

THIS INDEPENDENT ADVICE CIRCULAR ("IAC") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ THIS IAC IN CONJUNCTION WITH THE OFFER DOCUMENT DATED 20 SEPTEMBER 2022 ISSUED BY MALACCA SECURITIES SDN BHD ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN). A COPY OF THE SUMMARY NOTIFICATION DATED 20 SEPTEMBER 2022 INFORMING THAT THE OFFER DOCUMENT, WHICH SETS OUT THE DETAILS, TERMS AND CONDITIONS OF THE OFFER (AS DEFINED HEREIN) AS WELL AS THE PROCEDURES FOR ACCEPTANCE AND METHOD OF SETTLEMENT OF THE OFFER (AS DEFINED HEREIN), HAS BEEN SENT TO YOU.

If you are in any doubt as to the course of action to be taken in relation to the Offer (as defined herein), please consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. If you have sold or transferred all your Offer Securities (as defined herein), you should hand this IAC immediately to the person through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee.

Pursuant to paragraph 11 of the Rules on Take-overs, Mergers and Compulsory Acquisitions, the Securities Commission Malaysia ("SC") has notified that it has no further comments on the contents of this IAC. However, such notification shall not be taken to suggest that the SC agrees with our recommendation or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAC.



**META BRIGHT GROUP BERHAD**  
*(Formerly known as Eastland Equity Bhd)*  
(Registration No. 200001013359 (515965-A))  
(Incorporated in Malaysia)

**INDEPENDENT ADVICE CIRCULAR TO THE HOLDERS IN RELATION TO THE UNCONDITIONAL  
MANDATORY TAKE-OVER OFFER**

**BY**

**LEADING VENTURES SDN BHD**  
(Registration No. 202101027696 (1427996-H))  
(Incorporated in Malaysia)

**THROUGH**

**MALACCA SECURITIES SDN BHD**  
(Registration No. 197301002760 (16121-H))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

**TO ACQUIRE**

- (I) ALL THE REMAINING ORDINARY SHARES IN META BRIGHT GROUP BERHAD (FORMERLY KNOWN AS EASTLAND EQUITY BHD) ("MBGB") ("MBGB SHARE(S)") NOT ALREADY OWNED BY DATO' LEE WAI MUN ("ULTIMATE OFFEROR"), LEADING VENTURES SDN BHD ("OFFEROR") AND PERSONS ACTING IN CONCERT WITH THEM, AS WELL AS SUCH NUMBER OF NEW MBGB SHARES THAT MAY BE ISSUED AND ALLOTTED PRIOR TO THE CLOSING DATE ARISING FROM THE EXERCISE OF THE OUTSTANDING WARRANTS 2022/2032 ("WARRANT(S)") ("OFFER SHARE(S)") FOR A CASH CONSIDERATION OF RM0.070 PER OFFER SHARE; AND
- (II) ALL THE REMAINING WARRANTS WHICH ARE NOT ALREADY OWNED BY THE ULTIMATE OFFEROR, OFFEROR AND PERSONS ACTING IN CONCERT WITH THEM ("OFFER WARRANT(S)") FOR A CASH CONSIDERATION OF RM0.005 PER OFFER WARRANT

(COLLECTIVELY, THE "OFFER")

*Independent Adviser*

**UOBKayHian**

**UOB KAY HIAN SECURITIES (M) SDN BHD**  
(Registration No. 199001003423 (194990-K))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

This Independent Advice Circular is dated 11 October 2022

---

## DEFINITIONS

---

Except where the context otherwise requires or where otherwise defined herein, the following definitions shall apply throughout this IAC:-

"Accepting Holder(s)"	: Holder(s) who accepts the Offer in accordance with the terms and conditions set out in the Offer Document, including any revision thereof
"Act"	: Companies Act 2016
"Board"	: Board of directors of MBGB
"BTRBP Acquisition"	: Acquisition by FBO Land of the BTRBP Properties for a total purchase consideration of RM24,800,000
"BTRBP Properties"	: 92 commercial units comprising the ground and first floor within 46 stratified 2-storey shop/offices within Bandar Tun Razak Business Park, 26400 Bandar Tun Abduk Razak Jengka, Maran, Pahang Darul Makmur
"BTRBP SPA"	: Conditional sale and purchase agreement dated 18 March 2022 entered between FBO Land, the Company, Top Land Resources Sdn Bhd, Mentiga Development & Construction Sdn Bhd and LV
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
"Bursa Securities"	: Bursa Malaysia Securities Berhad (200301033577 (635998-W))
"Capital Reduction"	: A capital reduction exercise announced by MBGB on 18 March 2022, which entails the reduction from the share reserve account and share capital of the Company
"CBRE WTW"	: CBRE WTW Valuation & Advisory Sdn Bhd (197401001098 (18149-U)) ( <i>formerly known as C H Williams Talhar &amp; Wong Sdn Bhd</i> )
"CCM"	: Companies Commission of Malaysia
"Closing Date"	: (i) First Closing Date, or  (ii) Any extended closing date in the event the Offer is revised or extended in accordance with the Rules or as the Offeror may decide and Malacca Securities may announce, on behalf of the Offeror, at least 2 days before the Closing Date
"CMSA"	: Capital Markets and Services Act, 2007
"Consideration Shares"	: Issuance of 381,538,461 new MBGB Shares at an issue price of RM0.065 each as settlement for the total purchase consideration of RM24,800,000 pursuant to the BTRBP Acquisition
"COVID-19"	: Coronavirus disease 2019
"Dato' Lee" or the "Ultimate Offeror"	: Dato' Lee Wai Mun
"Development Rights"	: All rights, title, benefits, interests, covenants, undertakings, duties, liabilities and obligations to develop, construct and manage a building consisting, inter alia a 16-storey building with 2-storey shop lots, 5 storey carpark, 1-storey public facilities and 8-storey commercial units on a piece of land situated in Damai, Kota Kinabalu, pursuant to the DR SPA

---

**DEFINITIONS (CONT'D)**

---

"Dissenting Holder(s)"	:	Holder(s) who have not accepted the Offer and/or failed or refused to transfer the Offer Securities to the Offeror in accordance with the terms and conditions set out in the Offer Document
"Distribution(s)"	:	Any dividend or other distribution of any nature whatsoever declared, made and/or paid by MBGB to its shareholders on or after the date of the Notice but prior to the Closing Date
"Diversification"	:	Diversification of the Company's principal activities to include Energy Related Business, which was approved by the shareholders of MBGB at an extraordinary general meeting on 15 July 2022
"DR SPA"	:	Conditional sale and purchase agreement dated 18 August 2020 entered into between FBO Land and IWSB, for FBO Land to purchase the Development Rights from IWSB for a purchase consideration of RM8.00 million
"Energy Business"	Related	: Renewable energy and energy efficiency related technology and businesses
"EPS"	:	Earnings per share
"Extension of Time Application"	:	The application submitted by UOBKH, on behalf of MBGB, to the SC on 19 September 2022 under paragraph 1.12 of the Rules to seek the following:-  (a) extension of time by 8 days commencing from 19 September 2022 to submit the draft IAC and the Letter from the Board to the SC for comments; and  (b) extension of time by 8 days commencing from 30 September 2022 to issue the IAC and the Letter from the Board to the Holders
"FBO Land"	:	FBO Land (Setapak) Sdn Bhd (198401007204 (119720-H)), a wholly-owned subsidiary of MBGB
"First Closing Date"	:	5.00 p.m. (Malaysia time) on Wednesday, 19 October 2022, being 29 days from the Posting Date
"Form of Acceptance and Transfer"	:	Form of acceptance and transfer for the Offer Securities, as enclosed with the Offer Document
"FYE"	:	Financial year ended
"GDC"	:	Gross development cost
"GDV"	:	Gross development value
"High Court"	:	The High Court of Malaya at Kuala Lumpur
"Holder(s)"	:	Holder(s) of the Offer Securities
"IAC"	:	This Independent Advice Circular to the Holders dated 11 October 2022, comprising the letter from the Board (as set out in Part A of this IAC), the IAL (as set out in Part B of this IAC) and the accompanying appendices

---

**DEFINITIONS (CONT'D)**

---

"IAL"	:	Independent advice letter by UOBKH as set out in <b>Part B</b> of this IAC
"Interested Directors"	:	Collectively, Dato' Lee (being the Ultimate Offeror) and LCK (being one of the PACs) who have duly abstained and will continue to abstain from deliberations and making any recommendations in relation to the Offer
"IWSB"	:	Inland World Sdn Bhd (201601024571 (1195510-D)), being the vendor of the DR SPA
"kWp"	:	Kilowatt-peak
"LAT"	:	Loss after taxation
"LBT"	:	Loss before taxation
"LCK"	:	Lee Chee Kiang
"LCK Undertaking"	:	An irrevocable undertaking provided by LCK on 30 August 2022 to the Offeror for the following:-  (i) not to accept the Offer;  (ii) not to dispose any of his holdings in the securities of MBGB for a period of 3 months post completion of the Offer; and  (iii) not to resign as Managing Director of MBGB for a period of 2 years upon completion of the Offer
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	4 October 2022, being the latest practicable date prior to the issuance of this IAC
"LPS"	:	Loss per share
"LTD"	:	29 August 2022, being the last full trading day prior to the serving of the Notice
"LV" or the "Offeror"	:	Leading Ventures Sdn Bhd (202101027696 (1427996-H))
"Malacca Securities"	:	Malacca Securities Sdn Bhd (197301002760 (16121-H)), being the Principal Adviser to the Offeror in respect of the Offer
"Market Day(s)"	:	Any day on which Bursa Securities is open for trading of securities
"MBGB" or the "Offeree" or the "Company"	:	Meta Bright Group Berhad (formerly known as Eastland Equity Bhd) (200001013359 (515965-A))
"MBGB Group" or the "Group"	:	Collectively, MBGB and its subsidiaries
"MBGB Share(s)" or "Share(s)"	:	Ordinary share(s) in MBGB
"MCO"	:	Movement control order which includes the conditional movement control order, recovery movement control order, and full movement control order issued under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967

---

**DEFINITIONS (CONT'D)**

---

"NA"	: Net assets attributable to owners
"NBV"	: Net book value
"Non-Interested Directors"	: The directors of MBGB other than Dato' Lee and LCK, who are respectively the Ultimate Offeror and PAC of the Offer
"Notice"	: Notice of the Offer dated 30 August 2022, served on the Board by Malacca Securities on behalf of the Offeror
"Offer"	: The unconditional mandatory take-over offer by the Offeror, through Malacca Securities, to acquire all the Offer Securities at the Offer Price in accordance with the terms and conditions set out in the Offer Document, including any revision thereof
"Offer Document"	: The offer document dated 20 September 2022 which sets out the details of the Offer together with the Form of Acceptance and Transfer enclosed within, which have been published on the Company's website at <a href="http://www.mbgb.my">http://www.mbgb.my</a> and Bursa Securities' website at <a href="https://www.bursamalaysia.com/market_information/announcements/company_announcement/announcement_details?ann_id=3293113">https://www.bursamalaysia.com/market_information/announcements/company_announcement/announcement_details?ann_id=3293113</a>
"Offer Document LPD"	: 14 September 2022, being the latest practicable date prior to the Posting Date
"Offer Period"	: The period commencing from 30 August 2022, being the date of the Notice, and expiring on the earlier of:-  (i) the Closing Date; or  (ii) the date on which the Offer lapses or is withdrawn with the written consent of the SC
"Offer Price"	: Share Offer Price and/or Warrant Offer Price, as the case may be
"Offer Securities"	: Offer Shares and/or Offer Warrants, as the case may be
"Offer Share(s)"	: All the remaining MBGB Shares not already owned by the Ultimate Offeror, Offeror and PACs, as well as such number of new MBGB Shares that may be issue and allotted prior to the Closing Date arising from the outstanding Warrants. As at the Offer Document LPD, there are 847,984,307 Offer Shares, representing approximately 43.55% of the total issued share capital of MBGB
"Offer Warrant(s)"	: All the remaining Warrants not already owned by the Ultimate Offeror, Offeror and PACs. As at the Offer Document LPD, there are 578,734,136 Offer Warrants, representing approximately 73.92% of the total outstanding Warrants in MBGB
"Official List"	: A list specifying all securities listed on Bursa Securities
"PACs"	: Persons acting in concert with the Ultimate Offeror and Offeror in relation to the Offer pursuant to subsections 216(2) and 216(3) of the CMSA as at the Offer Document LPD, namely, WYM and LCK
"PAT"	: Profit after taxation
"PBT"	: Profit before taxation

---

**DEFINITIONS (CONT'D)**

---

"Posting Date"	: 20 September 2022, being the date of posting of the Offer Document
"PPE"	: Property, plant and equipment
"Public Spread Requirement"	: The requirement under paragraph 8.02(1) of the Listing Requirements which states that a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders to ensure its continued listing on the Main Market of Bursa Securities
"PV"	: Photovoltaic
"Rahim & Co"	: Rahim & Co International Sdn Bhd (201501001265 (1126597-X))
"RM" and "sen"	: Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
"RNAV"	: Revalued net asset value/valuation, as the case may be
"Rules"	: Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC
"SC"	: Securities Commission Malaysia
"Selected Properties"	: Collectively, Kota Sri Mutiara Complex, Grand Renai Hotel, and Bandar Tasek Raja (Phase 2b), as referred to in <b>Section 6.1, Part B</b> of this IAC
"Shares Acquisition"	: Acquisitions of 369,120,100 MBGB Shares, representing 18.96% of the total issued shares in MBGB, by LV via direct business transactions, for a total cash consideration of RM25,838,407.00 (excluding brokerage and other incidental cost) or RM0.070 per MBGB Share
"Share Offer Price"	: Cash offer price of RM0.070 for each Offer Share, subject to any adjustment in the manner set out in Section 2.1 of the Offer Document
"sq ft"	: Square feet
"sq m"	: Square metre
"UOBKH" or the "Independent Adviser"	: UOB Kay Hian Securities (M) Sdn Bhd (199001003423 (194990-K)), being the Independent Adviser appointed by the Board pursuant to paragraph 3.06 of the Rules to advise the Non-Interested Directors and the Holders on the Offer
"Valid Acceptance(s)"	: The acceptance(s) of the Offer by Holder(s) which is(are) deemed by the Offeror to be valid and complete in all respects in accordance with the provisions of the Offer Document
"Valuer(s)"	: CBRE WTW and/or Rahim & Co, collectively or individually, as the case may be
"VWAP"	: Volume weighted average market price

---

**DEFINITIONS (CONT'D)**

---

"Warrant(s)" or "MBGB Warrant(s)" : Outstanding Warrants 2022/2032 in MBGB. Each Warrant is exercisable into 1 new MBGB Share at an exercise price of RM0.085 per MBGB Share payable in cash during a tenure of 10-year exercise period up to 13 February 2032

"Warrant Offer Price" : Cash offer price of RM0.005 for each Offer Warrant

"WYM" : Woo Yi Ming

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any references in this IAC to any enactment are references to that enactment as for the time being amended or re-enacted.

All references to "**you**" or "**Holder**" in this IAC are to the holder of the Offer Securities, being the person to whom the Offer is being made. All references to "we", "us" and "our" in this IAC (*save for the Executive Summary and the letter from the Board*) are to UOBKH, the Independent Adviser for the Offer.

Any discrepancies in the tables included in this IAC between the amounts listed, actual figures and the totals thereof are due to rounding.

Any references to time and date in this IAC shall be references to Malaysian time and date, unless otherwise stated. Where a period specified in the Rules ends on a day which is not a Market Day, the period is extended until the next Market Day, as appearing in this IAC.

<b>THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK</b>
--

---

**TABLE OF CONTENTS**

---

	<b>PAGE</b>
<b>EXECUTIVE SUMMARY</b>	viii
<b>PART A: LETTER FROM THE BOARD OF THE OFFEREE</b>	
1. INTRODUCTION	1
2. SALIENT TERMS AND CONDITIONS OF THE OFFER	4
3. DETAILS OF ACCEPTANCES	4
4. NON-INTERESTED DIRECTORS' COMMENTS	4
5. DISCLOSURE OF INTERESTS AND INTENTION IN RELATION TO THE OFFER	6
6. INDEPENDENT ADVISER'S LETTER	7
7. NON-INTERESTED DIRECTORS' RECOMMENDATION	7
8. DIRECTORS' RESPONSIBILITY STATEMENT	8
<b>PART B: INDEPENDENT ADVICE LETTER FROM UOBKH</b>	
1. INTRODUCTION	10
2. SALIENT TERMS AND CONDITIONS OF THE OFFER	10
3. DETAILS OF ACCEPTANCES	11
4. SCOPE AND LIMITATIONS TO THE EVALUATION OF THE OFFER	11
5. EVALUATION OF THE OFFER	12
6. FAIRNESS OF THE OFFER	14
7. REASONABLENESS OF THE OFFER	38
8. RATIONALE FOR THE OFFER AND FUTURE PLANS FOR MBGB GROUP AND ITS EMPLOYEES	42
9. FURTHER INFORMATION	44
10. CONCLUSION AND RECOMMENDATION	44
<b>APPENDICES</b>	
I. INFORMATION ON MBGB	47
II. FURTHER INFORMATION	55



---

## EXECUTIVE SUMMARY

---

**THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE OFFER. HOLDERS ARE ADVISED TO READ CAREFULLY THE CONTENTS OF THIS IAC FOR FURTHER INFORMATION AND THE RECOMMENDATION IN RELATION TO THE OFFER FROM THE NON-INTERESTED DIRECTORS (PART A OF THIS IAC) AND FROM UOBKH, THE INDEPENDENT ADVISER (PART B OF THIS IAC). THIS IAC SHOULD ALSO BE READ IN CONJUNCTION WITH THE OFFER DOCUMENT.**

### 1. INTRODUCTION

- 1.1 On 30 August 2022, LV had via direct business transactions acquired 369,120,100 MBGB Shares, representing 18.96% of the total issued shares in MBGB, for a total cash consideration of RM25,838,407.00 (excluding brokerage and other incidental cost) or RM0.070 per MBGB Share.
- 1.2 Dato' Lee, the Executive Director of MBGB, is the sole director and sole shareholder of LV, and is the Ultimate Offeror for the Offer.
- 1.3 Following the Shares Acquisitions, the Offeror's shareholdings in MBGB increased from 625,481,024 MBGB Shares (representing approximately 32.12% of the total issued shares in MBGB) to 994,601,124 MBGB Shares, representing approximately 51.07% of the total issued shares in MBGB.
- 1.4 Pursuant to subsection 218(2) of the CMSA and subparagraph 4.01(a) of the Rules, the Offeror is obliged to extend the Offer to acquire:-
  - (i) all the remaining MBGB Shares not already owned by the Ultimate Offeror, Offeror and PACs, as well as such number of new MBGB Shares that may be issued and allotted prior to the Closing Date arising from the exercise of the outstanding Warrants for a cash consideration of RM0.070 per Offer Share; and
  - (ii) all the remaining Warrants which are not already owned by the Ultimate Offeror, Offeror and PACs for a cash consideration of RM0.005 per Offer Warrant. For information, each Warrant is exercisable into 1 new MBGB Share at an exercise price of RM0.085 per MBGB Share payable in cash during the 10-year exercise period up to 13 February 2032.
- 1.5 Accordingly, on 30 August 2022, Malacca Securities had, on behalf of the Offeror, served the Notice on the Board in accordance with subparagraph 9.10(1)(b)(i) of the Rules. On even date, the Board announced the receipt of the Notice. A copy of the Notice was subsequently despatched to the Holders on 5 September 2022.
- 1.6 In accordance with subsections 216(2) and 216(3) of the CMSA, the PACs with the Ultimate Offeror and Offeror in relation to the Offer are as follows:-
  - (i) WYM, a PAC with the Ultimate Offeror and Offeror in accordance with subsection 216(3) of the CMSA for the purpose of the Offer, who is also a shareholder of MBGB; and
  - (ii) LCK, the Managing Director of MBGB, is deemed a PAC with the Ultimate Offeror and Offeror pursuant to subsection 216(2) of the CMSA as he had provided the LCK Undertaking for the following:-
    - (a) not to accept the Offer;
    - (b) not to dispose any of his holdings in the securities of MBGB for a period of 3 months post completion of the Offer; and
    - (c) not to resign as Managing Director of MBGB for a period of 2 years upon completion of the Offer

---

## EXECUTIVE SUMMARY (CONT'D)

---

The concert-party relationship between the Ultimate Offeror, Offeror and LCK arises solely as a result of the LCK Undertaking.

- 1.7 For avoidance of doubt, the Offer will not be extended to MBGB Shares or MBGB Warrants which are held by the PACs.
- 1.8 As at the Offer Document LPD, save for the LCK Undertaking, the Ultimate Offeror, Offeror and PACs have not received any irrevocable undertaking from any Holder to accept or reject the Offer.
- 1.9 On 5 September 2022, pursuant to paragraph 3.06 of the Rules, the Board had appointed UOBKH as the Independent Adviser to advise the Non-Interested Directors and Holders, and provide comments, opinions, information and recommendation on the Offer. Following thereto, UOBKH had, vide its letter dated 6 September 2022, declared to the SC its independence from any conflict of interest or potential conflict of interest in its capacity as the Independent Adviser in relation to the Offer.
- 1.10 On 19 September 2022, UOBKH had, on behalf of MBGB, submitted the Extension of Time Application to the SC under paragraph 1.12 of the Rules to seek the following:-
- (a) extension of time by 8 days commencing from 19 September 2022 to submit the draft IAC and the Letter from the Board to the SC for comments; and
  - (b) extension of time by 8 days commencing from 30 September 2022 to issue the IAC and the Letter from the Board to the Holders.

