Pekan Cheras, Daerah Hulu Langat, Negeri Selangor measuring approximately 6120 square metres in area. Property 2 is presently charged to United Overseas Bank (Malaysia) Bhd (“**UOB MY**”) as security for a loan granted by UOB MY to the Company. Property 2 is a freehold property.

**2.2 Information on the Purchaser**

- 2.2.1 The Purchaser is a company incorporated in Malaysia on 9 May 2017 with its registered office at A-18-3A Level 18, Ekocheras Office Tower A, 56000 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. The nature of the Purchaser’s business is construction. The director is Lai Khar Yan and the sole shareholder is Siteo Hoy Boon.

2.2.2 The Purchaser is an independent and unrelated third party. The Purchaser is not related to the Directors or controlling Shareholders and their respective associates. For avoidance of doubt, the Purchaser and its director and shareholder are not interested persons under Chapter 9 of the Catalist Rules.

### 3. VALUE OF THE PROPERTIES

3.1 An independent valuation of the Properties was commissioned by MSM Metal and conducted by JS Valuers Property Consultants Sdn. Bhd. (“**JS Valuers**”) to establish the market value of the Properties (“**Valuation**”). The Valuation was conducted on the basis of market value with vacant possession in its existing condition and on the basis that the title is free of all encumbrances, restrictive conditions, endorsements, statutory notices and all outgoing. JS Valuers used the comparison method of valuation in deriving the valuation.

3.2 Based on the latest unaudited consolidated financial statements of the Group for the financial year ended 31 March 2023 (“**FY2023**”), the book value of the Properties as at 31 March 2023 is an aggregate of approximately RM8.3 million, based on a book value of:

- (a) approximately RM6.3 million as at 31 March 2023 in respect of Property 1; and
- (b) approximately RM2.0 million as at 31 March 2023 in respect of Property 2.

3.3 Based on the Valuation, the aggregate market value of the Properties is RM23,000,000, based on a valuation of:

- (a) RM10,000,000 as at 25 April 2023 in respect of Property 1; and
- (b) RM13,000,000 as at 19 April 2023 in respect of Property 2.

3.3 The Consideration is 282.1% of the book value of the Properties of RM8.3 million as at 31 March 2023. The estimated divestment gain over the book value of the Properties is approximately RM15.2 million.

### 4. SALIENT TERMS OF THE PROPOSED DISPOSAL

#### 4.1 Consideration

4.1.1 The Consideration for the Properties is RM23,500,000.00. The Consideration was arrived at after arm’s length negotiation with the Purchaser on a willing-buyer willing-seller basis, where both MSM Metal and the Purchaser had each acted knowledgeably, prudently and without compulsion, taking into account the current market conditions and the Valuation.

4.1.2 Under the SPA, the Consideration shall be paid in the following manner:

- (a) upon execution of the SPA, the Purchaser has paid a sum of RM705,000 being the deposit or partial payment to Messrs Law Office of Pang & Jennifer Teh (the “**MSM Solicitors**”) held as stakeholders for onward payment to the Inland Revenue Board; and
- (b) the balance sum of RM22,795,000 shall be paid on the date of the Company obtaining the written approval and consent of the state authority for the transfer of the Properties in favour of the Purchaser (“**State Consent**”) and the completion of Purchaser’s designing, building and completion of the construction of two (2) units of factory on H.S.(M) 21561, PT 58798, Mukim Ceras, Daerah Hulu Langat, Negeri Selangor (“**Construction Works**”) pursuant to construction agreement dated 7 July 2023 between MSM Metal and the Purchaser (“**Construction Agreement**”) by way of a set off against the contract price set out under

the Construction Agreement. The construction cost of the building is approximately RM24.0 million. The remaining cost of the building of approximately RM1.21 million will be paid by the Company to the Purchaser on the date of obtaining the State Consent with the Group's internal resources. Should the final construction cost is less than the balance sum of RM22,795,000, the Purchaser will pay the difference to the Company upon the completion of the building by cash.

## **4.2 Material Conditions**

4.2.1 The sale of the Properties is subject to and conditional upon:

- (a) the completion of the Construction Works; and
- (b) MSM Metal obtaining the State Consent.

4.2.2 The Purchaser shall complete the Construction Works within a period of two (2) years from the date of the SPA or such further extension of time as shall be mutually agreed between the Purchaser and MSM Metal and thereafter shall procure the delivery of vacant possession of two (2) units of factory to MSM Metal supported by a Certificate of Completion and Compliance.

4.2.3 In the event that the Purchaser is unable to procure the delivery of vacant possession of two (2) units of factory to MSM Metal supported by a Certificate of Completion and Compliance within a period of two (2) years from the date of the SPA, the Purchaser and MSM Metal may mutually agree for an extension of time. In the event that the Purchaser is still unable to procure the delivery of vacant possession of two (2) units of factory to MSM Metal supported by a Certificate of Completion and Compliance within the extended time mutually agreed, MSM Metal shall be entitled to terminate the SPA upon which the Purchaser shall cause the return to the MSM Solicitors all documents belonging MSM Metal with MSM Metal's interest intact and the SPA shall become null and void.

4.2.4 MSM Metal shall, immediately upon the completion of the Construction Works at his own cost and expense, take the necessary steps to apply for and obtain the State Consent within four (4) months from the completion of the Construction Works ("**Approval Period**").

