



**MEGROUP LTD.**

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

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**PROPOSED DISPOSAL OF FREEHOLD INDUSTRIAL LAND**

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**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 subsidiary, Menang Nusantara Sdn. Bhd. ("**MNSB**") had, on 29 September 2023, entered into a sale and purchase agreement ("**SPA**") with South East Asia Property Sdn. Bhd. (the "**Purchaser**"), for the sale and purchase of the property at H.S.(D) 45028, PT 16038, Bandar Serendah, Daerah Ulu Selangor, Negeri Selangor (the "**Property**", and such disposal, the "**Proposed Disposal**").

**2. INFORMATION ON THE PROPOSED DISPOSAL**

**2.1 Information on the Property**

The Property is a piece of freehold industrial land with no restriction in interest, measuring approximately 8,375.57 square meters. As at the date of this announcement, the Property is vacant, does not generate any income and is not used by the Group for its operations.

**2.2 Information on the Purchaser**

The Purchaser is a private limited company incorporated in Malaysia with its registered office at Lot 6 and 8, Jalan Segambut Pusat, Segambut, 51200 Kuala Lumpur, Wilayah Persekutan. The directors of the Purchaser are On Thiam Chai and On Hai Swee. The Purchaser is a wholly-owned subsidiary of South East Asia Auto Parts Sdn. Bhd. The ultimate beneficial owners of the Purchaser are Ah Moi @ Foo See Chiew, Foo Tee See, Lai Kong Jiow, Lai Kong Sheng, Lai Siang Cheng, On Hai Swee, On Mui Kwei, On Seng Gee, On Thiam Chai, Ong Woi Kee @ Ong Kee Tong, Oon Ken Yew, Woon Chuan Tho and Woon Kim Bok.

None of the Purchaser, its beneficial owners or directors are "interested persons" for purposes of Chapter 9 of Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual (the "**Catalist Rules**").

### 3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

#### 3.1 Consideration

The aggregate consideration (the "**Consideration**") payable to MNSB for the Proposed Disposal is RM4,688,000.<sup>1</sup>

The Consideration was arrived at on a willing buyer and willing seller basis after arm's length negotiations between MNSB and the Purchaser, taking into account, among others, the findings of a valuation report dated 4 September 2023 commissioned by MNSB and prepared by an independent property valuer, Oregeon Property Consultancy Sdn. Bhd. (the "**Independent Valuer**"), on the Property (the "**Valuation Report**"). Please refer to section 6 of this announcement for more information on the Valuation Report. In particular, the Group notes that the Consideration is at a 4.18% premium over the market value of the Property (as determined by Independent Valuer in the Valuation Report).

#### 3.2 Material conditions

There are no material conditions attaching to the Proposed Disposal.

#### 3.3 Terms of payment

Under the terms of the SPA, the Consideration is to be paid as follows:

- (i) as at the date of this announcement, the Purchaser has paid a deposit of RM468,800 in aggregate comprising:
  - (a) a RM93,760 earnest deposit paid by the Purchaser to CID Realtors Sdn. Bhd. as stakeholders prior to the date of the SPA;
  - (b) a RM140,640 retention sum paid by the Purchaser to the Purchaser's solicitors as stakeholders on the date of the SPA; and
  - (c) a RM234,400 balance deposit paid by the Purchaser to MNSB's solicitors as stakeholders on the date of the SPA.
- (ii) the remaining Consideration of RM4,219,200 is to be paid by the Purchaser to MNSB's solicitors as stakeholders no later than 27 December 2023 which is three (3) months from the date of the SPA ("**Expiry Date**"). If the Purchaser is unable to pay this remaining Consideration within the period stated above, MNSB shall grant an automatic extension of one (1) month from the Expiry Date, subject to the payment of interest by the Purchaser to MNSB in accordance with the terms of the SPA.

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<sup>1</sup> Unless otherwise indicated, all S\$ equivalent figures are based on the illustrative exchange rate of RM1:S\$3.4343.

### 3.4 **Completion**

Under the terms of the SPA, upon payment of the remaining Consideration before the Expiry Date, the Purchaser's solicitors are authorised to adjudicate the memorandum of transfer for ad-valorem stamp duty at the appropriate time and pay the stamp duty, and the Purchaser's solicitors shall proceed to present the memorandum of transfer for registration.

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

The Board believes that the Proposed Disposal is in the best interests of the Group and the shareholders of the Company, as the Property is vacant and represents a non-core asset of the Group. The Proposed Disposal would allow the Group to realise the value of the Property. This Proposed Disposal will allow the Group to reallocate its resources to improve and optimise the utilisation of assets.