Subsequently on 22 September 2022, the SC had approved the Extension of Time Application.

- 1.11 You should have by now received a copy of the summary notification dated 20 September 2022 informing that the Offer Document, which sets out the details, terms and conditions of the Offer as well as the procedures for acceptance and method of settlement of the Offer, have been published on the Company's website at <http://www.mbgb.my> and Bursa Securities' website at [https://www.bursamalaysia.com/market\\_information/announcements/company\\_announcement/announcement\\_details?ann\\_id=3293113](https://www.bursamalaysia.com/market_information/announcements/company_announcement/announcement_details?ann_id=3293113).
- 1.12 Pursuant to subparagraphs 11.03(2) and 11.04(2) of the Rules, the SC had, vide its letter dated 10 October 2022 notified that it has no further comments on this IAC. However, such notification shall not be taken to suggest that the SC agrees with the recommendations contained herein or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAC.

## 2. SALIENT TERMS AND CONDITIONS OF THE OFFER

The terms and conditions of the Offer are as follows:-

<b>Consideration for the Offer</b>	<p>The consideration for the Offer is <b>RM0.070 per Offer Share</b> and <b>RM0.005 per Offer Warrant</b> which shall be <b>satisfied wholly in cash</b>.</p> <p>Notwithstanding this, if MBGB declares, makes and/or pays any Distribution to the Holders on or after the date of the Notice, but prior to the Closing Date and the Holders are entitled to retain such Distribution, the Share Offer Price shall be reduced by an amount equivalent to the net Distribution per Offer Share of which such Holders are entitled to retain. For avoidance of doubt, no adjustment shall be made to the Share Offer Price in the event that the entitlement date for the Distribution is after the Closing Date.</p> <p>For avoidance of doubt, any reduction in the Share Offer Price arising from the Distribution will not result in a reduction in the Warrant Offer Price. As such, the Warrant Offer Price will remain the same notwithstanding the Distribution, if any.</p>
------------------------------------	--

---

**EXECUTIVE SUMMARY (CONT'D)**

---

	<p>As at the LPD, MBGB has not announced any declaration or payment of Distribution on or after date of the Notice.</p> <p>Holders may accept the Offer in respect of all or any part of their Offer Securities. Fractions of a sen will not be paid to the Accepting Holders. Entitlement to cash payment will be rounded up to the nearest whole sen.</p>
<b>Conditions of the Offer</b>	The Offer is not conditional upon any minimum level of acceptances of the Offer Securities as the Ultimate Offeror, Offeror and the PACs already hold more than 50% of the voting shares or voting rights of the Offeree.
<b>Duration of the Offer</b>	The Offer will remain open for acceptances <b>until 5.00 p.m. (Malaysian time) on Wednesday, 19 October 2022*</b> , being the First Closing Date, or such later date(s) if the Offer is extended in accordance with the Rules and the terms and conditions of the Offer Document as the Offeror may decide and Malacca Securities may announce, on behalf of the Offeror, at least 2 days before the closing date. Notices of any such extension will be posted to the Holders accordingly.
<b>Method of settlement</b>	If the Offeror deems the acceptance of the Offer to be complete and valid in all respects in accordance with the terms and conditions set out in the Offer Document, the settlement of the consideration for the Offer Securities will be effected via remittance in the form of cheque, banker's draft or cashier's order which will be despatched by ordinary mail to the Accepting Holders (or their designated agents, as they may direct) at the registered Malaysian address last maintained with Bursa Depository at their own risk within 10 days from the date of the Valid Acceptance.

**Note:-**

\* On 7 October 2022, Malacca Securities had, on behalf of the Offeror, announced that the closing time and date for the Offer has been extended from 5:00 p.m. (Malaysian time) on Wednesday, 19 October 2022 to 5:00 p.m. (Malaysian time) on Tuesday, 25 October 2022.

Please refer to **Section 2 and Appendix I** of the Offer Document for the full terms and conditions of the Offer and **Appendix II** of the Offer Document for details on the procedures for acceptance and method of settlement of the Offer.

**3. DETAILS OF ACCEPTANCES**

As at the Offer Document LPD, save for the LCK Undertaking, the Ultimate Offeror, Offeror and PACs have not received any irrevocable undertaking from any Holder to accept or reject the Offer.

As at the LPD, there is no announcement made in respect of any valid acceptance of the Offer Securities as well as changes in shareholdings and/or warrant holdings of the Ultimate Offeror, Offeror and PACs.

**4. EVALUATION OF THE OFFER**

In arriving at the opinion and recommendation in respect of the Offer, UOBKH has assessed the fairness and reasonableness of the Offer in accordance with paragraphs 1 to 6 under Schedule 2: Part III of the Rules, where:-

- the term "fair and reasonable" should generally be analysed as 2 distinct criteria, i.e. whether the offer is "fair"; and whether the offer is "reasonable", rather than as a composite term;

---

## EXECUTIVE SUMMARY (CONT'D)

---

- the Offer is considered as "fair" if the Offer Price is equal to or higher than the market price and is also equal to or higher than the value of the Offer Securities. However, if the Offer Price is equal to or higher than the market price but is lower than the value of the Offer Securities, the Offer is considered as "not fair". In making the assessment, the value of the Offer Securities is determined based on the assumption that 100% of the issued share capital of the Offeree is being acquired;
- in considering whether the Offer is "reasonable", we have taken into consideration matters other than the valuation of the Offer Securities; and
- generally, a take-over offer would be considered "reasonable" if it is "fair".

You should consider carefully the Offer based on all pertinent factors and other considerations as set out in the IAC and the Offer Document and any other publicly available information.

### 4.1 FAIRNESS OF THE OFFER

Premised on UOBKH's evaluation in **Sections 6.1 and 6.2 (in respect of Offer Shares) and Sections 6.3 and 6.4 (in respect of Offer Warrants), Part B** of this IAC, UOBKH is of the view that the Offer is **NOT FAIR** after taking into consideration the following:-

<b>Offer Shares</b>	<p>The Share Offer Price represents:-</p> <ul style="list-style-type: none"><li>(a) a <b>discount</b> of 28.57% to the RNAV of MBGB Share of RM0.098;</li><li>(b) a <b>discount</b> ranging from 8.62% to 12.50% to the last closing price of MBGB Shares as at the LTD as well as the 5-day, 1-month, 3-month, 6-month and 12-month VWAPs of MBGB Shares up to the LTD; and</li><li>(c) a <b>discount</b> ranging from 14.74% to 17.65% to the last closing price of MBGB Shares as at the LPD as well as the 5-day VWAP of MBGB Shares up to the LPD.</li></ul>
<b>Offer Warrants</b>	<p>The Warrants Offer Price represents:-</p> <ul style="list-style-type: none"><li>(a) a <b>discount</b> of 92.10% to the theoretical value of MBGB Warrants of RM0.0633;</li><li>(b) a <b>discount</b> ranging from 86.52% to 88.89% to the last closing price of MBGB Warrants as at the LTD as well as the 5-day, 1-month, 3-month and 6-month VWAPs of MBGB Warrants up to the LTD; and</li><li>(c) a <b>discount</b> ranging from 87.50% to 87.71% to the last closing price of MBGB Warrants as at the LPD as well as the 5-day VWAP of MBGB Warrants up to the LPD.</li></ul>

Please refer to **Section 6, Part B** of this IAC for further details.

#### **4.2 REASONABLENESS OF THE OFFER**

Premised on UOBKH's evaluation in **Sections 7.1 and 7.2, Part B** of this IAC, UOBKH is of the view that the Offer is **NOT REASONABLE** after taking into consideration the following:-

- (a) the Ultimate Offeror and Offeror **intend to maintain the listing status** of MBGB on the Main Market of Bursa Securities. Furthermore, in the event that MBGB does not comply with the Public Spread Requirement as a result of the Offer, the Ultimate Offeror and Offeror shall work together with MBGB to explore various options or proposals to rectify the non-compliance with the Public Spread Requirement; and
- (b) the Ultimate Offeror and Offeror **do not intend to invoke the provisions of subsection 222(1) of the CMSA** to compulsorily acquire any remaining Offer Securities for which valid acceptances have not been received prior to the Closing Date even if the conditions stipulated in subsection 222(1) of the CMSA are fulfilled.

In this respect, the MBGB Securities will remain traded on the Main Market of Bursa Securities and the Holders will still be able to participate in the trading of the MBGB Securities even after the Closing Date. Notwithstanding that the historical trading volume of MBGB Shares and Warrants are relatively illiquid in the past 12 months up to the LTD, the Holders will still be able to participate in the trading of the MBGB Shares and/or Warrants even after the Closing Date, and in turn having the opportunity to realise their investment in MBGB Shares and/or Warrants in the event the market price is higher than the Share Offer Price and/or Warrant Offer Price.

Please refer to **Section 7, Part B** of this IAC for further details.

#### **5. CONCLUSION AND RECOMMENDATION**

Premised on the above and UOBKH's evaluation, UOBKH is of the opinion that the Offer is **NOT FAIR and NOT REASONABLE**. Accordingly, UOBKH:-

- (i) advises the Non-Interested Directors to recommend the Holders to **REJECT** the Offer; and
- (ii) recommends that the Holders **REJECT** the Offer.

The Non-Interested Directors concur with the opinion and recommendation of UOBKH that the Offer is **NOT FAIR and NOT REASONABLE**. Accordingly, the Non-Interested Directors recommend that you **REJECT** the Offer.

However, the decision on the course of action to be taken by the Holders in respect of the Offer will depend entirely on the Holders' risk appetite and specific preference as well as their expectation of the future performance of MBGB Group. Holders should also be mindful that continuous fluctuation in the market prices of MBGB Shares and/or Warrants might happen prior to and after the Closing Date.

Hence, Holders are advised to closely monitor the market prices and information/announcements in relation to the Offer before making a decision on the course of action to be taken in respect of the Offer. Holders who wish to exit your investments in MBGB can also consider selling the MBGB Shares and/or Warrants in the open market if you are able to obtain a price higher than the Offer Price, net of transaction cost.

---

**EXECUTIVE SUMMARY (CONT'D)**

---

**6. IMPORTANT DATES AND EVENTS**

The important dates pertaining to the Offer are as set out in the table below:-

Date <sup>*1</sup>	Event(s)
Friday, 30 August 2022	Notice served on the Board
Tuesday, 20 September 2022	Posting of the Offer Document
Tuesday, 11 October 2022	Issuance of this IAC <sup>*2</sup>
Wednesday, 19 October 2022	First Closing Date <sup>*3</sup>
Tuesday, 25 October 2022	Extended Closing Date <sup>*4</sup>

**Notes:-**

- <sup>\*1</sup> The above timeline is subject to such extension or revision as may be approved or required by the SC.
- <sup>\*2</sup> On 22 September 2022, the SC has approved the Extension of Time Application for the extension of time by 8 days commencing from 30 September 2022 to issue the IAC and the Letter from the Board to the Holders. As the last day for issuance of this IAC falls on 8 October 2022 (Saturday), this period has been extended until the next Market Day, i.e. Tuesday, 11 October 2022.
- <sup>\*3</sup> The Offer will remain open for acceptances until 5:00 p.m. (Malaysian time) on Wednesday, 19 October 2022, being the First Closing Date, unless revised or extended in accordance with the Rules. Any such revision or extension will be announced by Malacca Securities on behalf of the Offeror at least 2 days before the Closing Date. Notice of such revision or extension will be posted to the Holders accordingly.
- <sup>\*4</sup> On 7 October 2022, Malacca Securities had, on behalf of the Offeror, announced that the closing time and date for the Offer has been extended from 5:00 p.m. (Malaysian time) on Wednesday, 19 October 2022 to 5:00 p.m. (Malaysian time) on Tuesday, 25 October 2022.

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE INFORMATION CONTAINED IN THIS IAC, TOGETHER WITH THE OFFER DOCUMENT AND NOT RELY SOLELY ON THIS EXECUTIVE SUMMARY BEFORE FORMING AN OPINION ON THE OFFER AND MAKING A DECISION ON THE COURSE OF ACTION TO BE TAKEN.**

<b>THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK</b>
--

**PART A**

**LETTER FROM THE BOARD**



**META BRIGHT GROUP BERHAD**  
*(Formerly known as Eastland Equity Bhd)*  
(Registration No. 200001013359 (515965-A))  
(Incorporated in Malaysia)

**Registered office:**

12th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan, Malaysia

11 October 2022

**Board of Directors:**

Mohamed Akwal Bin Sultan Mohamad (*Independent Non-Executive Director/Chairman*)  
Lee Chee Kiang (*Managing Director*)  
Dato' Lee Wai Mun (*Executive Director*)  
Tan Chin Hong (*Executive Director*)  
Phang Kiew Lim (*Executive Director*)  
Masleena Binti Zaid (*Independent Non-Executive Director*)  
Ong Lu Yuan (*Independent Non-Executive Director*)

**To: Holders of the Offer Securities**

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY TAKE-OVER OFFER BY THE OFFEROR THROUGH MALACCA SECURITIES TO ACQUIRE ALL THE REMAINING OFFER SECURITIES NOT ALREADY OWNED BY THE ULTIMATE OFFEROR, OFFEROR AND PACS FOR THE OFFER PRICE**

---

**1. INTRODUCTION**

On 30 August 2022, LV had via direct business transactions acquired 369,120,100 MBGB Shares, representing 18.96% of the total issued shares in MBGB, for a total cash consideration of RM25,838,407.00 (excluding brokerage and other incidental cost) or RM0.070 per MBGB Share.

Dato' Lee, the Executive Director of MBGB, is the sole director and sole shareholder of LV, and is the Ultimate Offeror for the Offer.

Following the Shares Acquisitions, the Offeror's shareholdings in MBGB increased from 625,481,024 MBGB Shares (representing approximately 32.12% of the total issued shares in MBGB) to 994,601,124 MBGB Shares, representing approximately 51.07% of the total issued shares in MBGB.

Pursuant to subsection 218(2) of the CMA and subparagraph 4.01(a) of the Rules, the Offeror is obliged to extend the Offer to acquire:-



- (i) all the remaining MBGB Shares not already owned by the Ultimate Offeror, Offeror and PACs, as well as such number of new MBGB Shares that may be issued and allotted prior to the Closing Date arising from the exercise of the outstanding Warrants for a cash consideration of RM0.070 per Offer Share; and
- (ii) all the remaining Warrants which are not already owned by the Ultimate Offeror, Offeror and PACs for a cash consideration of RM0.005 per Offer Warrant. For information, each Warrant is exercisable into 1 new MBGB Share at an exercise price of RM0.085 per MBGB Share payable in cash during the 10-year exercise period up to 13 February 2032.

Accordingly, on 30 August 2022, Malacca Securities had, on behalf of the Offeror, served the Notice on the Board in accordance with subparagraph 9.10(1)(b)(i) of the Rules. On even date, the Board announced the receipt of the Notice. A copy of the Notice was subsequently despatched to the Holders on 5 September 2022.

On 5 September 2022, pursuant to paragraph 3.06 of the Rules, the Board had appointed UOBKH as the Independent Adviser to advise the Non-Interested Directors and Holders, and provide comments, opinions, information and recommendation on the Offer. Following thereto, UOBKH had, vide its letter dated 6 September 2022, declared to the SC its independence from any conflict of interest or potential conflict of interest in its capacity as the Independent Adviser in relation to the Offer.

In accordance with subsections 216(2) and 216(3) of the CMSA, the PACs with the Ultimate Offeror and Offeror in relation to the Offer are as follows:-

- (i) WYM, a PAC with the Ultimate Offeror and Offeror in accordance with subsection 216(3) of the CMSA for the purpose of the Offer, who is also a shareholder of MBGB; and
- (ii) LCK, the Managing Director of MBGB, is deemed a PAC with the Ultimate Offeror and Offeror pursuant to subsection 216(2) of the CMSA as he had provided the LCK Undertaking for the following:-
  - (a) not to accept the Offer;
  - (b) not to dispose any of his holdings in the securities of MBGB for a period of 3 months post completion of the Offer; and
  - (c) not to resign as Managing Director of MBGB for a period of 2 years upon completion of the Offer.

The concert-party relationship between the Ultimate Offeror, Offeror and LCK arises solely as a result of the LCK Undertaking.

As at the Offer Document LPD, the shareholdings and warrant holdings of the Ultimate Offeror, Offeror and PACs in MBGB are as follows:-

## **MBGB Shares**

Name	Direct		Indirect	
	No. of Shares	%*	No. of Shares	%*
<b><u>Ultimate Offeror</u></b>				
Dato' Lee	-	-	994,601,124 <sup>*1</sup>	51.07
<b><u>Offeror</u></b>				
LV	994,601,124	51.07	-	-
<b><u>PACs</u></b>				
LCK	93,736,800	4.81	-	-
WYM	11,024,000	0.57	-	-
<b>TOTAL</b>	<b>1,099,361,924</b>	<b>56.45</b>		

## **Warrants**

Name	Direct		Indirect	
	No. of Warrants	%^	No. of Warrants	%^
<b><u>Ultimate Offeror</u></b>				
Dato' Lee	-	-	157,299,015 <sup>*1</sup>	20.09
<b><u>Offeror</u></b>				
LV	157,299,015	20.09	-	-
<b><u>PACs</u></b>				
LCK	46,868,831	5.99	-	-
WYM	-	-	-	-
<b>TOTAL</b>	<b>204,167,846</b>	<b>26.08</b>		

### **Notes:-**

\* Computed based on 1,947,346,231 MBGB Shares in issue as at the Offer Document LPD.

^ Computed based on 782,901,982 outstanding Warrants as at the Offer Document LPD.

<sup>\*1</sup> Deemed interested by virtue of Dato' Lee's interest in LV pursuant to section 8 of the Act.

For avoidance of doubt, the Offer will not be extended to MBGB Shares or MBGB Warrants which are held by the PACs.

You should have by now received a copy of the summary notification dated 20 September 2022 informing that the Offer Document, which sets out the details, terms and conditions of the Offer as well as the procedures for acceptance and method of settlement of the Offer, have been published on the Company's website at <http://www.mbgb.my> and Bursa Securities' website at

[https://www.bursamalaysia.com/market\\_information/announcements/company\\_announcement/announcement\\_details?ann\\_id=3293113](https://www.bursamalaysia.com/market_information/announcements/company_announcement/announcement_details?ann_id=3293113).

Pursuant to subparagraphs 11.03(2) and 11.04(2) of the Rules, the SC had, vide its letter dated 10 October 2022 notified that it has no further comments on this IAC. However, such notification shall not be taken to suggest that the SC agrees with the recommendations contained herein or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAC.

THE PURPOSE OF THIS IAC IS TO HIGHLIGHT THE RELEVANT INFORMATION IN RELATION TO THE OFFER AND TO PROVIDE YOU WITH THE VIEWS AND RECOMMENDATION ON THE OFFER OF THE NON-INTERESTED DIRECTORS AND UOBKH.

It is important for you to register your e-mail address with Bursa Depository via:-

- (i) [https://www.bursamalaysia.com/trade/our\\_products\\_services/central\\_depositor\\_y\\_system/request\\_for\\_estatement](https://www.bursamalaysia.com/trade/our_products_services/central_depositor_y_system/request_for_estatement); or
- (ii) Bursa Anywhere mobile application which can be downloaded from Google Play Store or Apple App Store.

You are advised to read the IAC, together with the Offer Document and carefully consider the recommendations contained herein before taking any action.

## 2. SALIENT TERMS AND CONDITIONS OF THE OFFER

The salient terms and conditions of the Offer are set out in **Section 2, Part B** of this IAC.

Please refer to **Section 2 and Appendix I** of the Offer Document for the full terms and conditions of the Offer and **Appendix II** of the Offer Document for the procedures for acceptance and method of settlement of the Offer.

## 3. DETAILS OF ACCEPTANCES

As at the Offer Document LPD, save for the LCK Undertaking, the Ultimate Offeror, Offeror and PACs have not received any irrevocable undertaking from any Holder to accept or reject the Offer.

As at the LPD, there is no announcement made in respect of any valid acceptance of the Offer Securities as well as changes in shareholdings and/or warrant holdings of the Ultimate Offeror, Offeror and PACs.

## 4. NON-INTERESTED DIRECTORS' COMMENTS

### 4.1 Rationale for the Offer

The Non-Interested Directors take note of the rationale for the Offer as set out in **Section 3** of the Offer Document.

The Non-Interested Directors take cognisance that:-

- (i) The Offer is mandatory take-over obligation pursuant to the Rules as a result of the Shares Acquisitions, which resulted in the increase of the shareholdings of the Offeror in MBGB from 32.12% to approximately 51.07% of the total issued shares in MBGB.
- (ii) The Offer provides the Holders with an opportunity to realise their investment for cash at the Offer Price. For avoidance of doubt, the Offer made to the Holders of Offer Shares represents the same terms offered pursuant to the Shares Acquisition.
- (iii) Dato' Lee (being the Ultimate Offeror), having obtained a statutory control in MBGB via the Offeror, intends to play a more active role in MBGB Group's strategy and operational planning and implementation to drive the business direction of the Group.

- (iv) Dato' Lee believes that he will be able to capitalise on his experience via his involvement, as shareholder and director, in his investee companies (which are involved in related businesses) to assist the Group to venture into the Energy Related Business.

Notwithstanding that the Offer provides the Holders with an opportunity to realise their investment for cash at the Offer Price, the Non-Interested Directors wish to highlight that Holders should also monitor the prevailing market prices of MBGB Shares and/or Warrants vis-à-vis the Offer Price before deciding whether to sell their MBGB Shares and/or Warrants in the open market or to accept the Offer.