4.2.5 In the event that the State Consent is not obtained within the Approval Period, then the parties agree to grant to the other party such extension of time to be mutually agreed upon in writing between the parties, or to terminate the SPA by giving a notice in writing to the other party. Upon such termination, MSM Metal shall within 14 days from the date of the receipt of the letter of termination, refund to the Purchaser all monies paid by the Purchaser under the SPA towards the account of the Consideration, if any, free of interest, failing which interest at the rate of 8% per annum calculated on a daily basis shall be payable by MSM Metal to the Purchaser on the amount due or such part thereof which is outstanding from the due date to the date of the actual payment.

## **5. RATIONALE FOR THE PROPOSED DISPOSAL**

### **5.1 Rationale**

The Board believes that the Proposed Disposal is in the best interests of the Group and Shareholders, as it will enable the Group to realise the value of the Properties in exchange for the construction of two (2) units of factories for the Group's own use and business expansion.

## 5.2 Use of Proceeds

The Consideration will be utilised to pay taxes arising from the Proposed Disposal and to set off against the contract price for the designing, building and completion of the construction of two (2) units of factories which cost approximately RM24.0 million.

## 6. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES IN RELATION TO THE PROPOSED DISPOSAL

The relative figures for the Proposed Disposal as computed on the bases set out in Rule 1006 of the Catalist Rules and the unaudited consolidated financial statements of the Group FY2023 are as follows:

Rule	Base of Computation	Relative Figures
1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	25.46% <sup>(1)</sup>
1006(b)	Net profits attributable to the assets to be disposed of, compared with the Group's net profits	N/A <sup>(2)</sup>
1006(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	208.97% <sup>(3)</sup>
1006(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	N/A <sup>(4)</sup>
1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. The basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but no to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	N/A <sup>(5)</sup>

### Notes:

- (1) The net book value of the Properties and the net asset value of the Group as at 31 March 2023 was approximately RM8.3 million and approximately RM32.7 million respectively.
- (2) This basis is not applicable as the Properties are not generating any rental income.
- (3) Based on the Consideration of RM23,500,000.00 and the Company's market capitalisation of approximately RM10.8 million, being the issued ordinary share capital, excluding treasury shares of the Company of 105,391,186 shares ("Shares") at the volume weighted average price of the Shares of S\$0.031 on 6 July 2023, which is the market day preceding the date of the SPA.
- (4) This basis is not applicable as the Proposed Disposal is not an acquisition.
- (5) This basis is not applicable as the Company is not a mineral, oil and gas company.

As the relative figure computed under Rule 1006(c) of the Catalist Rules exceeds 50%, the Proposed Disposal constitutes a "major transaction" as defined under Rule 1014 of the Catalist Rules. Accordingly, the approval of Shareholders at an EGM is required for the Proposed Disposal.

## 7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial effects of the Proposed Disposal set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after Completion, and have been computed based on the unaudited consolidated financial statements of the Group for FY2023.

### 7.1 Effect on Company's NTA per share

For illustrative purposes only, had the Proposed Disposal been completed as at 31 March 2023 and based on the latest unaudited consolidated financial statements of the Group for FY2023 (being the most recently completed financial year), the Proposed Disposal would have had the following impact on the Group's net tangible assets ("NTA") per share:

	Before the Proposed Disposal	After the Proposed Disposal
<b>NTA attributable to owners of the Company (RM'000)</b>	31,744	46,913
<b>Number of issued shares (excluding treasury shares)</b>	105,391,186	105,391,186
<b>NTA per share (Malaysia sen)</b>	30.12	44.51

### 7.2 Effect on earnings per share ("EPS")

For illustrative purposes only, had the Proposed Disposal been completed on 1 April 2022 and based on the latest unaudited consolidated financial statements of the Group for FY2023 (being the most recently completed financial year), the Proposed Disposal would have had the following impact on the Group's EPS:

	Before the Proposed Disposal	After the Proposed Disposal
<b>Profit after tax attributable to equity holders of the Company (RM'000)</b>	666	15,835
<b>Number of issued shares (excluding treasury shares)</b>	105,391,186	105,391,186
<b>EPS (cents)</b>	0.63	15.02

## 8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and their respective associates, and to the best of the Directors' knowledge, none of the controlling shareholders of the Company, as well as their respective associates, has any interest, whether direct or indirect, in the Proposed Disposal (other than arising from their shareholdings in the Company, if any).

**9. SERVICE CONTRACTS**

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

**10. CIRCULAR AND EGM**

The circular to Shareholders containing, inter alia, further information on the Proposed Disposal and enclosing the notice of EGM will be despatched by the Company to Shareholders in due course (“**Circular**”). In the meantime, Shareholders are advised to refrain from taking any action in relation to their shares in the Company which may be prejudicial to their interests until they or their advisers have considered the information and recommendations to be set out in the Circular.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the SPA and the Valuation reports are available for inspection during normal business hours from 9 a.m. to 5 p.m at the Company’s registered office at 77 Robinson Road, #06-03, Robinson 77, Singapore 068896 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 given in this announcement and 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, the Company and its subsidiaries, and 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. FURTHER ANNOUNCEMENTS**

The Company will make further announcements to keep Shareholders informed, as and when there are material updates and developments in respect of the Proposed Disposal.

**14. CAUTIONARY STATEMENT**

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. In particular, Shareholders and potential investors should note that completion of the Proposed Disposal is subject to fulfilment of various conditions as set out in the SPA and there is no certainty or assurance that the Proposed Disposal will be completed. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisers.

**BY ORDER OF THE BOARD**

Chan Wen Chau  
Executive Director and Group Chief Executive Officer  
7 July 2023

*This announcement has been prepared by MSM International Limited (the “Company”) and its contents have been reviewed by the Company’s sponsor, UOB Kay Hian Private Limited (the “Sponsor”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.*

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