## 5. **USE OF PROCEEDS**

As disclosed by the Company on 6 September 2023, MNSB has entered into a sale and purchase agreement for MNSB's purchase of a property at Lot 16, Jalan 3, Kawasan Perusahaan Cheras Jaya, 43200, Balakong, Selangor Darul Ehsan (the "**New Property**"). After deducting relevant expenses and taxes in connection with the Proposed Disposal and settlement of loan balance in relation to the Property, the Company intends to utilise approximately 80.4% of the net proceeds to finance the acquisition of the New Property. It is intended that the remaining 19.6% of the net proceeds will be used for the general working capital requirements of MNSB.

## 6. **VALUE OF PROPERTY**

Based on the Group's latest announced audited financial statements for the year ended 31 March 2023 ("**FY2023**"), the net book value of the Property is approximately RM2,344,230. The Consideration represents excess of RM2,343,770 over the net book value of the property. As the property was vacant during FY2023, there was no net profits attributable to the property. Upon completion of the Proposed Disposal, the company will report a net gain on disposal of approximately RM2,017,754.

Based on the Valuation Report, the market value of the Property is RM4,500,000 (approximately S\$1,310,311 as at 25 August 2023). The method used by the Independent Valuer was based on the comparison approach.

## 7. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES

7.1 The relative figures of the Proposed Disposal under Rule 1006 of the Catalist Rules based on the Group's audited consolidated financial statements for FY2023, being the latest announced consolidated accounts, are set out below.

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value (" <b>NAV</b> ") of the assets to be disposed of, compared with the Group's NAV. This basis is not applicable to an acquisition of assets.	5.2 <sup>(1)</sup>
(b)	Net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	Not applicable <sup>(2)</sup>
(c)	Aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	10.8 <sup>(3)</sup>
(d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable <sup>(4)</sup>
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, 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. If the reserves are not directly comparable, the SGX-ST may permit valuations to be used instead of volume or amount.	Not applicable <sup>(5)</sup>

### Notes:

- (1) Based on the net book value of the Property (approximately RM2,344,230) and the net assets of the Group of approximately RM44,726,958 as at 31 March 2023.
- (2) There are no net profits attributable to the Property.
- (3) Based on the Consideration (approximately S\$1,365,053) and the market capitalisation of the Company of approximately S\$12,645,567 as at 13 September 2023. Under Rule 1002(5), the market capitalisation of the Company is determined by multiplying the number of shares in issue excluding treasury shares, being 119,523,315 ordinary shares, and the volume weighted average price of S\$0.1058 per share on 13 September 2023, being the last market day on which the Company's shares were traded before the date of the SPA.
- (4) This basis is not applicable as no equity securities are to be issued as part of the Consideration.
- (5) This basis is not applicable as the Company is not a mineral, oil and gas company.

7.2 As the relative figures under Rules 1006(a) and 1006(c) of the Catalist Rules each exceed 5.0% but does not exceed 50%, the Proposed Disposal constitutes a "discloseable transaction" as defined in Chapter 10 of the Catalist Rules.

## 8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

### 8.1 General

The proforma financial effects of the Proposed Disposal on the net tangible asset ("**NTA**") per share and the earnings per share ("**EPS**") of the Group are set out below. The proforma financial effects have been prepared based on the audited consolidated financial results of the Group for FY2023.

The proforma financial effects are purely for illustration purposes only and are therefore not necessarily indicative of the actual financial position of the Group after the Proposed Disposal has been fully completed.

#### 8.1.1 NTA

For illustrative purposes only, the proforma financial effects of the Proposed Disposal on the Group's NTA per share, assuming that the Proposed Disposal had been completed on 31 March 2023, being the end of the most recently completed financial year, are set out below:

<b>NTA</b>	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
NTA attributable to the owners of the Group (RM)	42,529,557	44,345,535
Number of issued shares	119,523,315	119,523,315
NTA per share (RM cents)	35.58	37.10

#### 8.1.2 Earnings per Share

For illustrative purposes only, the proforma financial effects of the Proposed Disposal on the consolidated earnings of the Group, assuming that the Proposed Disposal had been completed on 1 April 2022, being the beginning of the most recently completed financial year, are set out below:

<b>EPS</b>	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
Profit attributable to the owners of the Group (RM)	6,192,858	8,045,497
Weighted average number of issued shares	119,523,315	119,523,315
EPS – Basic (RM cents)	5.18	6.73

## 9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company), in the Proposed Disposal.

## 10. DIRECTORS' 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.

## 11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SPA and Valuation Report are available for inspection during normal business hours at the Company's registered office at 133 Cecil Street #14-01, Keck Seng Tower, Singapore 069535, for a period of three (3) months commencing from the date of this announcement.

## 12. FURTHER ANNOUNCEMENTS

The Company will make further announcements in relation to the Proposed Disposal as and when there are material developments.

### BY ORDER OF THE BOARD

Wong Cheong Chee  
Executive Chairman and Chief Executive Officer  
29 September 2023

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*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.*

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