## **4.2 Future plans for MBGB Group and its employees**

The Non-Interested Directors take note of the following intention of the Ultimate Offeror and Offeror in respect of the future plans for MBGB Group and its employees as set out in **Section 5** of the Offer Document, as follows:-

### **(i) Continuation of MBGB Group's businesses**

The Ultimate Offeror and Offeror intend to continue the existing businesses of MBGB Group, including diversification into Energy Related Business, and do not have any plan or intention to liquidate MBGB and/or its subsidiaries. Nevertheless, the Ultimate Offeror and Offeror may from time to time review the Group's businesses and operations of the Group and make such arrangements, rationalisation and reorganisation that is suitable to remain competitive and improve the prospects of the Group, including seeking acquisition of new business to complement or diversify the Group's business.

### **(ii) No major changes to MBGB Group's businesses**

The Ultimate Offeror and Offeror do not have plans/intention to introduce any major change to the existing core businesses of MBGB Group (save for MBGB Group's plan to diversify into Energy Related Business, which was approved by the shareholders of MBGB at an extraordinary general meeting on 15 July 2022), liquidate any of the companies within the Group (save for dormant or inactive companies), dispose of any major assets or undertake any major redeployment of the fixed assets of the Group. Nevertheless, the Ultimate Offeror and Offeror may from time to time review strategic options with regards to the businesses or assets of the Group and where appropriate, undertake such changes, reorganisation, disposal and/or redeployment as part of the process to rationalise the business activities or direction of the Group, including any expansion activities, diversification, divestment of non-core businesses or monetisation of assets, or to improve the use of resources of the Group, with a view that the Group remains competitive, sustainable or viable in the industry and to improve the prospects and growth of the Group.

As at the Offer Document LPD, the Ultimate Offeror and Offeror have also not entered into any negotiation, arrangement with any third party with regards to any significant change in MBGB Group's businesses, assets and/or shareholding structure.

### **(iii) Employees of MBGB Group**

The Ultimate Offeror and Offeror have no plans to dismiss or make redundant the existing employees of MBGB Group as a direct consequence of the Offer. Nevertheless, the Ultimate Offeror and Offeror may from time to time introduce constructive measures to improve the efficiency of operations and to optimise the human resources requirements of the Group, which may lead to rationalisation of staff employment and/or streamlining of the business activities of the Group's operations. Any such action taken involving employees will be dealt with in accordance with the relevant legislation and the terms of employment of the employees concerned.

The Non-Interested Directors noted that as at the Offer Document LPD, the Ultimate Offeror and Offeror have not entered into any negotiation, arrangement or understanding with any third party with regards to any significant change in the business, asset or shareholding structure of MBGB Group.

Premised on the above and rationale for the Offer, the Non-Interested Directors are of the view that the businesses (including diversification into Energy Related Business) and management of MBGB Group will continue as a going concern in the foreseeable future.

#### 4.3 Listing status of MBGB

The Non-Interested Directors take note that the Ultimate Offeror and Offeror **intend to maintain the listing status of MBGB on the Main Market of Bursa Securities.**

Accordingly, in the event that MBGB does not comply with the Public Spread Requirement as a result of the Offer, the Ultimate Offeror and Offeror will work together with MBGB to explore various options or proposals within 3 months from the Closing Date or such timeframe as allowed by the relevant authorities to rectify the shortfall in the required shareholding spread. As at Offer Document LPD, no arrangements on the above have been made.

Please refer to **Section 7.1, Part B** of this IAC for further details.

#### 4.4 Compulsory acquisition and rights of Dissenting Holders

The Non-Interested Directors take note that the Ultimate Offeror and Offeror **do not intend to invoke the provisions of subsection 222(1) of the CMSA** to compulsorily acquire any remaining Offer Securities for which valid acceptances have not been received prior to the Closing Date even if the conditions stipulated under subsection 222(1) of the CMSA are fulfilled.

The Non-Interested Directors further take note that notwithstanding the above and subject to section 224 of the CMSA, section 223 of the CMSA provides that if the Offeror receives Valid Acceptances from the Holders resulting in the Ultimate Offeror, Offeror and person(s) acting in concert with them (if any) holding not less than 9/10 in value of all the MBGB Shares and/or Warrants on or before the Closing Date, a Dissenting Holder may exercise his/her/its rights under subsection 223(1) of the CMSA within a period to be specified by the Offeror which shall be no less than 3 months after the Closing Date, by serving a notice on the Offeror to require the Offeror to acquire his/her/its Offer Securities on the same terms set out in the Offer Document or such other terms as may be agreed.

Please refer to **Section 7.2, Part B** of this IAC for further details.

### 5. DISCLOSURE OF INTERESTS AND INTENTION IN RELATION TO THE OFFER

As at the LPD, save as disclosed below, the Directors of MBGB do not have any interest, whether direct or indirect, in MBGB Shares and Warrants:-

#### **MBGB Shares**

	Direct		Indirect	
	No. of Shares	%*	No. of Shares	%*
Mohamed Akwal Bin Sultan Mohamad	-	-	-	-
LCK	93,736,800	4.81	-	-
Dato' Lee	-	-	994,601,124 <sup>*1</sup>	51.07
Tan Chin Hong	-	-	18,333,928 <sup>*2</sup>	0.94
Phang Kiew Lim	-	-	-	-
Masleena Binti Zaid	-	-	-	-
Ong Lu Yuan	1,198,800	0.06	-	-

## Warrants

	Direct		Indirect	
	No. of Warrants	% <sup>^</sup>	No. of Warrants	% <sup>^</sup>
Mohamed Akwal Bin Sultan Mohamad	-	-	-	-
LCK	46,868,831	5.99	-	-
Dato' Lee	-	-	157,299,015 <sup>*1</sup>	20.09
Tan Chin Hong	-	-	-	-
Phang Kiew Lim	-	-	-	-
Masleena Binti Zaid	-	-	-	-
Ong Lu Yuan	620,442	0.08	-	-

### Notes:-

\* Computed based on 1,947,346,231 MBGB Shares in issue as at the LPD.

<sup>^</sup> Computed based on 782,901,982 outstanding Warrants as at the LPD.

\*1 Deemed interested by virtue of Dato' Lee's interest in LV pursuant to section 8 of the Act.

\*2 Indirect interest by virtue of his directorship and shareholding in Prestige Pavilion Sdn Bhd and Danhwa Holding Sdn Bhd, and deemed interest by virtue of shares held by his sister, Adeline Tan Wan Chen and his brother, Tan Chin Hao.

The Interested Directors, namely Dato' Lee and LCK, have duly abstained from deliberations and making any recommendation in relation to the Offer. For information purpose, Dato' Lee's and LCK's holdings of MBGB Shares and Warrants (whether direct and indirect) do not form part of the Offer Shares and Offer Warrants, respectively.

Ong Lu Yuan, being the Non-Interested Director who directly holds MBGB Shares and Warrants as at the LPD, has confirmed his intention **not to accept** the Offer in respect of his entire Offer Shares and Offer Warrants.

Tan Chin Hong, being the Non-Interested Director who indirectly holds MBGB Shares as at the LPD, has confirmed his intention **not to accept** the Offer in respect of his entire Offer Shares.

## 6. INDEPENDENT ADVISER'S LETTER

You are advised to read and consider the views and recommendation of UOBKH, the Independent Adviser appointed to advise the Non-Interested Directors and you in relation to the Offer. The IAL is included in **Part B** of this IAC.

## 7. NON-INTERESTED DIRECTORS' RECOMMENDATION

The Non-Interested Directors, after careful assessment of the Offer as contained in the Offer Document as well as the evaluation and recommendation by UOBKH as contained in **Part B** of this IAC, have **concurred** with the opinion and recommendation of UOBKH that the Offer is **NOT FAIR and NOT REASONABLE**.

Accordingly, the Non-Interested Directors recommend that you **REJECT** the Offer.

The Non-Interested Directors wish to advise that the decision on the course of action to be taken by the Holders in respect of the Offer will depend entirely on the Holders' risk appetite and specific preference as well as their expectation of the future performance of MBGB Group. Holders should also be mindful that continuous fluctuation in the market prices of MBGB Shares and/or Warrants might happen prior to and after the Closing Date.

Further, the Holders are advised to closely monitor the market prices and information/announcements in relation to the Offer before making a decision on the course of action to be taken in respect of the Offer. Holders who wish to exit your investments in MBGB can also consider selling the MBGB Shares and/or Warrants in the open market if you are able to obtain a price higher than the Offer Price, net of transaction cost.

## **8. DIRECTORS' RESPONSIBILITY STATEMENT**

The Board has seen and approved the contents of this IAC. The Board, collectively and individually accepts full responsibility for the accuracy and completeness of the information contained in this IAC and confirms that after making all reasonable enquiries and to the best of their knowledge, opinions expressed by the Non-Interested Directors in this IAC have been arrived at, after due and careful consideration and there are no other facts and/or information, the omission of which would make any information provided in this IAC relating to MBGB Group, false or misleading or materially incomplete.

The responsibility of the Board in respect of:-

- (i) the information relating to the Ultimate Offeror, Offeror and PACs and the Offer (as extracted from the Offer Document and other publicly available information) is limited to ensuring that such information is accurately reproduced in this IAC; and
- (ii) the independent advice and expression of opinion by UOBKH in relation to the Offer as set out in **Part B** of this IAC are limited to ensuring that accurate information are provided by the Company to UOBKH for its evaluation in respect of the Offer and to ensure all information in relation to MBGB Group that are relevant to UOBKH's evaluation of the Offer have been completely disclosed to UOBKH and that there are no material facts, the omission of which would make any information provided to UOBKH false or misleading.

**YOU ARE ADVISED TO CONSIDER THE INFORMATION IN THE OFFER DOCUMENT AND THIS IAC CAREFULLY BEFORE MAKING A DECISION ON THE COURSE OF ACTION TO BE TAKEN.**

**THE NON-INTERESTED DIRECTORS HAVE NOT TAKEN INTO CONSIDERATION ANY SPECIFIC INVESTMENT OBJECTIVE, FINANCIAL SITUATION OR RISK PROFILE OR PARTICULAR NEEDS OF ANY INDIVIDUAL HOLDER OR ANY SPECIFIC GROUP OF HOLDERS.**

**THE NON-INTERESTED DIRECTORS RECOMMEND THAT ANY INDIVIDUAL HOLDER OR ANY SPECIFIC GROUP OF HOLDERS WHO REQUIRES ADVICE IN RELATION TO THE OFFER IN THE CONTEXT OF THEIR INDIVIDUAL INVESTMENT OBJECTIVES, RISK PROFILES, FINANCIAL AND TAX SITUATION OR PARTICULAR NEEDS, TO CONSULT THEIR RESPECTIVE STOCKBROKERS, BANK MANAGERS, ACCOUNTANTS, SOLICITORS OR OTHER PROFESSIONAL ADVISERS.**

Yours faithfully,  
For and on behalf of the Board of  
**META BRIGHT GROUP BERHAD**  
**(FORMERLY KNOWN AS EASTLAND EQUITY BHD)**

**PHANG KIEW LIM**  
Executive Director

**PART B**

**INDEPENDENT ADVICE LETTER FROM UOBKH**



UOB KAY HIAN SECURITIES (M) SDN BHD

**Registered Office:**

Suite 19-03, 19<sup>th</sup> Floor  
Menara Keck Seng  
203 Jalan Bukit Bintang  
55100 Kuala Lumpur  
Malaysia

11 October 2022

**To: The Non-Interested Directors and Holders**

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY TAKE-OVER OFFER BY THE OFFEROR THROUGH MALACCA SECURITIES TO ACQUIRE ALL THE REMAINING OFFER SECURITIES NOT ALREADY OWNED BY THE ULTIMATE OFFEROR, OFFEROR AND PACS FOR THE OFFER PRICE**

**1. INTRODUCTION**

Please refer to **Section 1, Part A** of this IAC for the chronological events in relation to the Offer.

The purpose of this IAL is to provide our independent evaluation of the Offer together with our recommendation thereon, subject to the scope of our work and limitations specified herein.

**WE ADVISE YOU TO READ AND UNDERSTAND THIS IAL CAREFULLY TOGETHER WITH PART A OF THIS IAC - LETTER FROM THE BOARD AND THE OFFER DOCUMENT, A COPY OF WHICH YOU SHOULD HAVE RECEIVED BY NOW, BEFORE TAKING ANY ACTION.**

**THIS IAL IS SOLELY FOR THE USE OF THE HOLDERS FOR THE PURPOSE OF CONSIDERING THE OFFER AND SHOULD NOT BE USED OR RELIED UPON BY ANY OTHER PARTY OR FOR ANY OTHER PURPOSE.**

**2. SALIENT TERMS AND CONDITIONS OF THE OFFER**

The terms and conditions of the Offer include the following:-

<b>Consideration for the Offer</b>	<p>The consideration for the Offer is <b>RM0.070 per Offer Share</b> and <b>RM0.005 per Offer Warrant</b> which shall be <b>satisfied wholly in cash.</b></p> <p>Notwithstanding this, if MBGB declares, makes and/or pays any Distribution to the Holders on or after the date of the Notice, but prior to the Closing Date and the Holders are entitled to retain such Distribution, the Share Offer Price shall be reduced by an amount equivalent to the net Distribution per Offer Share of which such Holders are entitled to retain. For avoidance of doubt, no adjustment shall be made to the Share Offer Price in the event that the entitlement date for the Distribution is after the Closing Date.</p> <p>For avoidance of doubt, any reduction in the Share Offer Price arising from the Distribution will not result in a reduction in the Warrant Offer Price. As such, the Warrant Offer Price will remain the same notwithstanding the Distribution, if any.</p>
------------------------------------	--

	<p>As at the LPD, MBGB has not announced any declaration or payment of Distribution on or after date of the Notice.</p> <p>Holders may accept the Offer in respect of all or any part of their Offer Securities. Fractions of a sen will not be paid to the Accepting Holders. Entitlement to cash payment will be rounded up to the nearest whole sen.</p>
<b>Conditions of the Offer</b>	The Offer is not conditional upon any minimum level of acceptances of the Offer Securities as the Ultimate Offeror, Offeror and the PACs already hold more than 50% of the voting shares or voting rights of the Offeree.
<b>Duration of the Offer</b>	The Offer will remain open for acceptances <b>until 5.00 p.m. (Malaysian time) on Wednesday, 19 October 2022*</b> , being the First Closing Date, or such later date(s) if the Offer is extended in accordance with the Rules and the terms and conditions of the Offer Document as the Offeror may decide and Malacca Securities may announce, on behalf of the Offeror, at least 2 days before the closing date. Notices of any such extension will be posted to the Holders accordingly.
<b>Method of settlement</b>	If the Offeror deems the acceptance of the Offer to be complete and valid in all respects in accordance with the terms and conditions set out in the Offer Document, the settlement of the consideration for the Offer Securities will be effected via remittance in the form of cheque, banker's draft or cashier's order which will be despatched by ordinary mail to the Accepting Holders (or their designated agents, as they may direct) at the registered Malaysian address last maintained with Bursa Depository at their own risk within 10 days from the date of the Valid Acceptance.

**Note:-**

\* On 7 October 2022, Malacca Securities had, on behalf of the Offeror, announced that the closing time and date for the Offer has been extended from 5:00 p.m. (Malaysian time) on Wednesday, 19 October 2022 to 5:00 p.m. (Malaysian time) on Tuesday, 25 October 2022.

### 3. DETAILS OF ACCEPTANCES

As at the Offer Document LPD, save for the LCK Undertaking, the Ultimate Offeror, Offeror and PACs have not received any irrevocable undertaking from any Holder to accept or reject the Offer.

As at the LPD, there is no announcement made in respect of any valid acceptance of the Offer Securities as well as changes in shareholdings and/or warrant holdings of the Ultimate Offeror, Offeror and PACs.

### 4. SCOPE AND LIMITATIONS TO THE EVALUATION OF THE OFFER

UOBKH was not involved in the formulation and/or deliberation of the terms and conditions of the Offer. Our role as Independent Adviser is limited to expressing our comments, opinions, information and recommendation on the Offer, including an independent opinion on the fairness and reasonableness of the Offer based on the following:-

- (i) information contained in the Notice, Offer Document and the appendices attached thereto;
- (ii) information, supporting documents, confirmations and representation furnished to us by the Board and management of MBGB Group as well as discussions with the Non-Interested Directors and management of MBGB;
- (iii) the audited financial statements of MBGB Group for the past 2 financial years up to the FYE 30 June 2021 and the latest unaudited financial results of MBGB Group for the 12-month FYE 30 June 2022;

- (iv) valuation reports on the Selected Properties held by the MBGB Group; and
- (v) publicly available information.

We have relied on the Board and management of MBGB to take due care in ensuring that all the information, documents and representations in respect of the Group provided to us to facilitate our evaluation are reliable, accurate, valid and complete in all material aspects. Nonetheless, we have made reasonable enquiries and we are satisfied that the information furnished or available to us is sufficient and we have no reason to believe that the information is unreliable, incomplete, misleading or inaccurate.

In rendering our advice, we had taken note of pertinent issues which we believe are of importance to an assessment of the implications of the Offer and therefore of general concern to the Holders.

As such:-

- (i) UOBKH's views and advice as contained in this IAC only cater for the Holders at large and do not cater to any individual Holder or specific group of Holders. Hence, we have not given consideration to the specific investment objectives, risk profiles, financial and tax situations and particular needs of any individual Holder or specific group of Holders; and
- (ii) we recommend that such individual Holder or any specific group of Holders who may require advice in relation to the Offer in the context of their individual investment objectives, risk profiles, financial and tax situations and particular needs to consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers immediately.

Our advice should be considered in the context of the entirety of this IAL. Our views expressed in this IAL are, amongst others, based on the prevailing economic, market and other conditions, and the information and/or documents made available to us as at the LPD or such other periods as specified herein. Such conditions may vary significantly over a short period of time.

We will immediately notify the SC in writing and the Holders by way of press notice and announcement on Bursa Securities if, after despatching this IAC, as guided by subparagraph 11.07(1) of the Rules, we become aware that this IAC:-

- (i) contains a material statement which is false or misleading;
- (ii) contains a statement from which there is a material omission; or
- (iii) does not contain a statement relating to a material development.

If circumstances require, a supplementary IAC will be sent to the Holders in accordance with subparagraph 11.07(2) of the Rules.

## 5. EVALUATION OF THE OFFER

In arriving at our conclusion and recommendation, we have assessed the fairness and reasonableness of the Offer in accordance with paragraphs 1 to 6 under Schedule 2: Part III of the Rules, whereby:-

- (i) the term "fair and reasonable" should generally be analysed as 2 distinct criteria, i.e. whether the offer is "fair" and whether the offer is "reasonable", rather than as a composite term;

- (ii) the Offer is considered as "fair" if the Offer Price is equal to or higher than the market price and is also equal to or higher than the value of the Offer Securities. However, if the Offer Price is equal to or higher than the market price but is lower than the value of the Offer Securities, the Offer is considered as "not fair". In making the assessment, the value of the Offer Securities is determined based on the assumption that 100% of the issued share capital of the Offeree is being acquired;
- (iii) in considering whether the Offer is "reasonable", we have taken into consideration matters other than the valuation of the Offer Securities. This includes but not limited to, existing shareholding of the offeror and persons acting in concert with the offeror in the offeree and their ability to pass special resolutions or control the assets of the offeree, liquidity of the offeree's securities, expected market price if the take-over offer is unsuccessful, and/or likelihood and value of alternative offers or competing offers before the close of the take-over offer;
- (iv) generally, a take-over offer would be considered "reasonable" if it is "fair". Where a take-over offer is viewed as "reasonable" despite being "not fair", it should be on the basis that there are sufficiently strong reasons to accept the offer in the absence of a higher bid and such reasons should be clearly explained. If there were inadequate justifications, such take-over offer should be regarded as "not reasonable" and thus, the recommendation would be to reject the offer; and
- (v) in the event the take-over offer is concluded as "not fair but reasonable", the independent adviser must clearly explain: (a) what is meant by "not fair but reasonable", (b) how has the independent adviser reached to this conclusion; and (c) the course of action that the shareholders are recommended to take pursuant to the conclusion.

We have considered the following pertinent matters in our evaluation of the Offer:-

<b>Fairness of the Offer</b>	<b>Section 6</b>
- Valuation of MBGB Shares	Section 6.1
- Historical market prices of MBGB Shares	Section 6.2
- Valuation of MBGB Warrants	Section 6.3
- Historical market prices of MBGB Warrants	Section 6.4

<b>Reasonableness of the Offer</b>	<b>Section 7</b>
- Listing status of MBGB	Section 7.1
- Compulsory acquisition and rights of Dissenting Holders	Section 7.2

## 6. FAIRNESS OF THE OFFER

### 6.1 Valuation of MBGB Shares

The principal activities of MBGB Group are segmented as follows:-

<b>Hospitality</b>	Operation of the Grand Renai Hotel in Kota Bharu, Kelantan
<b>Investment properties</b>	Operation of the Kota Sri Mutiara Complex (shopping mall component only) in Kota Bharu, Kelantan
<b>Property development</b>	Development of residential and commercial properties. As at the LPD, the Group has 2 property development projects, namely the Bandar Tasek Raja Project in Pasir Mas, Kelantan and the Damai Suites in Kota Kinabalu, Sabah. In addition, the asset under this segment comprises completed units of the Kota Sri Mutiara Complex apartment and retail components, in Kota Bharu, Kelantan
<b>Others</b>	Leasing and financing, and investment holding

The tables below set out the contribution of each segment to the Group's financial performance for the past 3 financial years up to the FYE 30 June 2022 ("**Financial Performance Table**"):-

#### Revenue

Revenue by business segment	Audited 12-month FYE 31 December		Audited 18-month FYE 30 June <sup>*1</sup>		Unaudited 12-month FYE 30 June	
	2019		2021		2022	
	RM'000	%	RM'000	%	RM'000	%
- Hospitality	12,498	69.2	13,235	63.3	22,637	87.9
- Investment properties	3,748	20.7	4,236	20.3	2,820	11.0
- Property development	1,828	10.1	3,415	16.3	291	1.1
- Others	-	-	13	0.1	1	<0.01
<b>Total</b>	<b>18,074</b>	<b>100.0</b>	<b>20,899</b>	<b>100.0</b>	<b>25,749</b>	<b>100.0</b>

#### PAT/(LAT)

PAT/(LAT) by business segment	Audited 12-month FYE 31 December		Audited 18-month FYE 30 June <sup>*1</sup>		Unaudited 12-month FYE 30 June	
	2019		2021		2022	
	RM'000	%	RM'000	%	RM'000	%
- Hospitality	(3,646)	28.5	(25,426)	25.3	12,333	309.2
- Investment properties	(2,704)	21.1	(21,956)	21.9	(767)	(19.2)
- Property development	(2,628)	20.5	(47,017)	46.8	(2,421)	(60.7)
- Others (including investment holding)	(11,637)	91.0	(6,019)	6.0	(5,156)	(129.3)
Consolidation adjustments	7,825	(61.2)	-	-	-	-
<b>Total</b>	<b>(12,790)</b>	<b>100.0</b>	<b>(100,418)</b>	<b>100.0</b>	<b>3,989</b>	<b>100.0</b>

**Note:-**

<sup>\*1</sup> On 30 October 2020, the Group had announced the change in its financial year end from 31 December to 30 June.

We noted that MBGB Group has been generally loss making across its key business segments, i.e. hospitality, investment properties and property development over the past 3 financial years up to 30 June 2022 ("**Financial Years Under Review**"), save for the Hospitality segment which recorded a PAT in the latest FYE 30 June 2022. The financial performance of the Group's key business segments are summarised as follows:-

(i) Hospitality segment

The Group's hospitality asset comprises the 298-room Grand Renai Hotel located along Jalan Sultan Yahya Petra, Kota Bharu, Kelantan.

Under the hospitality arm, the Group had recorded LAT for the FYE 31 December 2019 mainly due to soft market condition in Kelantan coupled with intense competition from other hotels. For the FYE 30 June 2021, the hospitality operations has been affected by COVID-19 pandemic together with MCO and travelling restrictions, which resulted in the Group posting a LAT. Further contributing to the LAT was the impairment of RM27.3 million made by the Group to the hotel asset value, in conjunction with its valuer's appraisal. The hotel achieved an average occupancy rate of 38.6% (FYE 31 December 2019) and 28.7% (FYE 30 June 2021).

For the FYE 30 June 2022, the hospitality arm managed to turnaround to a PAT, mainly due to the strategies adopted by the management to improve the hotel operations in anticipation of reopening of borders and inter-state/district travels following the upliftment of MCO. One key strategy undertook by the management was securing a 12-month lease for 50 hotel rooms and a ballroom from a client for a fixed lease payment of RM600,000 per month. For information purpose, the said client is a boutique property management company that specialises in renting and leasing hotel rooms and serviced residences to end users. This partly resulted in the hotel achieving an average occupancy rate of 64.8% (FYE 30 June 2022). Further contributing to the PAT was also due to the reversal of impairment loss on the hotel of RM7.60 million.

(ii) Investment properties segment

The Group's investment properties comprise the Kota Sri Mutiara Complex (shopping mall component only) located along Jalan Sultan Yahya Petra, Kota Bharu, Kelantan. The said shopping mall component includes foodcourt, office/amusement area, supermarket and basement car park (470 parking bays).

Under the investment properties arm, the Group's mall was similarly affected by COVID-19 pandemic together with MCO restrictions. On the back of MCO, the Group's mall operation saw a termination by 6 tenants which resulted in the reduction of average occupancy rate from 93% (FYE 31 December 2019) to 81% (FYE 30 June 2021). Accordingly, the Group registered LAT from its mall operations for the FYE 30 June 2021 due to reduced occupancy in mall operation (as a consequence of loss of tenants) and rental discount offered to all existing tenants of whom had chosen to remain in operations but were affected by COVID-19 pandemic. Further contributing to the LAT was the impairment of RM20.0 million made by the Group to the mall asset value, in conjunction with its valuer's appraisal.

For the FYE 30 June 2022, the Group further sustained LAT from its mall operation, as the average occupancy rate slightly reduced to 80% (FYE 30 June 2021:81%). To mitigate the impact of loss of tenants, the Group had continued to reduce the rental rates to support and retain key tenants, as well as offering attractive rental rates for potential new tenants to fill up mall vacancies.

(iii) Property development segment

The Group's property development segment currently comprise 2 property development projects, as described below:-

- Bandar Tasek Raja Project

A commercial property development located at Pasir Mas, Kelantan, which is a joint venture with Majlis Daerah Pasir Mas (local council).

The Bandar Tasek Raja Project entails a two-phase development, comprising shop lots, a market, a supermarket, a bus station, taxi terminal and other ancillary buildings, of which the project status (as at LPD) are summarised below:-

Description	GDV RM'000	Status	Launched	No. of units sold	No. of units unsold
<u>Phase 1*</u>					
112 shop lots	42,300	Completed in 2016	29 September 2011	97	15
<u>Phase 2</u>					
2a - 14 shop lots	10,700	Expected to be completed in 4th quarter of 2022	5-6 January 2017	8	6
2a - 16 shop lots	11,600	On hold	-	-	16
2b - 124 shop lots	102,200	On hold	-	-	124
	<b>166,800</b>			<b>105</b>	<b>161</b>

**Note:-**

\* Also included in Phase 1 is a market, a supermarket, a bus station, taxi terminal and other ancillary buildings, of which the development thereof has been completed in 2016.

For information purpose, Bandar Tasek Raja Project has a GDC of RM34.6 million for Phase 1 and an estimated GDC of RM139.3 million for Phase 2a and Phase 2b.

Premised on the challenges arising from the COVID-19 pandemic (such as business and movement restrictions) coupled together with the banks' stringent financing requirements for buyers within the property sector, MBGB Group had decided to put on hold further development of Phase 2 (except for the intention to complete the development of 14 units (under Phase 2a) and handover of 8 sold units of shop lots (out of the aforesaid 14 units) to the buyers by the fourth quarter of 2022). Further, the Group has contemplated to dispose 124 undeveloped land parcels of vacant shop lot (under Phase 2b) after discussions with several parties, but such attempts were not successful.

- **Damai Suites**

A mixed development project located at Damai, Kota Kinabalu in Sabah, pursuant to a joint venture agreement entered into between IWSB and Sabah Urban Development Corporation Sdn Bhd for the Development Rights.

On 18 August 2020, MBGB had announced that its wholly-owned subsidiary, FBO Land, entered into the DR SPA with IWSB, for FBO Land to purchase the Development Rights from IWSB for a purchase consideration of RM8.00 million. The DR SPA was completed on 21 October 2021.

In this regard, FBO Land has assumed the Development Rights to develop, construct and manage a building consisting, amongst others, a 16-storey building with 2-storey shop lots, 5-storey carpark, 1-storey public facilities and 8-storey commercial units. The Damai Suites has an estimated aggregate GDV and GDC of approximately RM102.3 million and RM74.6 million respectively to be developed over a tenure of approximately 3 years.

As at the LPD, the Group has commenced the initial stage of construction (involving piling works) for Damai Suites since the third quarter of 2022. The expected official launch for Damai Suites is anticipated to take place in March 2023 and that none of the units have been sold as at the LPD.



Under the property development arm, the Group recorded LAT throughout the Financial Years Under Review, mainly due to the tepid sales performance achieved for the shop lots under the Bandar Tasek Raja Project as well as writedown in property development cost associated with Bandar Tasek Raja Project development. Amidst the weak property market in Kelantan considering the low demand for commercial properties, the Group was unable to offset the sales derived from shop lots sold against the associated property development expenditure and financing cost. Notably also in the FYE 30 June 2021, the Company had made a writedown in property development costs of RM43.9 million in inventories to net realisable value following its decision to put up the remaining land in Bandar Tasek Raja Project for sale instead of developing it. The said writedown not only resulted in the decrease of the NBV of inventories (as the market value ascribed by external valuer at that point in time has fallen below its NBV) but also further contributed to the losses sustained by the Group in the FYE 30 June 2021. There was no sale of property by the Group in the latest FYE 30 June 2022.

In addition to the above, the asset under the Group's property development segment also comprise the Kota Sri Mutiara Complex apartment and retail components, in Kota Bharu, Kelantan. These are completed inventories relating to the 12 apartment units and 25 retail units which form part of Kota Sri Mutiara Complex. We noted that none of the 12 apartment units and 25 retail units have been sold during the Financial Years Under Review and up to the LPD.

We also noted that no dividend was declared by the Company for the past 3 financial years up to the FYE 30 June 2022.

## **Other notable developments**

We noted that MBGB Group had on 18 March 2022 announced the following corporate exercises:-

- (i) BTRBP Acquisition, whereby FBO Land, a wholly-owned subsidiary of the Company, had on 18 March 2022 entered into the BTRBP SPA with the Company, Top Land Resources Sdn Bhd, Mentiga Development & Construction Sdn Bhd and LV, to acquire the BTRBP Properties, for a total purchase consideration of RM24,800,000 which will be satisfied via the issuance of 381,538,461 Consideration Shares at an issue price of RM0.065 each.

On 15 July 2022, the BTRBP SPA became unconditional following the fulfilment of the conditions precedent. On 8 August 2022, the BTRBP Acquisition had been completed following the issuance and allotment of the Consideration Shares to the security stakeholder and LV.

Please refer to **Section 6.1 (Other adjustment(s) to the RNAV)** of this IAL, for our evaluation on the financial impact of the BTRBP Acquisition to the valuation of MBGB Group.

- (ii) Capital Reduction, which entails the reduction from the share reserve account and share capital of MBGB. The Capital Reduction serves to reduce the accumulated losses of the Group as part of its plan to rationalise its financial position.

On 22 September 2022, the High Court had granted the order confirming the Capital Reduction. Then on 30 September 2022, the sealed court order of the High Court confirming the Capital Reduction has been lodged with CCM and accordingly, the Capital Reduction has taken effect and deemed completed on 30 September 2022.

The Capital Reduction does not have any financial impact to the valuation of MBGB Group, as it is merely a balance sheet restructuring exercise which will not increase or decrease the underlying NA of the Group.



- (iii) Diversification, which entails the diversification of the principal activities of MBGB Group to include Energy Related Business (i.e. renewable energy and energy efficient related technology and businesses).

FBO Land is currently a Registered Solar PV Investor with Sustainable Energy Development Authority (SEDA), which allows FBO Land to operate as an investor of solar PV initiatives that provide power purchase agreements and solar leasing services to customers.

As at the LPD, FBO Land had secured 3 solar projects with a combined contract value of RM6.0 million via the power purchase agreements whereby FBO Land will act as the developer and investor to finance, construct, operate and maintain a solar PV generating facility at the clients' respective premises in Selangor, details of which are summarised below:-

Client	Description of project	Estimated capacity
Perabut Makmur Sdn Bhd*	Development of solar PV generating facilities at a factory in Shah Alam, Selangor	227.01 kWp
Stone Empire Manufacturing Sdn Bhd*	Development of solar PV generating facilities at a factory in Rawang, Selangor	146.60 kWp
Stone Empire Manufacturing Sdn Bhd*	Development of solar PV generating facilities at a commercial building in Rawang, Selangor	157.90 kWp

**Note:-**

\* The clients are independent third parties and not related to MBGB Group.

In return, the clients shall purchase from FBO Land the energy generated by the respective facilities for a period of 21 years. The power purchase is expected to commence upon the solar project being commissioned at the respective client's premises stated above. For information, there is no agreed timeframe (for the commencement of power purchase) stipulated in the respective power purchase agreements.

Based on our due enquiry made with the management, we noted that the Group has yet to commence on the solar projects, as they are still subject to certain application to be made to and obtained from the relevant authorities. For information purpose, the Group intends to make the necessary applications to the Energy Commission to allow them to invest in solar panel which exceeds 72 kWp. Barring any unforeseen circumstance, the Group intends to submit the said applications by November 2022. Although the Group may be able to leverage on the experience of the Ultimate Offeror through his investee companies' involvement in Energy Related Business, we noted that the Group does not have any prior experience in developing solar project and/or energy related business. Therefore, there may be uncertainty in the project take-off and/or the Group may not be able to generate the anticipated revenue from this venture. Premised on the above and in view that the solar project is not expected to have any predictable earnings stream in the immediate term, we have not factored in the earnings potential of the Group's newly diversified venture in Energy Related Business.

**THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

## **Valuation Methodology**

Based on our assessment above, we have adopted the RNAV method (asset-based approach) as the most appropriate valuation methodology to arrive at the fair value of MBGB Shares, based on the following reasons:-

- (a) We noted that MBGB Group has been generally loss making across its key business segments, i.e. hospitality, investment properties and property development over the Financial Years Under Review, save for the Hospitality segment which recorded a PAT in the latest FYE 30 June 2022, further details as referred to in the Financial Performance Table in **Section 6.1** of this IAL.

Further, based on our discussion with the management, we are of the view that all the Group's business segments (including the newly diversified venture into Energy Related Business) are not expected to have any consistent or predictable earnings stream and cashflow in the immediate term.

Therefore, we are unable to apply the earnings-based valuation method such as the price-to-earnings multiple, enterprise value/earnings before interest, taxation, depreciation and amortisation (EV/EBITDA) multiple and discounted cashflow based approach as a basis to determine the fair value of MBGB Shares;

- (b) MBGB Group has significant investments in property assets which constitute approximately 67.45% of the Group's total assets as at 30 June 2022. Please refer to the Segmented Asset Table below for our analysis on the Group's asset composition. In addition, the Group had recently in early August 2022 completed the acquisition of BTRBP Properties, which further add onto the Group's property assets; and
- (c) The dividend discount model is not adopted for purpose of valuing the MBGB Shares as no dividend was declared by the Company for the past 3 financial years up to FYE 30 June 2022.

RNAV is a commonly adopted valuation methodology in approaching valuations of predominantly asset-based companies as all or certain substantial property-related assets may be carried at their historical costs or book values. The RNAV takes into consideration any surplus and/or deficit arising from the revaluation of the material assets of a company to reflect their market values, based on the presumption that the market values of the assets are realisable on willing buyer-willing seller basis in the open market.

The RNAV analysis assumes, among other things, the existence of ready and committed buyer(s) for each asset at the fully revalued basis, and that the sale can be conducted efficiently without any time constraint and without regard to other relevant market factors that may affect the sale process. The market values would typically be appraised by expert valuers.

We summarise below our analysis on the composition of the total assets of MBGB Group based on its latest unaudited statement of financial position as at 30 June 2022 in the following table ("**Segmented Asset Table**"):-

	Note	RM'000	%
<b>ASSETS</b>			
<b>Non-current assets</b>			
PPE	(1)	92,705	37.89
Investment properties	(2)	62,594	25.58
Other investments	(3)	1,629	0.67
Financing receivables	(4)	15	0.01
<b>Total non-current assets</b>		<b>156,943</b>	<b>64.15</b>
<b>Current assets</b>			
Inventories - Property development cost	(5)	32,099	13.12
Inventories - Completed properties and others	(5)	17,785	7.27
Trade and other receivables	(6)	3,750	1.53
Contract assets	(7)	1,801	0.74
Financing receivables	(4)	40	0.02
Deposits placed with licensed banks	(8)	5,173	2.11
Cash and bank balances	(8)	27,065	11.06
<b>Total current assets</b>		<b>87,713</b>	<b>35.85</b>
<b>TOTAL ASSETS</b>		<b>244,656</b>	<b>100.00</b>

**Notes:-**

- (1) The components of the Group's PPE are as follows:-

Components	Note	RM'000	%
Freehold land and building	(a)	75,000	30.66
Plant and machinery	(b)	325	0.13
Motor vehicles	(b)	<0.1	<0.01
Furniture, fittings and renovation	(b)	1,346	0.55
Computers and office equipment	(b)	850	0.35
Construction work in progress	(c)	15,024	6.14
Right-of-use assets	(d)	160	0.06
<b>TOTAL</b>		<b>92,705</b>	<b>37.89</b>

- (a) The Group's freehold land and building comprise the following:-

Property description	NBV as at 30 June 2022 RM'000
<b>Grand Renai Hotel</b> 4-star 22-storey hotel with 298 guest rooms and suites located at Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan	75,000

The Grand Renai Hotel has been revalued. Please refer to **Section 6.1 (Revaluation of Selected Properties)** of this IAL for further details of the revaluation.

- (b) The carrying amount of plant and machinery, motor vehicles, furniture, fittings and renovation, and computers and office equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate. Accordingly, we are of the view that these plant and equipment (constituting 1.03% of total assets) are reasonably expected to approximate their fair value.

- (c) *Mainly comprise the construction work in progress for the Group's on-going property development project, namely Damai Suites. The carrying amount of the work in progress are not depreciated until the assets are ready for its intended use, and therefore approximate their fair value.*
- (d) *The Group leases several assets including office buildings (for its office space), plant and machinery (for its hospitality operations), and motor vehicles. These right-of-use assets are initially measured at cost, and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any re-measurement of the lease liabilities. Their carrying amount are reviewed at the end of each reporting period for impairment testing. Accordingly, we are of the view that these right-of-use assets (constituting 0.06% of total assets) are reasonably expected to approximate their fair value.*

- (2) *The Group's investment properties solely comprise the following:-*

<b>Property description</b>	<b>NBV as at 30 June 2022 RM'000</b>
<b>Kota Sri Mutiara Complex (shopping mall component only)</b> <i>Shopping complex, including foodcourt, office/amusement area, supermarket and basement car park (470 parking bays), located at Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan</i>	62,594

*The abovementioned investment property have been revalued. Please refer to **Section 6.1 (Revaluation of Selected Properties)** of this IAL for further details of the revaluation.*

- (3) *Comprise investment in quoted equity securities, namely International Equities Corporation Ltd, a property development, investment and management company listed in Australia. The Group considers this investment as strategic long-term investment. We have made due enquiry with the management of MBGB and are satisfied that the mark-to-market revaluation of this investment will not have a material impact on the RNAV of the Group.*
- (4) *Comprise receivables relating to the money lending activities operated under its subsidiary, Rimaflex Sdn Bhd. The carrying amount of the financing receivables constitute only 0.02% of the Group's total assets, and is therefore immaterial to the Group's total assets.*
- (5) *The components of the Group's inventories are as follows:-*

<b>Components</b>	<b>Note</b>	<b>RM'000</b>	<b>%</b>
<i>Property development cost</i>	(a)	32,099	13.12
<i>Completed properties</i>	(b)	10,584	4.33
<i>Land held for sale</i>	(c)	7,000	2.86
<i>Food and beverages</i>	(d)	201	0.08
<b>TOTAL</b>		<b>49,884</b>	<b>20.39</b>

*Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.*

- (a) *The property development cost comprises leasehold rights for land, DBKK Entitlement Units, amounts paid to contractors for construction, planning and design cost, cost for site preparation, professional fee, construction overheads and other related costs.*
- (b) *The cost of completed properties comprises all direct construction cost of land cost, and direct development expenditure which is determined by the specific identification basis. Included in the Group's completed properties are the following properties:-*

<b>Property description</b>	<b>NBV as at 30 June 2022 RM'000</b>	<b>%</b>
<b>Kota Sri Mutiara Complex (apartment and retail components only)*</b> Completed 12 units of apartment and 25 retail units, which form part of Kota Sri Mutiara Complex located at Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan	4,079	1.67
<b>Bandar Tasek Raja (Phase 1)^</b> Completed 17 units of 2-storey shop lots located within Bandar Tasek Raja, Pasir Mas, Kelantan	6,505	2.66
<b>TOTAL</b>	<b>10,584</b>	<b>4.33</b>

\* The said property has been revalued. Please refer to **Section 6.1 (Revaluation of Selected Properties)** of this IAL for further details of the revaluation.

^ Subsequent to 30 June 2022 and to the LPD, we noted that the Group has sold 2 units of shop lots. Based on our due enquiry made with the management of MBGB, the aforementioned sales do not have a material impact on the RNAV of the Group, as the sales will only result in a surplus to the RNAV of approximately RM0.0001 per MBGB Share.

As for the remaining 15 completed units of shop lots that are unsold as at the LPD and based on our due enquiry made with the management of MBGB, we are satisfied that the revaluation of these completed properties will not have a material impact on the RNAV of the Group, after taking into consideration the comparable property listing data, type and size of property, location and property market condition.

(c) The land held for sale solely comprise the following:-

<b>Property description</b>	<b>NBV as at 30 June 2022 RM'000</b>
<b>Bandar Tasek Raja (Phase 2b)*</b> 124 undeveloped land parcels of vacant shop lot located within Bandar Tasek Raja, Pasir Mas, Kelantan	7,000

\* The said land has been revalued. Please refer to **Section 6.1 (Revaluation of Selected Properties)** of this IAL for further details of the revaluation.

(d) The cost of food and beverage, which are used for the Group's hospitality operations, includes purchase price and incidental expenses incurred.

- (6) The carrying amount of the Group's trade and other receivables approximate their fair value as they are relatively short-term in nature and are expected to be collectable within 12 months.
- (7) When a particular milestone is reached in excess of the scheduled payments, a contract asset will be recognised for the excess of revenue recognised to date under the input method over the progress billings to-date and include deposits or advances received from customers. As such, the carrying amount of the contract assets approximate its fair value.
- (8) The carrying amount of deposits placed with licensed banks, cash and bank balances approximate their fair value as they are relatively short-term and liquid in nature.

As set out in the Segmented Asset Table, MBGB Group owns a significant portion of assets in the form of property assets of which their carrying value constitute approximately 67.45% of the Group's total assets as at 30 June 2022, as classified in the following manner:-

Property description	Classification in balance sheet	NBV as at 30 June 2022 RM'000	% of total assets	% of total NBV
<b><u>Selected Properties</u></b> <sup>*1</sup>				
<b><u>Kota Sri Mutiara Complex</u></b> 12 units of apartment, 25 retail units, foodcourt, office/amusement area, supermarket and basement car park (470 parking bays) located at Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan	Investment properties and inventories (completed properties)	66,672	27.25	40.40
<b><u>Grand Renai Hotel</u></b> 4-star 22-storey hotel with 298 guest rooms and suites located at Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan	PPE	75,000	30.66	45.45
<b><u>Bandar Tasek Raja (Phase 2b)</u></b> <sup>*2</sup> 124 undeveloped land parcels of vacant shop lot located within Bandar Tasek Raja, Pasir Mas, Kelantan	Inventories (land held for sale)	7,000	2.86	4.24
	<b>Sub-total</b>	<b>148,672</b>	<b>60.77</b>	<b>90.09</b>
<b><u>Excluded Properties</u></b>				
<b><u>Bandar Tasek Raja (Phase 2a)</u></b> <sup>*3</sup> On-going commercial development project comprising 30 units of shop lots located within Bandar Tasek Raja, Pasir Mas, Kelantan	Inventories (property development cost)	9,848	4.03	5.97
<b><u>Bandar Tasek Raja (Phase 1)</u></b> <sup>*4</sup> Completed 17 units of shop lots located within Bandar Tasek Raja, Pasir Mas, Kelantan	Inventories (completed properties)	6,505	2.66	3.94
	<b>Sub-total</b>	<b>16,353</b>	<b>6.69</b>	<b>9.91</b>
	<b>TOTAL</b>	<b>165,025</b>	<b>67.45</b>	<b>100.00</b>

**Notes:-**

<sup>\*1</sup> After 30 June 2022 (and in addition to the Selected Properties disclosed above), the Group had recently in early August 2022 completed the acquisition of BTRBP Properties, which further add onto the Group's property assets. In conjunction with this acquisition, the Board had appointed Rahim & Co as the Valuer to appraise the BTRBP Properties. Based on the date of valuation as at 28 February 2022, Rahim & Co had arrived at the market value of RM24,800,000 for the BTRBP Properties based on the comparison approach. The comparison approach entails critical analyses of recent evidence of values of comparable properties in the neighbourhood and making adjustments for differences after taking into consideration all relevant factors which include time, location, design/age, tenure and size.

Subsequently, Rahim & Co had conducted an update valuation on the subject property with the benefit of site re-inspection on 22 September 2022, and assuming that all description/details of the subject property stated in the initial valuation report (bearing the initial date of valuation of 28 February 2022) are still valid. Based on the update valuation, the market value of BTRBP Properties remains unchanged at RM24,800,000 as at 22 September 2022.

For information purpose, the details of the BTRBP Properties are as follows:-

Title/ Lot no.	Master title PN 11554, Lot 40585, Mukim of Chenor, District of Maran, State of Pahang
Tenure	99 years leasehold (expiring on 22.10.2101)
Land area	Total land area: 45,854 sq ft
Gross floor area	Total gross floor area: 99,516 sq ft



	For information purpose, the gross floor area for a typical intermediate unit is as follows:- Ground floor: 961 sq ft First floor: 1,087 sq ft
--	--

On 8 August 2022, the BTRBP Acquisition had been completed following the issuance and allotment of the Consideration Shares to the security stakeholder and LV. Please refer to **Section 6.1 (Other adjustment(s) to the RNAV)** of this IAL, for our evaluation on the financial impact of the BTRBP Acquisition to the valuation of MBGB Group.

- \*2 During the FYE 30 June 2021, the Group had decided to put up the undeveloped land parcels under Bandar Tasek Raja (Phase 2b) for sale. In conjunction with its effort to seek buyers for these land held for sale, the Group had engaged Valuer to conduct an appraisal on the valuation of these assets, which was last revalued on 30 June 2022. The Valuer had ascribed the market value and forced sale value of these undeveloped land parcels to be at RM10.08 million and RM7.06 million respectively. For purpose of computing the RNAV, we had adopted the market value of these undeveloped land parcels. Please refer to **Section 6.1 (Revaluation of Selected Properties)** of this IAL for further details of the revaluation.
- \*3 As at the LPD, of the 30 units of shop lots earmarked under development under Bandar Tasek Raja (Phase 2a), a total of 16 units were put on hold by the management. Premised on the challenges arising from the COVID-19 pandemic (such as business and movement restrictions) coupled together with the banks' stringent financing requirements for buyers within the property sector, the Group had during the FYE 30 June 2021 decided to put on hold further development of Bandar Tasek Raja Phase 2a (save for the intention to complete the development of 14 units by the fourth quarter of 2022). In respect of the 16 units put on hold, the management will consider, amongst others, the property market sentiment and the financial position of the Group when deciding the timing to resume the development thereof. Based on our due enquiry made with the management of MBGB, we are satisfied that the revaluation of the Bandar Tasek Raja (Phase 2a) development (which constitute 4.03% of the Group's total assets) will not have a material impact on the RNAV of the Group, after taking into consideration the comparable property listing data, type and size of property, location and property market condition.
- \*4 Subsequent to 30 June 2022 and to the LPD, we noted that the Group has sold 2 units of shop lots. Based on our due enquiry made with the management of MBGB, the aforementioned sales do not have a material impact on the RNAV of the Group, as the sales will only result in a surplus to the RNAV of approximately RM0.0001 per MBGB Share.

As for the remaining 15 completed units of shop lots that are unsold as at the LPD and based on our due enquiry made with the management of MBGB, we are satisfied that the revaluation of these completed properties will not have a material impact on the RNAV of the Group, after taking into consideration the comparable property listing data, type and size of property, location and property market condition.

With regard to the above, the Board had appointed CBRE WTW to revalue the Selected Properties, which collectively represent approximately 90.09% of the NBV of all Group's property assets as at 30 June 2022. We are of the view that the Selected Properties will adequately cover the material property assets of the Group for purpose of RNAV valuation.

## **Damai Suites**

Damai Suites is an on-going property development project which entails the development of amongst others, a 16-storey building with 2-storey shop lots, 5-storey carpark, 1-storey public facilities and 8-storey commercial units on a piece of land situated in Damai Kota Kinabalu, Sabah. The Damai Suites is undertaken on a joint venture basis between FBO Land (a wholly-owned subsidiary of MBGB) and Sabah Urban Development Corporation Sdn Bhd ("SUDC") ("**Damai Suites JV**").

For information, the beneficial owner and registered owner of the land are Dewan Bandaraya Kota Kinabalu ("**DBKK**") and Perbadanan Pembangunan Ekonomi Sabah ("**SEDCO**") respectively. SEDCO had via Power of Attorney appointed SUDC to manage all SEDCO's land development including the Damai Suites land. Under the JV arrangement, in return for providing the land to the JV, DBKK will be entitled a total of 10 units of shop lots to be surrendered by FBO Land ("**DBKK Entitlement Units**"). On the other hand, FBO Land shall bear all cost accruing to and recognise all profit arising from the project development.

The Damai Suites has an estimated aggregate GDV and GDC of approximately RM102.3 million and RM74.6 million respectively to be developed over a tenure of approximately 3 years. As at the LPD, the Group has commenced the initial stage of construction (involving piling works) for Damai Suites since the third quarter of 2022. The expected official launch for Damai Suites is anticipated to take place in March 2023 and none of the units have been sold as at the LPD.

We have not adopted the residual income method or discounted cash flow method to value the economic profitability and/or potential earnings which may be derived from Damai Suites in view of the following reasons:-

- Damai Suites is a relatively new property development project of the Group and that any projected cash flows from the project cannot be reliably referenced to the past performance of the project as no unit sales were achieved as of yet. It is noted that the Damai Suites JV is undertaken on a joint venture basis where the Group is the developer and that the landowner is the joint venture party(ies); and
- based on our due enquiry made with the management of MBGB, there is no certainty at this juncture surrounding the successful and timely monetisation of the development of Damai Suites in view of the following:-
  - (a) the project is anticipated to be officially launched only in March 2023, barring any unforeseen circumstance. The management indicated that there may be risk in the certainty of project launch which is pending upon the prevailing property market condition at that point in time. In view of the uncertainty associated with the timing of sales and marketing of the project units, the management is unable to reliably predict the stream of anticipated cash flow in the immediate term; and
  - (b) as at the LPD, the project is only in the preliminary phase of construction, particularly involving piling activities that mainly comprise "test piles" (part of exploratory study to test soil conditions of the site). Therefore, notwithstanding the presumption that the Damai Suites will continue as going concern and that the GDV or profit estimates are intended to be achieved as forecasted by the management within the development timeline, the management has guided that there may be uncertainty associated with the rising construction cost, particularly building materials such as steel bars and concrete, due to reduced productivity and logistic issues brought on by COVID-19 pandemic.

The Group's interest in Damai Suites JV are represented by the following amount in its book of accounts as at 30 June 2022:-

Asset classification	RM'mil	Description
PPE (construction work in progress)	13,877	Mainly comprise capital work in progress of leasehold rights of land, DBKK Entitlement Units and other related costs
Inventories (property development cost)	22,250	Mainly comprise leasehold rights for land, DBKK Entitlement Units, amounts paid to contractors for construction, planning and design cost, cost for site preparation, professional fee, construction overheads and other related costs
	<u>36,127</u>	

We are of the view that the carrying amount of both the above PPE and inventories are reasonably expected to approximate their fair value, given the following:-

- the construction work in progress are not depreciated until the assets are ready for its intended use; and



- the property development cost are measured at the lower of cost and net realisable value. The property development cost is determined based on specific identification basis, which comprises all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities, that meet the definition of inventories are recognised as an asset.

We noted that pursuant to a recent audit review exercise undertaken by the management of MBGB together with its external auditors as at the LPD, the construction work in progress for Damai Suites will be reclassified as property development cost, and that there is no evidence of impairment or revaluation arising thereof which will materially impact the NA of the Group as a result of the audit reclassification.

Premised on above, we have prudently adopt the construction work in progress and property development cost in relation to Damai Suites which can fairly represent the Group's interest in Damai Suites JV as at the LPD.

## **Remaining assets**

On top of the above, the remaining assets of the Group mainly comprise plant and equipment, rights-of-use assets, trade and other receivables, investment securities, deposits placed with licensed banks as well as cash and bank balances. We are of the view that the carrying amount of these assets (as recorded in the book of accounts) are reasonably expected to approximate their fair values.

As at the LPD, the management of MBGB confirms that there is no evidence for impairment in respect of any of its material assets. Based on our discussion with the management, we are satisfied with the reasons provided by the management that there is no event or circumstance as at the LPD which indicates that an impairment is required in respect of any of its material assets.

In applying the RNAV method, certain assumptions were made, which include the following:-

- (i) MBGB Group will continue to operate as a going concern;
- (ii) the Selected Properties are in good condition, and there are existence of ready and committed buyer(s) for the Selected Properties at its fully revalued basis and that the sale can be conducted efficiently without any timing constraints and other relevant market factors which may affect sale process;
- (iii) the income generating investment property(ies) comprised in the Selected Properties will be maintained in a tenantable condition and can be leased/rented out at the projected rate;
- (iv) there will not be any significant or material changes to the agreements, approvals, licences, permits and regulations governing the businesses of MBGB Group;
- (v) there will not be any compulsory acquisition of the Group's land by the relevant state authorities;
- (vi) insurable risks relating to the Group's assets are and will continue to be appropriately covered by relevant insurance policies and the sums insured are adequate;
- (vii) the current accounting policies adopted by the Group will remain relevant and there will not be any significant changes in the accounting policies of the Group which will have a material adverse impact on the financial performance and financial position of the Group; and
- (viii) there will not be any material changes in political, social and economic conditions, monetary and fiscal policies, inflation and regulatory requirements of the industries in which the Group operates in.

## Revaluation of Selected Properties

We have relied upon the valuations conducted by the Valuer on the Selected Properties for management purposes. We noted that the Valuer has valued the Selected Properties in accordance with the Malaysian Valuation Standard issued by the Board of Valuer, Appraisers, Estate Agents and Property Managers Malaysia with necessary professional responsibility and due diligence.

The net revaluation surplus/(deficit) of the Selected Properties based on the valuation conducted by the Valuer are as follows:-

No.	Description	Valuer/ Valuation method/ Date of valuation	(A)  Market value RM'000	(B)  Unaudited NBV as at 30 June 2022 RM'000	(C) = (A)-(B)  Revaluation surplus RM'000	(D)  Deferred tax RM'000	(E) = (C)-(D)  Net revaluation surplus RM'000																													
1.	<p><b>Kota Sri Mutiara Complex</b> 12 units apartment, 25 retail units, foodcourt, office/amusement area, supermarket and basement car park (470 parking bays), located at Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan</p> <table><tr><td>Title/ Lot no.</td><td colspan="2">Parent title GRN 39291, Lot No. 67 (formerly Lot No. 431), Section 21, Town of Kota Bharu, District of Kota Bharu, Kelantan</td></tr><tr><td>Strata title</td><td colspan="2">Refer to note *5</td></tr><tr><td>Tenure</td><td colspan="2">Freehold</td></tr><tr><td>Land area</td><td colspan="2">8,068 sq m (or 86,843.15 sq ft)</td></tr><tr><td rowspan="5">Gross floor area</td><td>Retail units</td><td>821 sq m</td></tr><tr><td>Apartment</td><td>1,532 sq m</td></tr><tr><td>Foodcourt, fastfood/office and amusement area</td><td>7,497 sq m</td></tr><tr><td>Supermarket</td><td>12,199 sq m</td></tr><tr><td></td><td><b>22,049 sq m</b></td></tr><tr><td>Registered owner/ proprietor</td><td colspan="2">Eastern Biscuit Factory Sdn Bhd</td></tr><tr><td>Occupancy</td><td colspan="2">The average occupancy rate in respect of the mall operations for the past 3 financial years up to the FYE 30 June 2020 are 93% (FYE 2019), 81% (18-month FYE 2021) and 80% (FYE 2022).  (Source: Management of MBGB)</td></tr></table>	Title/ Lot no.	Parent title GRN 39291, Lot No. 67 (formerly Lot No. 431), Section 21, Town of Kota Bharu, District of Kota Bharu, Kelantan		Strata title	Refer to note *5		Tenure	Freehold		Land area	8,068 sq m (or 86,843.15 sq ft)		Gross floor area	Retail units	821 sq m	Apartment	1,532 sq m	Foodcourt, fastfood/office and amusement area	7,497 sq m	Supermarket	12,199 sq m		<b>22,049 sq m</b>	Registered owner/ proprietor	Eastern Biscuit Factory Sdn Bhd		Occupancy	The average occupancy rate in respect of the mall operations for the past 3 financial years up to the FYE 30 June 2020 are 93% (FYE 2019), 81% (18-month FYE 2021) and 80% (FYE 2022).  (Source: Management of MBGB)		<p>Valuer CBRE WTW</p> <p>Method Comparison approach (primary) and Investment approach (crosscheck)</p> <p>Date 30.06.2022<sup>2</sup></p>	69,248	66,672	2,576	618 <sup>*1</sup>	1,958
Title/ Lot no.	Parent title GRN 39291, Lot No. 67 (formerly Lot No. 431), Section 21, Town of Kota Bharu, District of Kota Bharu, Kelantan																																			
Strata title	Refer to note *5																																			
Tenure	Freehold																																			
Land area	8,068 sq m (or 86,843.15 sq ft)																																			
Gross floor area	Retail units	821 sq m																																		
	Apartment	1,532 sq m																																		
	Foodcourt, fastfood/office and amusement area	7,497 sq m																																		
	Supermarket	12,199 sq m																																		
		<b>22,049 sq m</b>																																		
Registered owner/ proprietor	Eastern Biscuit Factory Sdn Bhd																																			
Occupancy	The average occupancy rate in respect of the mall operations for the past 3 financial years up to the FYE 30 June 2020 are 93% (FYE 2019), 81% (18-month FYE 2021) and 80% (FYE 2022).  (Source: Management of MBGB)																																			

No.	Description	Valuer/ Valuation method/ Date of valuation	(A)  Market value RM'000	(B)  Unaudited NBV as at 30 June 2022 RM'000	(C) = (A)-(B)  Revaluation surplus RM'000	(D)  Deferred tax RM'000	(E) = (C)-(D)  Net revaluation surplus RM'000														
2.	<p><b>Grand Renai Hotel</b> A 4-star 22-storey hotel with 298 guest rooms and suites located at Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan</p> <table><tr><td>Title/ Lot no.</td><td>Parent title Geran 39291, Lot No. 678, Section 21, Town of Kota Bharu, District of Kota Bharu, Kelantan</td></tr><tr><td>Strata title</td><td>GRN 39291/M1/1, N1, 2-7, N7, 8-20/1</td></tr><tr><td>Tenure</td><td>Freehold</td></tr><tr><td>Land area</td><td>8,068 sq m (or 86,843.15 sq ft)</td></tr><tr><td>Gross floor area</td><td>36,958 sq m</td></tr><tr><td>Registered owner/ proprietor</td><td>Eastern Biscuit Factory Sdn Bhd</td></tr><tr><td>Occupancy</td><td><p>The occupancy rate for the last 3 years are 38.6% (2019), 29.4% (2020) and 45.7% (2021).</p><p>(Source: Valuation report by CBRE WTW)</p><p>For the FYE 30 June 2022, we noted that the Grand Renai Hotel has achieved an average occupancy rate of 64.8%.</p><p>(Source: Management of MBGB)</p></td></tr></table>	Title/ Lot no.	Parent title Geran 39291, Lot No. 678, Section 21, Town of Kota Bharu, District of Kota Bharu, Kelantan	Strata title	GRN 39291/M1/1, N1, 2-7, N7, 8-20/1	Tenure	Freehold	Land area	8,068 sq m (or 86,843.15 sq ft)	Gross floor area	36,958 sq m	Registered owner/ proprietor	Eastern Biscuit Factory Sdn Bhd	Occupancy	<p>The occupancy rate for the last 3 years are 38.6% (2019), 29.4% (2020) and 45.7% (2021).</p> <p>(Source: Valuation report by CBRE WTW)</p> <p>For the FYE 30 June 2022, we noted that the Grand Renai Hotel has achieved an average occupancy rate of 64.8%.</p> <p>(Source: Management of MBGB)</p>	<p>Valuer CBRE WTW</p> <p>Method Profits method (primary) and Comparison approach (crosscheck)</p> <p>Date 30.06.2022</p>	75,000	75,000	-	-	-
Title/ Lot no.	Parent title Geran 39291, Lot No. 678, Section 21, Town of Kota Bharu, District of Kota Bharu, Kelantan																				
Strata title	GRN 39291/M1/1, N1, 2-7, N7, 8-20/1																				
Tenure	Freehold																				
Land area	8,068 sq m (or 86,843.15 sq ft)																				
Gross floor area	36,958 sq m																				
Registered owner/ proprietor	Eastern Biscuit Factory Sdn Bhd																				
Occupancy	<p>The occupancy rate for the last 3 years are 38.6% (2019), 29.4% (2020) and 45.7% (2021).</p> <p>(Source: Valuation report by CBRE WTW)</p> <p>For the FYE 30 June 2022, we noted that the Grand Renai Hotel has achieved an average occupancy rate of 64.8%.</p> <p>(Source: Management of MBGB)</p>																				

No.	Description	Valuer/ Valuation method/ Date of valuation	(A)  Market value RM'000	(B)  Unaudited NBV as at 30 June 2022 RM'000	(C) = (A)-(B)  Revaluation surplus RM'000	(D)  Deferred tax RM'000	(E) = (C)-(D)  Net revaluation surplus RM'000										
3.	<b>Bandar Tasek Raja (Phase 2b)</b> 124 undeveloped land parcels of vacant shop lot located within Bandar Tasek Raja, Pasir Mas, Kelantan	<u>Valuer</u> CBRE WTW  <u>Method</u> Comparison approach  <u>Date</u> 30.06.2022*4	10,084*3	7,000	3,084	740*1	2,344										
	<table><tr><td>Title/ Lot no.</td><td>Title Nos. PM 73-93, PM 95-105, PM 107-137, PM 168-211, PM 219-228, PM 230-231, PM 233, HSM 4675, HSM 4678, HSM 4680 and HSM 4713, Lot Nos. 11990-12043, PT 533, 12045, 12046, PT 536, 12048, PT 538, 12166-12222, PT 712 and 12224-12229, Mukim of Kuala Lemal, District of Pasir Mas, Kelantan</td></tr><tr><td>Tenure</td><td>66 years leasehold (expiring on 22.07.2074)</td></tr><tr><td>Land area</td><td>18,276 sq m</td></tr><tr><td>Category of land use</td><td>Bangunan</td></tr><tr><td>Registered owner/ proprietor</td><td>EBF Land Sdn Bhd</td></tr></table>	Title/ Lot no.	Title Nos. PM 73-93, PM 95-105, PM 107-137, PM 168-211, PM 219-228, PM 230-231, PM 233, HSM 4675, HSM 4678, HSM 4680 and HSM 4713, Lot Nos. 11990-12043, PT 533, 12045, 12046, PT 536, 12048, PT 538, 12166-12222, PT 712 and 12224-12229, Mukim of Kuala Lemal, District of Pasir Mas, Kelantan	Tenure	66 years leasehold (expiring on 22.07.2074)	Land area	18,276 sq m	Category of land use	Bangunan	Registered owner/ proprietor	EBF Land Sdn Bhd						
Title/ Lot no.	Title Nos. PM 73-93, PM 95-105, PM 107-137, PM 168-211, PM 219-228, PM 230-231, PM 233, HSM 4675, HSM 4678, HSM 4680 and HSM 4713, Lot Nos. 11990-12043, PT 533, 12045, 12046, PT 536, 12048, PT 538, 12166-12222, PT 712 and 12224-12229, Mukim of Kuala Lemal, District of Pasir Mas, Kelantan																
Tenure	66 years leasehold (expiring on 22.07.2074)																
Land area	18,276 sq m																
Category of land use	Bangunan																
Registered owner/ proprietor	EBF Land Sdn Bhd																
TOTAL			190,935	184,800	5,660	1,358	4,302										

**Notes:-**

\*1 Based on the Malaysian corporate tax rate of 24%.

\*2 The Valuer had conducted an update valuation on the subject property with the benefit of site re-inspection on 26 June 2022, and assuming that all description/details of the subject property stated in the initial valuation report (bearing the initial date of valuation of 8 August 2021) are still valid.

\*3 Since FYE 30 June 2021, MBGB had decided to put the undeveloped land parcels as "land held for sale" following its decision not to continue with further development of Bandar Tasek Raja (Phase 2b). In conjunction with its effort to seek buyers for these land held for sale, the Group had engaged Valuer to conduct an appraisal on the valuation of these assets, which was last revalued on 30 June 2022. The Valuer had ascribed the "market value" and "forced sale value" of the undeveloped land parcels to be at RM10.08 million and RM7.06 million respectively. "Market value" is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion, whereas the "Forced sale value" is the amount which may reasonably be received from the sale of an asset under forced sale conditions which do not meet all the criteria of a normal market transaction.

For purpose of computing the RNAV, we have adopted the "market value" of the aforesaid undeveloped land parcels.

\*4 The Valuer had conducted an update valuation on the subject property with the benefit of site re-inspection on 18 July 2022, and assuming that all description/details of the subject property stated in the initial valuation report (bearing the initial date of valuation of 30 June 2021) are still valid.

\*5 The particulars of the strata title are as follows:-

<b>Retail units</b>	<b>Apartment</b>	<b>Foodcourt, fastfood/office and amusement area</b>	<b>Supermarket</b>
GRN 39291/MI/1/5 to 39291/MI/1/9, GRN 39291/MI/2/33, GRN 39291/MI/3/36 to GRN 39291/MI/3/39, GRN 39291/MI/3/49, GRN 39291/MI/4/60 to GRN 39291/MI/4/64, GRN 39291/MI/4/75, GRN 39291/MI/5/84 to GRN 39291/MI/5/89, GRN 39291/MI/5/92 to GRN 39291/MI/5/93	GRN 39291/MI/15/178, GRN 39291/MI/20/218, GRN 39291/MI/20/221, GRN 39291/MI/21/227 to GRN 39291/MI/21/228, GRN 39291 /M 1 /22/236, GRN 39291/MI/23/244 to GRN 39291/MI/23/245, GRN 39291/MI/23/248, GRN 39291 /M 1 /25/264, GRN 39291 /M 1 /27 /279, GRN 39291 /M 1 /28/284	GRN 39291/MI/3/35, GRN 39291/MI/4/59, GRN 39291/MI/5/82 to GRN 39291/MI/5/83, GRN 39291/MI/6/106, GRN 39291/MI/6/107 (with accessory parcels A1-A110), GRN 39291/MI/6/108 to GRN 39291/MI/6/137	GRN 39291/MI/1+NI/2, GRN 39291/MI/2/18, GRN 39291/MI/3/34, GRN 39291/MI/4/58, GRN 39291/MI/1/10, GRN 39291/MI/1/11, GRN 39291/MI/1/12

In arriving at the market value of the Selected Properties, the Valuer (CBRE WTW) has adopted the following valuation approaches:-

<b>Valuation method</b>	<b>Description</b>
Comparison approach	Recent transactions and asking prices of similar property in the locality are analysed for comparison purposes with adjustments made for differences in location, size, shape of land, age and condition of unit/building, floor level, tenure, title restrictions, if any, and other relevant characteristics to arrive at the market value.
Investment approach	Determining the net annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value.
Profits method	Estimating the gross annual income that can be derived from the running of the property as a business concern. The net annual income is then arrived at by deducting therefrom the operating costs and outgoings incidental to the running of the business and ownership of the property, and allowing a margin of profit for the running of the business. The net annual income so arrived at is then capitalized at a suitable rate of return consistent with the type and quality of investment to arrive at the market value.

We are of the view that the valuation methodologies adopted are reasonable, appropriate and consistent with generally applied valuation methodologies. In addition, based on our review and due enquiries made, we are satisfied with the reasonableness of the key bases and assumptions adopted by the Valuer. As such, we are satisfied and have relied upon the valuation conducted by the Valuer for purpose of computing the RNAV of MBGB Group.

### **Other adjustment(s) to the RNAV**

We noted that there are other events which occurred subsequent to the Group's latest unaudited financial position as at 30 June 2022 up to the LPD, that have a financial impact to the RNAV of MBGB Group, as set out below:-

#### **(i) Issuance of Consideration Shares pursuant to the BTRBP Acquisition**

FBO Land, a wholly-owned subsidiary of the Company, had on 18 March 2022 entered into a conditional sale and purchase agreement ("BTRBP SPA") with the Company, Top Land Resources Sdn Bhd, Mentiga Development & Construction Sdn Bhd and LV, to acquire the BTRBP Properties, for a total purchase consideration of RM24,800,000 which will be satisfied via the issuance of 381,538,461 Consideration Shares at an issue price of RM0.065 each.

On 15 July 2022, the BTRBP SPA became unconditional following the fulfilment of the conditions precedent. On 8 August 2022, the BTRBP Acquisition had been completed following the issuance and allotment of the Consideration Shares to the security stakeholder and LV. This completion event is expected to result in an adjustment surplus of RM24,800,000 to the Group's RNAV pursuant to the capitalisation of the Consideration Shares which were issued to satisfy the purchase consideration for the BTRBP Acquisition.

## **RNAV Computation**

Based on the latest unaudited NA of MBGB Group as at 30 June 2022 and after considering the market value of the Selected Properties and other subsequent adjustment(s), the estimated RNAV of MBGB Group is as follows:-

	<b>RM'000</b>
Unaudited NA of the MBGB Group as at 30 June 2022	161,496
Add: Net revaluation surplus from Selected Properties	4,302
Add: Capitalisation from issuance of Consideration Shares	24,800
<b>RNAV of MBGB Group</b>	<b>190,598</b>
No. of Shares in issue as at the LPD ('000)	1,947,346
<b>RNAV per MBGB Share (RM)</b>	<b>0.098</b>

Purely for illustrative purpose, we have also derived the estimated RNAV of MBGB Group on a diluted basis assuming the full exercise of the outstanding Warrants as at the LPD, as follows:-

	<b>RM'000</b>
RNAV of MBGB Group (as per above)	190,598
Add: Increase in share capital assuming full exercise of Warrants <sup>*1</sup>	66,547
<b>Diluted RNAV of MBGB Group</b>	<b>257,145</b>
No. of proforma enlarged Shares ('000)	2,730,248
<b>Diluted RNAV per MBGB Share (RM)</b>	<b>0.094</b>

### **Note:-**

<sup>\*1</sup> Computed based on 782,901,982 outstanding Warrants as at the LPD. Each Warrant is exercisable into 1 new MBGB Share at an exercise price of RM0.085 per MBGB Share during the 10-year exercise period up to 13 February 2032.

Holders should note that the diluted RNAV per MBGB Share illustrated above is merely for information purpose only and emphasis should be given to the RNAV per MBGB Share, in view that our evaluation is based on the LPD and there is no certainty that all outstanding Warrants will be fully exercised subsequent to the LPD and up to the Closing Date.

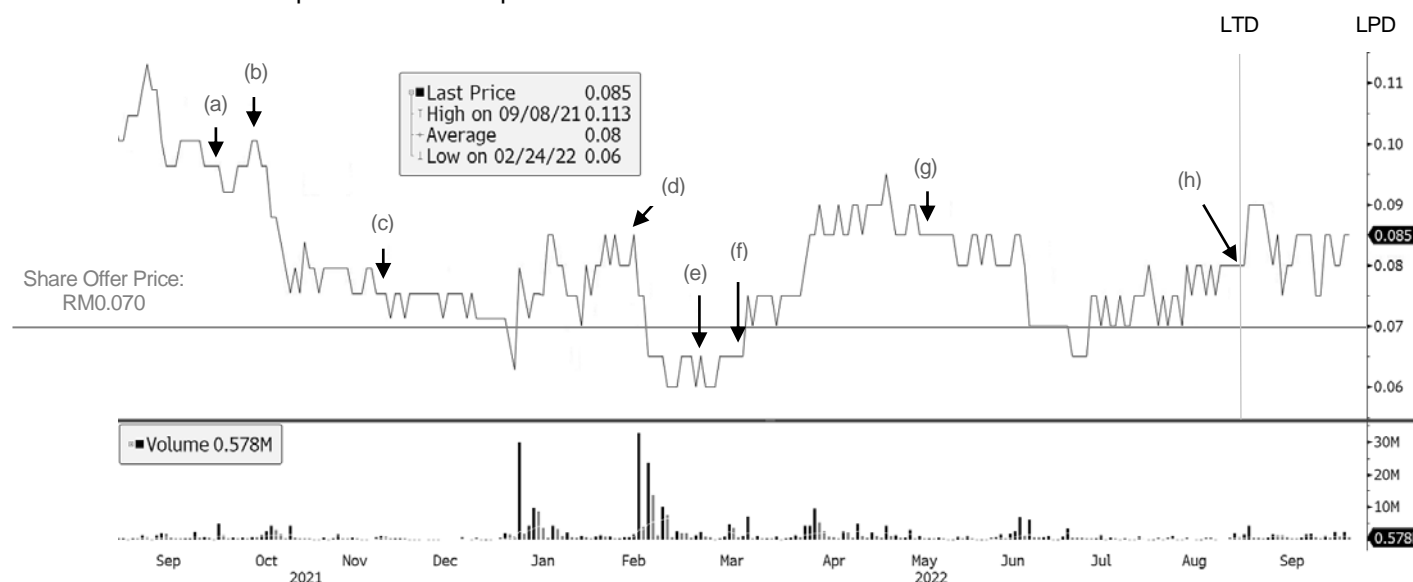
Accordingly, based on the above, the Share Offer Price represents a **discount** of RM0.028 or 28.57% to the RNAV per MBGB Share of RM0.098.

Notwithstanding the above, Holders are reminded that the market prices of the Selected Properties are affected by various factors, including but not limited to, the liquidity risk (i.e. the process of selling and buying property may take a long time) and valuation risk (i.e. the eventual transacted price may not necessarily reflect the market value of the Selected Properties ascribed by the Valuer).

**Holders should take note that the RNAV approach implicitly includes the assumption that MBGB Group is able to realise the Selected Properties on a willing-buyer-willing-seller basis in the open market at the indicative market value together with the incidental costs related to these transactions. Holders should however note that, there is no assurance that MBGB Group will be able to realise such assets at the adjusted NA computed either presently or in the near future.**

## 6.2 Historical market prices of MBGB Shares

The graph below sets out the adjusted historical daily closing market prices of MBGB Shares for the past 12 months up to the LTD and LPD:-



(Source: Bloomberg)

Based on the above, we noted that the Share Offer Price is generally below the historical daily closing market prices of MBGB Shares for the past 12 months up to the LTD and LPD, save for 3 brief interval periods from 5 January 2022 to 6 January 2022, from 18 February 2022 to 18 March 2022 and from 6 July 2022 to 12 July 2022 in which the Share Offer Price is slightly higher. Further, the Share Offer Price is below the average daily closing market prices of MBGB Shares of RM0.08 for the past 12 months up to the LTD and LPD.

We noted that for the past 12 months up to the LTD and LPD, there was no fundamental change to the business of MBGB Group. Save as disclosed below, there was no other announcements of material development which may have affected the movement of the market prices of MBGB Shares during the aforesaid period:-

No.	Announcements (with reference to the graph above)
(a)	<ul style="list-style-type: none"> <li>Quarterly financial results announced on Bursa Securities on 29 September 2021</li> </ul>
(b)	<ul style="list-style-type: none"> <li>Announcement made on Bursa Securities on 12 October 2021 in relation to the Company's undertaking of a rights issue with warrants exercise</li> </ul>
(c)	<ul style="list-style-type: none"> <li>Quarterly financial results announced on Bursa Securities on 25 November 2021</li> </ul>
(d)	<ul style="list-style-type: none"> <li>Quarterly financial results announced on Bursa Securities on 15 February 2022</li> </ul>

(e)	<ul style="list-style-type: none"> <li>On 8 March 2022, the Government announced that Malaysia will enter into the "Transition to Endemic" phase of COVID-19 on 1 April 2022, with all restrictions on business operating hours removed and prayer activities allowed without physical distancing</li> </ul>
(f)	<ul style="list-style-type: none"> <li>Announcement made on Bursa Securities on 18 March 2022 in relation to the Company's undertaking of the BTRBP Acquisition, Capital Reduction and Diversification</li> </ul>
(g)	<ul style="list-style-type: none"> <li>Quarterly financial results announced on Bursa Securities on 18 May 2022</li> </ul>
(h)	<ul style="list-style-type: none"> <li>Quarterly financial results announced on Bursa Securities on 30 August 2022</li> <li>The receipt of the Notice dated 30 August 2022</li> </ul>

In addition, we have also compared the Share Offer Price against the historical closing prices and the respective VWAPs of MBGB Shares as follows:-

	MBGB share price RM	Premium / (Discount)	
		RM	%
<b>Up to the LTD</b>			
- Last closing price	0.0800	(0.0100)	(12.50)
- 5-day VWAP	0.0798	(0.0098)	(12.28)
- 1-month VWAP	0.0769	(0.0069)	(8.97)
- 3-month VWAP	0.0766	(0.0066)	(8.62)
- 6-month VWAP	0.0781	(0.0081)	(10.37)
- 1-year VWAP	0.0766	(0.0066)	(8.62)
<b>Up to the LPD</b>			
- Last closing price	0.0850	(0.0150)	(17.65)
- 5-day VWAP	0.0821	(0.0121)	(14.74)

(Source: Bloomberg)

Based on the above, we noted that the Share Offer Price represents:-

- (i) a **discount** ranging from 8.62% to 12.50% to the last closing price of MBGB Shares as at the LTD as well as the 5-day, 1-month, 3-month, 6-month and 12-month VWAPs of MBGB Shares up to the LTD; and
- (ii) a **discount** ranging from 14.74% to 17.65% to the last closing price of MBGB Shares as at the LPD as well as the 5-day VWAP of MBGB Shares up to the LPD.

**Holders should note that the historical market price analysis above may not be an indication of future market prices of MBGB Shares which may be influenced, by amongst others, the performance and prospects of MBGB Group, prevailing economic conditions, economic outlook, stock market conditions, market sentiments and other general macroeconomic conditions as well as company-specific factors. Accordingly, the historical market prices of MBGB Shares may not be a reliable indicator of the future price levels and should not be relied upon as an indication of the future price levels. There is also no assurance that the market price of MBGB Shares will remain at the current level after the Closing Date.**



## Our view on the fairness of the Offer in respect of the Offer Shares

Premised on our evaluation in **Sections 6.1 and 6.2** above, we are of the view that the Offer in respect of the Offer Shares is **NOT FAIR** after taking into consideration the following:-

- (a) the Share Offer Price represents a **discount** of 28.57% to the RNAV of MBGB Share of RM0.098;
- (b) the Share Offer Price represents a **discount** ranging from 8.62% to 12.50% to the last closing price of MBGB Shares as at the LTD as well as the 5-day, 1-month, 3-month, 6-month and 12-month VWAPs of MBGB Shares up to the LTD; and
- (c) the Share Offer Price represents a **discount** ranging from 14.74% to 17.65% to the last closing price of MBGB Shares as at the LPD as well as the 5-day VWAP of MBGB Shares up to the LPD.

## 6.3 Valuation of MBGB Warrants

The Warrants were listed on the Main Market of Bursa Securities on 18 February 2022. Each Warrant is exercisable into 1 new MBGB Share at an exercise price of RM0.085 per MBGB Share during the 10-year exercise period up to 13 February 2032. Any Warrants that are not exercised at the maturity date will lapse and cease to be valid for any purpose. As such, the Warrants are regarded to be American-style call options.

In arriving at the valuation for the Warrants, we have analysed the "see-through" price of the Warrants. Pursuant to paragraph 8.01 of the Rules, if the "see-through" price of the convertible instrument is zero or negative, the offeror may offer a nominal amount for such convertible instrument. For rights to subscribe for, and options in respect of, securities being offered for or which carry voting rights, the "see-through" price is the excess of the offer price for the underlying securities over the exercise or subscription price of such subscription rights or options.

Based on the Share Offer Price of RM0.070 and the exercise price of Warrants of RM0.085, the "see-through" price of Warrants will be **negative**. Hence, we noted that the Warrant Offer Price represents a **nominal amount** which may be offered by the Offeror for the Offer Warrants given that the "see-through" price of Warrants is **negative**.

In addition, we have derived the valuation for Warrants based on trinomial option pricing model using Bloomberg. In our model, we have also input the following key parameters:-

- exercise price of RM0.085 per Warrant (each exercisable into 1 new MBGB Share);
- 5-day VWAP of MBGB Shares up to and including the LTD of RM0.0798;
- expiry date of Warrants on 13 February 2032;
- historical volatility of underlying MBGB Shares for the past 1 year up to and including the LTD of 75.902%; and
- expected risk-free rate of 4.015%, based on the yield of the 10-year Malaysian Government Securities as at the LTD.

The theoretical value of the Warrants is the sum of the "intrinsic value" and "time value" of the Warrants. "Intrinsic value" refers to the difference between the value of MBGB Shares (i.e. reference to the 5-day VWAP of MBGB Share up to LTD) and the exercise price of the Warrants. "Time value" is the value attributable to the Warrants taking into consideration factors such as, amongst others, the time to expiry of the Warrants and the price volatility of underlying MBGB Shares.

Based on the above, we have computed the theoretical value of the MBGB Warrants in the following manner:-

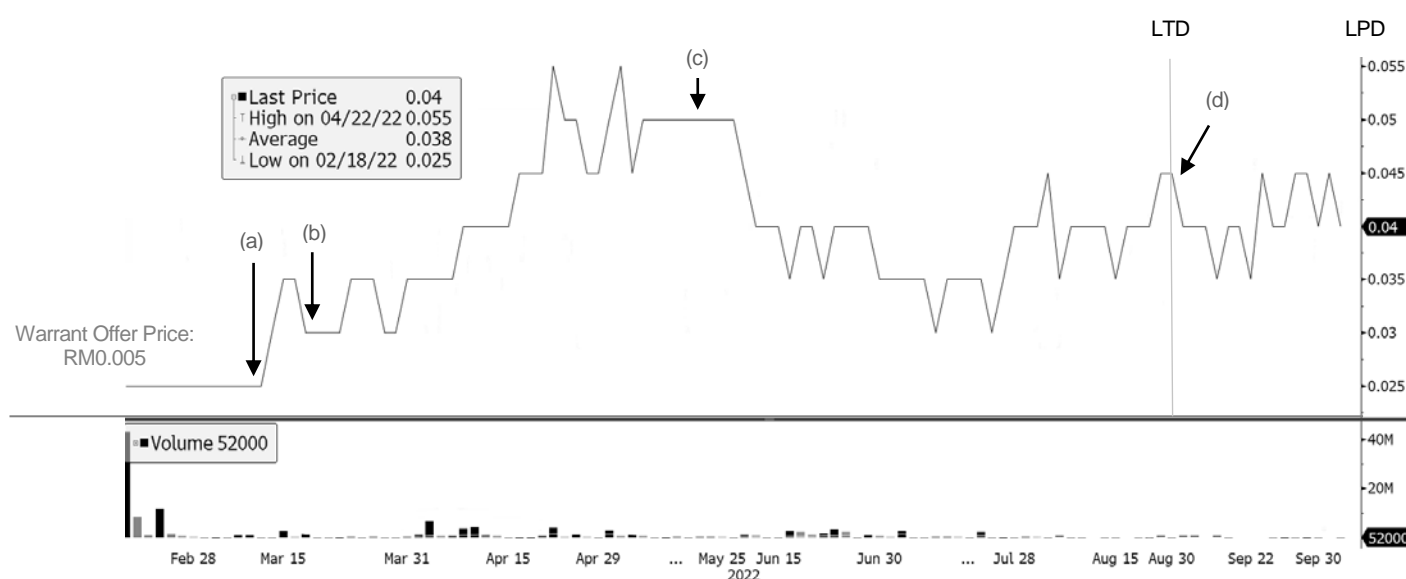
	RM	
- Intrinsic value	-	A
- Time value	0.0633	B
<b>Theoretical value of Warrants</b>	<b>0.0633</b>	<b>A + B</b>

Accordingly, the Warrant Offer Price of RM0.005 represents a **discount** of 92.10% to the theoretical value of the Warrants of RM0.0633.

**Holders should note that the theoretical value of the Warrants shown above is merely for illustrative purpose, and there is no assurance that Holders may realise their investment in MBGB Warrants at the said theoretical value.**

## 6.4 Historical market prices of MBGB Warrants

The graph below sets out the historical daily closing market prices of MBGB Warrants since its listing date on the Main Market of Bursa Securities on 18 February 2022 and up to the LTD and LPD:-



(Source: Bloomberg)

Based on the above, we noted that the Warrant Offer Price is below historical daily closing market prices of MBGB Warrants since its listing date on the Main Market of Bursa Securities on 18 February 2022 and up to the LTD and LPD.

We noted that since the listing of MBGB Warrants on 18 February 2022 and up to the LTD and LPD, there was no fundamental change to the business of MBGB Group. Save as disclosed below, there was no other announcements of material development which may have affected the movement of the market prices of MBGB Warrants during the aforesaid period:-

No.	Announcements <i>(with reference to the graph above)</i>
(a)	<ul style="list-style-type: none"> <li>On 8 March 2022, the Government announced that Malaysia will enter into the "Transition to Endemic" phase of COVID-19 on 1 April 2022, with all restrictions on business operating hours removed and prayer activities allowed without physical distancing</li> </ul>
(b)	<ul style="list-style-type: none"> <li>Announcement made on Bursa Securities on 18 March 2022 in relation to the Company's undertaking of the BTRBP Acquisition, Capital Reduction and Diversification</li> </ul>
(c)	<ul style="list-style-type: none"> <li>Quarterly financial results announced on Bursa Securities on 18 May 2022</li> </ul>
(d)	<ul style="list-style-type: none"> <li>Quarterly financial results announced on Bursa Securities on 30 August 2022</li> <li>The receipt of the Notice dated 30 August 2022</li> </ul>

In addition, we have also compared the Warrant Offer Price against the historical closing prices and the respective VWAPs of MBGB Warrants as follows:-

	MBGB Warrant price* <sup>1</sup> RM	Premium / (Discount)	
		RM	%
<b>Up to the LTD</b>			
- Last closing price	0.0450* <sup>2</sup>	(0.0400)	(88.89)
- 5-day VWAP	0.0403* <sup>3</sup>	(0.0353)	(87.59)
- 1-month VWAP	0.0383	(0.0333)	(86.95)
- 3-month VWAP	0.0371	(0.0321)	(86.52)
- 6-month VWAP	0.0378	(0.0328)	(86.77)
<b>Up to the LPD</b>			
- Last closing price	0.0400	(0.0350)	(87.50)
- 5-day VWAP	0.0407	(0.0357)	(87.71)

(Source: Bloomberg)

**Notes:-**

\*1 The 1-year VWAP of MBGB Warrants is not available, as the Warrants were listed on the Main Market of Bursa Securities on 18 February 2022.

\*2 Being the closing price as at 26 August 2022, as there were no trading of Warrants on 29 August 2022.

\*3 The Warrants were not traded on 23 August 2022, 24 August 2022 and 29 August 2022.

Based on the above, we noted that the Warrant Offer Price represents:-

- (i) a **discount** ranging from 86.52% to 88.89% to the last closing price of MBGB Warrants as at the LTD as well as the 5-day, 1-month, 3-month and 6-month VWAPs of MBGB Warrants up to the LTD;
- (ii) a **discount** ranging from 87.50% to 87.71% to the last closing price of MBGB Warrants as at the LPD as well as the 5-day VWAP of MBGB Warrants up to the LPD.

Holders should note that the historical market price analysis above may not be an indication of future market prices of MBGB Warrants which may be influenced, by amongst others, the performance and prospects of MBGB Group, prevailing economic conditions, economic outlook, stock market conditions, market sentiments and other general macroeconomic conditions as well as company-specific factors. Accordingly, the historical market prices of MBGB Warrants may not be a reliable indicator of the future price levels and should not be relied upon as an indication of the future price levels. There is also no assurance that the market price of MBGB Warrants will remain at the current level after the Closing Date.

## **Our view on the fairness of the Offer in respect of the Offer Warrants**

Premised on our evaluation in **Sections 6.3 and 6.4** above, we are of the view that the Offer in respect of the Offer Warrants is **NOT FAIR** after taking into consideration the following:-

- (a) the Warrant Offer Price represents a **discount** of 92.10% to the theoretical value of MBGB Warrants of RM0.0633;
- (b) the Warrant Offer Price represents a **discount** ranging from 86.52% to 88.89% to the last closing price of MBGB Warrants as at the LTD as well as the 5-day, 1-month, 3-month and 6-month VWAPs of MBGB Warrants up to the LTD; and
- (c) the Warrant Offer Price represents a **discount** ranging from 87.50% to 87.71% to the last closing price of MBGB Warrants as at the LPD as well as the 5-day VWAP of MBGB Warrants up to the LPD.

**THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

## 7. REASONABLENESS OF THE OFFER

In assessing the reasonableness of the Offer, we have taken into consideration the following:-

- (i) Listing status of MBGB; and
- (ii) Compulsory acquisition and rights of Dissenting Holders.

### 7.1 Listing status of MBGB

As set out in **Section 4.1** of the Offer Document, *in compliance with the public spread requirement pursuant to paragraph 8.02(1) of the Listing Requirements, MBGB must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. Bursa Securities may accept a percentage lower than 25% of the total number of listed shares (excluding treasury shares) if it is satisfied that such lower percentage is sufficient for a liquid market of such shares.*

*A listed issuer which fails to maintain the Public Spread Requirement may request for an extension of time to rectify the situation in the manner as may be prescribed by Bursa Securities. If Bursa Securities does not grant an extension of time to rectify the Public Spread Requirement, it may take or impose any type of action or penalty pursuant to paragraph 16.19 of the Listing Requirements and may, at its discretion, suspend trading in securities of the listed issuer pursuant to paragraph 16.02(1) of the Listing Requirements. Notwithstanding that, the non-compliance of the Public Spread Requirement will not automatically result in delisting of MBGB from the Official List.*

*Pursuant to paragraph 9.19(48) of the Listing Requirements, in relation to the take-over offer for the acquisition of the listed shares of a listed issuer pursuant to the Rules, upon 90% or more of the listed shares (excluding treasury shares) of the listed issuer being held by a shareholder either individually or jointly with its associates, an immediate announcement must be made by the listed issuer. Upon such announcement and where the offeror has announced that it intends to maintain the listing status of the listed issuer, Bursa Securities will pursuant to paragraph 16.02(2) of the Listing Requirements, suspend trading of the listed issuer's securities upon the expiry of 30 Market Days from the date of immediate announcement. Bursa Securities will only uplift the suspension upon full compliance with the Public Spread Requirement or as Bursa Securities may determine.*

***The Ultimate Offeror and Offeror intend to maintain the listing status of MBGB on the Main Market of Bursa Securities.***

*Accordingly, in the event that MBGB does not comply with the Public Spread Requirement as a result of the Offer, the Ultimate Offeror and Offeror will work together with MBGB to explore various options or proposals within 3 months from the Closing Date or such timeframe as allowed by the relevant authorities to rectify the shortfall in the required shareholding spread. As at the Offer Document LPD, no arrangements on the above have been made.*

*Any action taken to address the Public Spread Requirement may require the approvals of the relevant authorities and/or the approval of the shareholders of MBGB. The actual course of action to be taken will depend on, amongst others, the circumstances as well as the prevailing market conditions at the relevant time.*

*Holders should note that while the Ultimate Offeror and Offeror will work together with MBGB to attempt to rectify any shortfall in the Public Spread Requirement of MBGB, there can be no assurance that the Public Spread Requirement of MBGB can be rectified within the stipulated time frame. In the event that MBGB does not meet the Public Spread Requirement within the stipulated time frame, the Ultimate Offeror and Offeror will request for MBGB to seek an extension of time from the authorities.*

## Our comments:-

We note that the **Ultimate Offeror and Offeror intend to maintain the listing status of MBGB on the Main Market of Bursa Securities**. Furthermore, in the event that MBGB does not comply with the Public Spread Requirement as a result of the Offer, we note that the Ultimate Offeror and Offeror will work together with MBGB to explore various options or proposals to rectify the non-compliance with the Public Spread Requirement. As such, the MBGB Shares and/or Warrants will remain traded on Bursa Securities and Holders will still be able to participate in the trading of the MBGB Shares and/or Warrants even after the Closing Date.

In addition to the above and for information purpose, we have also analysed the liquidity of MBGB Shares and Warrants. Set out below the table entailing the historical trading volume of MBGB Shares and Warrants for the past 12 months up to August 2022 (being the last full trading month up to and including the LTD):-

	MBGB Shares		MBGB Warrants	
	Monthly volume traded <sup>*1</sup>	Monthly volume traded over free float <sup>*2</sup>	Monthly volume traded <sup>*1</sup>	Monthly volume traded over free float <sup>*2</sup>
Month	No. of Shares	%	No. of Warrants	%
<b><u>2021</u></b>				
September	17,620,000	4.84	<sup>*3</sup>	-
October	22,140,000	6.08	<sup>*3</sup>	-
November	6,470,000	1.78	<sup>*3</sup>	-
December	3,000,000	0.82	<sup>*3</sup>	-
<b><u>2022</u></b>				
January	75,938,000 <sup>*4</sup>	20.89	<sup>*3</sup>	-
February	102,160,000 <sup>*4</sup>	8.45	65,830,000 <sup>*5</sup>	11.39
March	29,820,000	2.47	7,270,000	1.26
April	44,250,000	3.66	24,190,000	4.18
May	14,530,000	1.20	6,200,000	1.07
June	24,630,000	2.04	15,980,000	2.76
July	9,360,000	0.77	5,610,000	0.97
August	7,960,000	0.66	2,150,000	0.37
<b>Simple average</b>	<b>29,823,167</b>	<b>4.47</b>	<b>18,175,714</b>	<b>3.14</b>
<b>Simple average (excluding outlier)</b>	<b>17,978,000</b>	<b>2.51</b>	<b>10,233,333</b>	<b>1.77</b>

(Source: Bloomberg and announcements on Bursa Securities)

## **Notes:-**

<sup>\*1</sup> Monthly volume traded excludes Shares/Warrants traded in the open market by the Directors, substantial shareholders/warrantheolders of MBGB and persons connected to them who are classified as non-public holders.

<sup>\*2</sup> Free float of Shares/Warrants refers to the number of Shares/Warrants held by public holders (excluding those Shares/Warrants held by the Directors, substantial shareholders/warrantheolders of MBGB and persons connected to them).

<sup>\*3</sup> The monthly volume trading of Warrants from September 2021 to January 2022 are not available, as the Warrants were listed on the Main Market of Bursa Securities on 18 February 2022.

\*4 Deemed as outlier as the trading volume of Shares in January 2022 and February 2022 were unusually high as compared to the other monthly trading volume in the past 12 months up to August 2022.

\*5 Deemed as outlier as the trading volume of Shares in February 2022 was unusually high as compared to the other monthly trading volume since its listing on 18 February 2022 up to August 2022.

Based on the above average monthly volume traded (excluding outlier) over the free float of Shares/Warrants, we noted that the liquidity turnover of MBGB Shares is 2.51%, while the liquidity turnover of Warrants is 1.77%. We noted no announcements of material development made by MBGB which may have affected the movement of historical trading volume of MBGB Shares/Warrants for the past 12 months up to the LTD, other than as disclosed in **Sections 6.2 and 6.4** of this IAL.

In comparison, we compared the trading liquidity of MBGB Shares/Warrants (excluding outlier) against the average monthly trading liquidity of the relevant benchmark index of Bursa Securities, as shown below:-

Company/Index	Average monthly traded volume over free float (%)
MBGB Shares	2.51
MBGB Warrants	1.77
KLCSU Consumer Product Index ("KLCSU") *1	6.25
KLCSU Property Index ("KLPRP") *2	6.31

**Notes:-**

\*1 MBGB is classified under the "Consumer Products & Services" pursuant to Bursa Securities' sector classification.

\*2 Included as an additional benchmark for comparison, in view that MBGB Group is also involved in investment properties and property development segments, and has significant investments in property assets which constitute approximately 67.45% of its total assets as at 30 June 2022.

Based on the above, we note that MBGB Shares and Warrants are relatively illiquid when compared against the KLCSU and KLPRP, as the trading liquidity turnover of MBGB Shares (excluding outlier) of 2.51% and MBGB Warrants (excluding outlier) of 1.77% are lower than the average trading liquidity of KLCSU (6.25%) and KLPRP (6.31%) over the same period. Holders, especially those of you with bigger holdings of MBGB Shares/Warrants, should note that you may have limited opportunities or may take significant time to realise your investments in MBGB by way of market transactions in the open market.

Notwithstanding that, the Holders will still be able to participate in the trading of MBGB Shares/Warrants even after the Closing Date in view that the Ultimate Offeror and Offeror intend to maintain the listing status of MBGB on the Main Market of Bursa Securities. Holders, especially those of you who hold small blocks of MBGB Shares/Warrants, may still have the opportunity to dispose your Shares/Warrants in the open market subsequent to the Closing Date.

**We wish to highlight that the above evaluation is based on the historical trading volume of the MBGB Shares/Warrants as at the respective periods as well as the free float as at the respective periods and should not be relied upon as an indication of the future trading liquidity of the MBGB Shares/Warrants, which may be influenced by, amongst others, the performance and prospects of MBGB Group, prevailing economic conditions, economic outlook, stock market conditions, market sentiments and other general macroeconomic conditions as well as company specific factors. Further, there is no assurance that the market price of MBGB Shares/Warrants will continue to trade at current price levels after the Closing Date.**



## 7.2 Compulsory acquisition and rights of Dissenting Holders

### Compulsory Acquisition

As set out in **Section 4.2** of the Offer Document, *the Ultimate Offeror and Offeror **do not intend to invoke the provisions of subsection 222(1) of the CMSA** to compulsorily acquire any remaining Offer Securities for which valid acceptances have not been received prior to the Closing Date even if the conditions stipulated in subsection 222(1) of the CMSA are fulfilled.*

### Rights of Dissenting Holders

As set out in **Section 4.2** of the Offer Document, *notwithstanding the above, subject to section 224 of the CMSA, section 223 of the CMSA provides that if the Offeror receives Valid Acceptances from the Holders resulting in the Ultimate Offeror, Offeror and person(s) acting in concert with them (if any) holding not less than 9/10 in the value of all MBGB Shares and/or Warrants on or before the Closing Date, Dissenting Holder may exercise his/her/its rights under subsection 223(1) of the CMSA within a period to be specified by the Offeror which shall be no less than 3 months after the Closing Date, by serving a notice on the Offeror to require the Offeror to acquire his/her/its Offer Securities on the same terms as set out in the Offer Document or such other terms as may be agreed.*

*If a Dissenting Holder invokes the provisions of subsection 223(1) of the CMSA, the Offeror shall acquire such Offer Securities in accordance with the provisions of the CMSA, subject to the provisions of section 224 of the CMSA. In accordance with subsection 224(3) of the CMSA, when a Dissenting Holder exercises his/her/its rights under subsection 223(1) of the CMSA, the court may, on an application made by such Dissenting Holder or by the Offeror, order that the terms on which the Offeror shall acquire such Offer Securities shall be as the court thinks fit.*

*Within 1 month of the time that the Ultimate Offeror, Offeror and person(s) acting in concert with them (if any) have acquired not less than 9/10 in the value of all the shares in MBGB (excluding treasury shares), including MBGB Shares acquired via receipt of valid acceptances from the Holders, on or before the Closing Date, subsection 223(2) of the CMSA requires the Offeror to give the Dissenting Holders a notice in the manner specified by the SC of the rights exercisable by the Dissenting Holders under subsection 223(1) of the CMSA.*

### Our comments:-

We note that **the Ultimate Offeror and Offeror do not intend to invoke the provisions of subsection 222(1) of the CMSA** to compulsorily acquire any remaining Offer Securities for which valid acceptances have not been received prior to the Closing Date even if the conditions stipulated in subsection 222(1) of the CMSA are fulfilled.

We further note that notwithstanding the above and subject to section 224 of the CMSA, section 223 of the CMSA provides that if the Offeror receives Valid Acceptances from the Holders resulting in the Ultimate Offeror, Offeror and person(s) acting in concert with them holding not less than 9/10 in value of all the MBGB Shares and/or Warrants on or before the Closing Date, a Dissenting Holder may exercise his/her/its rights under subsection 223(1) of the CMSA, by serving a notice on the Offeror to require the Offeror to acquire his/her/its Offer Securities on the same terms set out in the Offer Document or such other terms as may be agreed.

**Holders are advised to consult their professional adviser(s) should they wish to exercise their rights under subsection 223(1) of the CMSA, if applicable.**



**Our view on the reasonableness of the Offer**

Premised on our evaluation in **Sections 7.1 and 7.2** above, we are of the view that the Offer is **NOT REASONABLE** after taking into consideration the following:-

- (a) the Ultimate Offeror and Offeror **intend to maintain the listing status** of MBGB on the Main Market of Bursa Securities. Furthermore, in the event that MBGB does not comply with the Public Spread Requirement as a result of the Offer, the Ultimate Offeror and Offeror shall work together with MBGB to explore various options or proposals to rectify the non-compliance with the Public Spread Requirement; and
- (b) the Ultimate Offeror and Offeror **do not intend to invoke the provisions of subsection 222(1) of the CMSA** to compulsorily acquire any remaining Offer Securities for which valid acceptances have not been received prior to the Closing Date even if the conditions stipulated in subsection 222(1) of the CMSA are fulfilled.

In this respect, the MBGB Securities will remain traded on the Main Market of Bursa Securities and the Holders will still be able to participate in the trading of the MBGB Securities even after the Closing Date. Notwithstanding that the historical trading volume of MBGB Shares and Warrants are relatively illiquid in the past 12 months up to the LTD, the Holders will still be able to participate in the trading of the MBGB Shares and/or Warrants even after the Closing Date, and in turn having the opportunity to realise their investment in MBGB Shares and/or Warrants in the event the market price is higher than the Share Offer Price and/or Warrant Offer Price.

**8. RATIONALE FOR THE OFFER AND FUTURE PLANS FOR MBGB GROUP AND ITS EMPLOYEES**

We refer to the rationale for the Offer and future plans for MBGB Group and its employees as set out in **Sections 3 and 5** of the Offer Document, respectively.

**8.1 Rationale for the Offer**

*Upon completion of the Shares Acquisitions, the Offeror's shareholdings in MBGB increased from 32.12% to approximately 51.07% of the total issued shares in MBGB. Accordingly, the Offeror is obliged to extend a mandatory take-over offer to acquire all the Offer Shares pursuant to subsection 218(2) of the CMSA and subparagraph 4.01(a) of the Rules. The Offer is a mandatory obligation pursuant to the Rules as a result of the Shares Acquisitions, and thus provide an equal opportunity to all Holders to realise their investment for cash at the Offer Price. For avoidance of doubt, the Offer made to the Holders of Offer Shares represents the same terms offered pursuant to the Shares Acquisition.*

*In view that Dato' Lee (being the Ultimate Offeror) had obtained statutory control in the Offeree (via the Offeror), Dato' Lee intends to play a more active role in MBGB Group's strategy and operational planning and implementation to drive the business direction of the Group. This will allow Dato' Lee to undertake a review and evaluation of the Group's operations which had recorded audited loss after taxation of RM12.79 million for the FYE 31 December 2019 and RM100.42 million for the 18-month FPE 30 June 2021.*

*MBGB Group had on 15 July 2022, obtained the approval from the shareholders to diversify its existing principal activities to include Energy Related Business. As at the Offer Document LPD, MBGB Group had secured 3 solar projects with a combined contract value of RM6.0 million whereby MBGB Group will act as the developer and investor to finance, construct, operate and maintain a solar photovoltaic generating facility at the clients' respective premises. Dato' Lee believes that he will be able to capitalise on his experience via his involvement, as shareholder and/or director, in his investee companies (which are involved in related businesses) to assist the Group to venture into the Energy Related Business.*

## **Our comments:-**

Premised on the above, we note that the Offer was made pursuant to subsection 218(2) of the CMSA and subparagraph 4.01(a) of the Rules, and as a consequence of the Shares Acquisitions.

We note that the Ultimate Offeror, having obtained the statutory control in MBGB, intends to play a more active role in MBGB Group's strategy and operational planning and implementation to drive the business direction of the Group, which had recorded LAT of RM12.79 million for the FYE 31 December 2019 and LAT of RM100.42 million for the 18-month FYE 30 June 2021. Dato' Lee will also be able to capitalise on his experience via his involvement in his investee companies (which are involved in related businesses) to assist the Group to venture into the Energy Related Business, of which MBGB shareholders' approval had been recently obtained on 15 July 2022.

We further note that the Offer provides the Holders with an opportunity to realise their investment for cash at the Offer Price.

Notwithstanding the above, we wish to highlight the Holders will still be able to participate in the trading of MBGB Shares and/or Warrants even after the Closing Date in view that the Ultimate Offeror and Offeror intend to maintain the listing status of MBGB on the Main Market of Bursa Securities. Holders, especially those of you who hold small blocks of MBGB Shares/Warrants, may still have the opportunity to dispose your Shares/Warrants in the open market subsequent to the Closing Date. **There is however no assurance that the market price of MBGB Shares/Warrants will continue to trade at current price levels after the Closing Date.**

## **8.2 Future plans for MBGB Group and its employees**

The intention of the Ultimate Offeror and Offeror in respect of the future plans for MBGB Group and its employees are as follows:-

### **(i) Continuation of MBGB Group's businesses**

*The Ultimate Offeror and Offeror intend to continue the existing businesses of MBGB Group, including diversification into Energy Related Business, and do not have any plan or intention to liquidate MBGB and/or its subsidiaries. Nevertheless, the Ultimate Offeror and Offeror may from time to time review the Group's businesses and operations of the Group and make such arrangements, rationalisation and reorganisation that is suitable to remain competitive and improve the prospects of the Group, including seeking acquisition of new business to complement or diversify the Group's business.*

### **(ii) Major changes to MBGB Group's business**

*The Ultimate Offeror and Offeror do not have plans/intention to introduce any major change to the existing core businesses of MBGB Group (save for MBGB Group's plan to diversify into Energy Related Business, which was approved by the shareholders of MBGB at an extraordinary general meeting on 15 July 2022), liquidate any of the companies within the Group (save for dormant or inactive companies), dispose of any major assets or undertake any major redeployment of the fixed assets of the Group. Nevertheless, the Ultimate Offeror and Offeror may from time to time review strategic options with regards to the businesses or assets of the Group and where appropriate, undertake such changes, reorganisation, disposal and/or redeployment as part of the process to rationalise the business activities or direction of the Group, including any expansion activities, diversification, divestment of non-core businesses or monetisation of assets, or to improve the use of resources of the Group, with a view that the Group remains competitive, sustainable or viable in the industry and to improve the prospects and growth of the Group.*

*As at the Offer Document LPD, the Ultimate Offeror and Offeror have also not entered into any negotiation, arrangement with any third party with regards to any significant change in MBGB Group's businesses, assets and/or shareholding structure.*

**(iii) Employees of MBGB Group**

*The Ultimate Offeror and Offeror have no plans to dismiss or make redundant the existing employees of MBGB Group as a direct consequence of the Offer. Nevertheless, the Ultimate Offeror and Offeror may from time to time introduce constructive measures to improve the efficiency of operations and to optimise the human resources requirements of the Group, which may lead to rationalisation of staff employment and/or streamlining of the business activities of the Group's operations. Any such action taken involving employees will be dealt with in accordance with the relevant legislation and the terms of employment of the employees concerned.*

**Our comments:-**

Premised on the above, we are of the view that the businesses (including the diversification into Energy Related Business) and management of MBGB Group will remain the same in all material aspects and that MBGB Group is expected to continue as a going concern given the Ultimate Offeror's and Offeror's intention to continue with MBGB Group's existing businesses (including the diversification into Energy Related Business) and operations, and there is no immediate plan and/or intention to dispose of any major assets of MBGB Group or to liquidate any company in MBGB Group. Nevertheless, the Ultimate Offeror and Offeror may from time to time undertake review of the businesses or assets of the Group and where appropriate, undertake changes such as reorganisation, disposal and/or redeployment as part of the process to rationalise the business activities or direction of the Group, with the overall objective to ensure that the Group can remain competitive or sustainable and/or to improve its growth prospects.

**9. FURTHER INFORMATION**

You are advised to refer to the views and recommendation of the Non-Interested Directors as set out in **Section 7, Part A of this IAC** as well as the attached appendices and other relevant information in the Offer Document for further details in relation to the Offer.

**10. CONCLUSION AND RECOMMENDATION**

In arriving at our conclusion and recommendation for the Non-Interested Directors and Holders, we have assessed the fairness and reasonableness of the Offer in accordance with paragraphs 1 to 6 under Schedule 2: Part III of the Rules whereby the term "fair and reasonable" should generally be analysed as 2 distinct criteria, i.e. whether the Offer is "fair" and whether the Offer is "reasonable", rather than as a composite term.

The Offer is considered as "fair" if the Offer Price is equal to or higher than the market price and is also equal to or higher than the value of the Offer Securities. However, if the Offer Price is equal to or higher than the market price but is lower than the value of the Offer Securities, the Offer is considered as "not fair". In making the assessment, the value of the Offer Securities is determined based on the assumption that 100% of the issued share capital of the Offeree is being acquired.

In considering whether the Offer is "reasonable", we have taken into consideration matters other than the valuation of the Offer Securities. Generally, the Offer would be considered "reasonable" if it is "fair".

We have assessed and evaluated the Offer based on all relevant and pertinent factors including those which are as set out in **Sections 6 and 7** of this IAL. Holders should consider carefully the merits and demerits of the Offer based on all relevant factors and considerations as set out in this IAC and the Offer Document, prior to making a decision on whether to accept or reject the Offer.

Summarised below are the pertinent factors which you should carefully consider prior to making a decision whether to accept or reject the Offer:-

<b>Fairness (in respect of Offer Shares)</b>	<p>We view that the Offer (in respect of Offer Shares) is <b><u>NOT FAIR</u></b> after having taking into consideration that the Share Offer Price represents:-</p> <ul style="list-style-type: none"> <li>(a) a <b>discount</b> of 28.57% to the RNAV of MBGB Share of RM0.098;</li> <li>(b) a <b>discount</b> ranging from 8.62% to 12.50% to the last closing price of MBGB Shares as at the LTD as well as the 5-day, 1-month, 3-month, 6-month and 12-month VWAPs of MBGB Shares up to the LTD; and</li> <li>(c) a <b>discount</b> ranging from 14.74% to 17.65% to the last closing price of MBGB Shares as at the LPD as well as the 5-day VWAP of MBGB Shares up to the LPD.</li> </ul>
<b>Fairness (in respect of Offer Warrants)</b>	<p>We view that the Offer (in respect of Offer Warrants) is <b><u>NOT FAIR</u></b> after having taking into consideration that the Warrant Offer Price represents:-</p> <ul style="list-style-type: none"> <li>(a) a <b>discount</b> of 92.10% to the theoretical value of MBGB Warrants of RM0.0633;</li> <li>(b) a <b>discount</b> ranging from 86.52% to 88.89% to the last closing price of MBGB Warrants as at the LTD as well as the 5-day, 1-month, 3-month and 6-month VWAPs of MBGB Warrants up to the LTD; and</li> <li>(c) a <b>discount</b> ranging from 87.50% to 87.71% to the last closing price of MBGB Warrants as at the LPD as well as the 5-day VWAP of MBGB Warrants up to the LPD.</li> </ul>
<b>Reasonableness</b>	<p>We view that the Offer is <b><u>NOT REASONABLE</u></b> after having taking into consideration the following:-</p> <ul style="list-style-type: none"> <li>(a) the Ultimate Offeror and Offeror <b>intend to maintain the listing status</b> of MBGB on the Main Market of Bursa Securities. Furthermore, in the event that MBGB does not comply with the Public Spread Requirement as a result of the Offer, the Ultimate Offeror and Offeror shall work together with MBGB to explore various options or proposals to rectify the non-compliance with the Public Spread Requirement; and</li> <li>(b) the Ultimate Offeror and Offeror <b>do not intend to invoke the provisions of subsection 222(1) of the CMSA</b> to compulsorily acquire any remaining Offer Securities for which valid acceptances have not been received prior to the Closing Date even if the conditions stipulated in subsection 222(1) of the CMSA are fulfilled.</li> </ul> <p>In this respect, the MBGB Securities will remain traded on the Main Market of Bursa Securities and the Holders will still be able to participate in the trading of the MBGB Securities even after the Closing Date. Notwithstanding that the historical trading volume of MBGB Shares and Warrants are relatively illiquid in the past 12 months up to the LTD, the Holders will still be able to participate in the trading of the MBGB Shares and/or Warrants even after the Closing Date, and in turn having the opportunity to realise their investment in MBGB Shares and/or Warrants in the event the market price is higher than the Share Offer Price and/or Warrant Offer Price.</p>

Based on our evaluation, we are of the opinion that the Offer is **NOT FAIR and NOT REASONABLE**. Accordingly, we:-

- (i) advise the Non-Interested Directors to recommend the Holders to **REJECT** the Offer; and
- (ii) recommend that the Holders **REJECT** the Offer.

However, the decision on the course of action to be taken by the Holders in respect of the Offer will depend entirely on the Holders' risk appetite and specific preference as well as their expectation of the future performance of MBGB Group. Holders should also be mindful that continuous fluctuation in the market prices of MBGB Shares and/or Warrants might happen prior to and after the Closing Date.

Hence, Holders are advised to closely monitor the market prices and information/announcements in relation to the Offer before making a decision on the course of action to be taken in respect of the Offer. Holders who wish to exit your investments in MBGB can also consider selling the MBGB Shares and/or Warrants in the open market if you are able to obtain a price higher than the Offer Price, net of transaction cost.

**HOLDERS ARE ADVISED TO CAREFULLY CONSIDER THE INFORMATION AND RECOMMENDATION CONTAINED IN THIS IAC TOGETHER WITH THE OFFER DOCUMENT BEFORE MAKING A DECISION ON THE COURSE OF ACTION TO BE TAKEN.**

**IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION YOU SHOULD TAKE IN RELATION TO THE OFFER, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, ACCOUNTANT, SOLICITOR OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

Yours faithfully,  
For and on behalf of  
**UOB KAY HIAN SECURITIES (M) SDN BHD**

**TAN MENG KIM**  
Managing Director  
Capital Markets

**NANTHA KUMAR**  
Director  
Co-Head of Corporate Finance

---

**INFORMATION ON MBGB**


---

**1. HISTORY AND BUSINESS**

MBGB was incorporated in Malaysia on 5 June 2000 as a private limited company under the name of Furqan Business Organisation Berhad to facilitate the take-over of the listing status of Austral Amalgamated Berhad pursuant to a restructuring scheme. Following the completion of the restructuring scheme, Furqan Business Organisation Berhad was listed on the Kuala Lumpur Stock Exchange Main Board on 30 December 2002 (currently known as the Main Market of Bursa Securities) and the name was subsequently changed to Eastland Equity Bhd on 21 June 2012. On 18 July 2022, the company subsequently changed its name to present name, Meta Bright Group Berhad.

The principal activity of MBGB is investment holding. Through its subsidiaries, MBGB is involved in investment holding, money lending, hotel operations, property investment, property development, accommodation booking services and for order of goods or products via mobile application and Energy Related Business.

**2. SHARE CAPITAL****2.1 Issued share capital**

As at the LPD, the details of the share capital of MBGB are set out below:-

	<b>No. of Shares</b>	<b>Total (RM)</b>
Issued share capital	1,947,346,231	140,353,768.88

As at the LPD, there is only one class of shares in MBGB, i.e. ordinary shares. All MBGB Shares rank *pari passu* in terms of voting rights and entitlements to any dividends, rights, allotments and/or distributions (including any capital distributions) which may be declared, made or paid to shareholders.

**2.2 Changes in the issued share capital**

Since the end of FYE 30 June 2021 up to the LPD, MBGB's share capital has changed due to a shares issuance exercise (completed on 13 August 2021), a rights issue with warrants exercise (completed on 18 February 2022), BTRBP Acquisition involving the issuance of Consideration Shares (completed on 8 August 2022), and Capital Reduction (completed on 30 September 2022). The share capital of MBGB at the FYE 30 June 2021 was RM133,877,051, and the share capital of MBGB as at the LPD is RM140,353,769.

**2.3 Convertible securities**

As at the LPD, MBGB has 782,901,982 outstanding Warrants. Each Warrant is exercisable into 1 new MBGB Share at an exercise price of RM0.085 per MBGB Share payable in cash during a tenure of 10-year exercise period up to 13 February 2032.

**3. SUBSTANTIAL SHAREHOLDERS**

As at the LPD, the substantial shareholders' shareholdings in MBGB are set out below:-

<b>Name</b>	<b>Nationality/ Country of incorporation</b>	<b>Direct</b>		<b>Indirect</b>	
		<b>No. of Shares</b>	<b>%*</b>	<b>No. of Shares</b>	<b>%*</b>
LV	Malaysia	994,601,124	51.07	-	-
Dato' Lee	Malaysian	-	-	994,601,124 <sup>*1</sup>	51.07

---

**INFORMATION ON MBGB (CONT'D)**


---

**Notes:-**

\* Computed based on 1,947,346,231 MBGB Shares in issue as at the LPD.

\*1 Deemed interested by virtue of Dato' Lee's interest in LV pursuant to section 8 of the Act.

**4. DIRECTORS**

As at the LPD, the Directors of MBGB and their shareholdings in MBGB are set out below:-

Name	Nationality	Address	Direct		Indirect	
			No. of Shares	%*	No. of Shares	%*
Mohamed Akwal Bin Sultan Mohamad (Independent Non-Executive Director/Chairman)	Malaysian	33, Jalan Pekaka 8/19, Kota Damansara, 47810 Petaling Jaya, Selangor	-	-	-	-
Lee Chee Kiang (Managing Director)	Malaysian	Lot No. 1, Lorong 2 Taman Mei Lok Phase 2, Jalan Penampang 88200 Kota Kinabalu, Sabah	93,736,800	4.81	-	-
Tan Chin Hong (Executive Director)	Malaysian	Lot 2059, Taman Sri Jalan Hospital, 15200 Kota Bharu, Kelantan	-	-	18,333,928 <sup>*1</sup>	0.94
Dato' Lee (Executive Director)	Malaysian	No. 28, Jalan Bayu Segar, Taman Bayu Segar, 56000 Cheras, W.P. Kuala Lumpur	-	-	994,601,124 <sup>*2</sup>	51.07
Phang Kiew Lim (Executive Director)	Malaysian	B1306, The Potpourri, Jalan PJU 1A/4, Ara Damansara, 47301 Petaling Jaya, Selangor	-	-	-	-
Masleena Binti Zaid (Independent Non-Executive Director)	Malaysian	693-10-4, Desa Kiara, Jalan Damansara, 60000 Kuala Lumpur, W.P. Kuala Lumpur	-	-	-	-
Ong Lu Yuan (Independent Non-Executive Director)	Malaysian	3461, Taman Melati Klebang Kecil 75250 Melaka	1,198,800	0.06	-	-

**Notes:-**

\* Computed based on 1,947,346,231 MBGB Shares in issue as at the LPD.

\*1 Indirect interest by virtue of his directorship and shareholding in Prestige Pavilion Sdn Bhd and Danhwa Holding Sdn Bhd, and deemed interest by virtue of shares held by his sister, Adeline Tan Wan Chen and his brother, Tan Chin Hao.

\*2 Deemed interested by virtue of Dato' Lee's interest in LV pursuant to section 8 of the Act.

---

**INFORMATION ON MBGB (CONT'D)**


---

**5. SUBSIDIARY AND ASSOCIATE COMPANIES**

As at the LPD, the subsidiaries of MBGB are set out below:-

<b>Name</b>	<b>Country of incorporation</b>	<b>Effective ownership interest (%)</b>	<b>Principal activities</b>
Eastern Biscuit Factory Sdn Bhd	Malaysia	100.00	Property development, investment in properties and hotel operations
FBO Land (Setapak) Sdn Bhd	Malaysia	100.00	Property development and establishment of a platform that act as an agent on behalf of the vendors, reseller or in any other capacity to facilitate, process, resell and conclude the order for the company or other vendors consumers, and renewable energy and energy efficiency related technology and businesses.
FBO Properties Sdn Bhd	Malaysia	100.00	Dormant (in midst of striking off)
Perfect Diamond Capital Sdn Bhd	Malaysia	100.00	Investment holding
EBF Land Sdn Bhd	Malaysia	100.00	Investment holding
FBO Land (Serendah) Sdn Bhd	Malaysia	100.00	Property investment
Rimaflex Sdn Bhd	Malaysia	100.00	Money lending and property investment
Exquisite Properties Sdn Bhd	Malaysia	100.00	Dormant
Meta Bright Sdn Bhd	Malaysia	100.00	To carry on the business of an investment company and for that purpose to acquire and hold either in the name of the company or in that of any nominee shares, stocks, debentures, debenture stock, bonds, notes, obligations and securities issued or guaranteed by any company wherever incorporate or carrying on business and debentures, debenture stock, bonds, notes, obligations and securities issued or guaranteed by any government, sovereign ruler, commissioners, public body or authority, supreme, dependent, municipal, local or otherwise in any part of the world

MBGB does not have any associate companies as at the LPD.



---

**INFORMATION ON MBGB (CONT'D)**


---

**6. PROFIT AND DIVIDEND RECORD**

The profit and dividend record of MBGB Group based on its audited consolidated financial statements for the past 3 financial years up to the FYE 30 June 2021 and the latest unaudited financial statements for 12-month FYE 30 June 2022 are as follows:-

	Audited			Unaudited
	12-month FYE 31 December 2018	12-month FYE 31 December 2019	18-month FYE 30 June 2021	12-month FYE 30 June 2022
	RM'000	RM'000	RM'000	RM'000
Revenue	21,305	18,074	20,899	25,750
PBT/(LBT)	(7,976)	(13,333)	(107,332)	6,424
PAT/(LAT) attributable to:-				
- Owners of the Company	(7,159)	(12,790)	(100,418)	3,989
- Non-controlling interest	-	-	-	-
Number of ordinary shares in issue ('000)	245,667	324,281	356,709	1,565,808
Basic EPS/(LPS) (sen)* <sup>1</sup>	(2.91)	(3.94)	(28.15)	(0.25)
Shareholders' fund/NA (RM'000)	175,979	168,549	71,253	161,496
NA per share (RM)* <sup>2</sup>	0.72	0.52	0.20	0.10
Current ratio (times)	1.32	1.25	0.73	1.65
Net dividend per share (sen)	-	-	-	-

**Notes:-**

\*<sup>1</sup> Computed based on the PAT/(LAT) attributable to owners of the company over the number of ordinary shares in issue for the respective FYEs.

\*<sup>2</sup> Computed based on the shareholders' fund/NA over the number of ordinary shares in issue for the respective FYEs.

Save as disclosed below, there were no exceptional items which affected the financial performance of the Group for the past 3 financial years up to the FYE 30 June 2021 and the latest financial result up to the 12-month FYE 30 June 2022:-

**(i) 12-month FYE 31 December 2018**

Fair value reduction adjustment of RM2.3 million and writeback in liquidated ascertained damages (LAD) provision of RM1.1 million.

**(ii) 12-month FYE 31 December 2019**

Fair value loss of RM2.5 million from the valuation of investment properties, impairment loss of RM1.1 million in hotel building, and increase in finance costs by RM2.6 million as a result of the cessation of capitalisation of finance costs in property development expenditure starting from January 2019 in accordance with the Group's accounting policy.

**(iii) 18-month FYE 30 June 2021**

Impairment loss of RM27.3 million in hotel building, fair value loss of RM20.0 million in investment properties, as well as writedown of RM43.9 million in property development costs in inventories to net realisable value following the Company's decision to put up the remaining land in Bandar Tasek Raja Project for sale instead of developing it.

---

**INFORMATION ON MBGB (CONT'D)**


---

**(iv) 12-month FYE 30 June 2022**

Reversal of impairment loss on the hotel of RM7.60 million.

**7. STATEMENT OF ASSETS AND LIABILITIES**

The statement of assets and liabilities of MBGB Group based on its latest audited statement of financial position as at 31 December 2019 and 30 June 2021 as well as its latest unaudited statement of financial position as at 30 June 2022 are set out below:-

	<b>Audited</b>		<b>Unaudited</b>
	<b>As at 31 December 2019 RM'000</b>	<b>As at 30 June 2021 RM'000</b>	<b>As at 30 June 2022 RM'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
PPE	104,829	70,798	92,705
Investment properties	82,592	62,594	62,594
Other investments	1,538	1,675	1,629
Financing receivables	-	4	15
<b>Total non-current assets</b>	<b>188,958</b>	<b>135,071</b>	<b>156,943</b>
<b>Current assets</b>			
Inventories	74,640	27,643	49,883
Tax assets	572	572	-
Financing receivables	-	5	39
Trade and other receivables	1,015	2,003	3,750
Deposits placed with licensed banks	4,628	4,311	5,173
Cash and bank balances	3,217	2,114	27,065
Contract assets	-	-	1,801
<b>Total current assets</b>	<b>84,071</b>	<b>36,648</b>	<b>87,713</b>
<b>TOTAL ASSETS</b>	<b>171,719</b>	<b>273,029</b>	<b>244,656</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	129,879	133,877	181,668
Other reserves	112,330	111,453	149,916
Accumulated losses	(73,659)	(174,077)	(170,088)
	168,549	71,253	161,496
Non-controlling interest	-	-	-
<b>Total equity</b>	<b>168,549</b>	<b>71,253</b>	<b>161,496</b>

---

**INFORMATION ON MBGB (CONT'D)**


---

	Audited		Unaudited
	As at 31 December 2019 RM'000	As at 30 June 2021 RM'000	As at 30 June 2022 RM'000
<b>Non-current liabilities</b>			
Lease payables	210	12	94
Term loans	25,995	46,523	21,272
Trade payables	-	-	2,800
Deferred tax liabilities	11,016	4,049	5,939
<b>Total non-current liabilities</b>	<b>37,221</b>	<b>50,584</b>	<b>30,106</b>
<b>Current liabilities</b>			
Lease payables	196	256	91
Term loans	3,388	1,956	-
Bank overdraft	29,770	7,755	720
Provisions for liabilities	1,812	1,812	1,812
Trade and other payables	28,113	35,099	24,502
Contract liabilities	3,979	3,004	25,930
<b>Total current liabilities</b>	<b>67,260</b>	<b>49,882</b>	<b>53,054</b>
<b>TOTAL LIABILITIES</b>	<b>104,480</b>	<b>100,466</b>	<b>83,160</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>273,029</b>	<b>171,719</b>	<b>244,656</b>

Save as disclosed below and as at the LPD, there is no known material change in the financial position of MBGB, subsequent to the latest audited consolidated financial statements for the FYE 30 June 2021:-

- (i) On 18 August 2020, MBGB had announced that its wholly-owned subsidiary, FBO Land, entered into a conditional sale and purchase agreement ("**DR SPA**") with IWSB, for FBO Land to purchase the Development Rights from IWSB for a purchase consideration of RM8.00 million. The DR SPA was completed on 21 October 2021;
- (ii) On 13 August 2021, the Company had successfully completed a share issuance of 64,856,312 new MBGB Shares at an issue price of RM0.1059 each which raised RM6,868,283;
- (iii) On 18 February 2022, the Company had completed a rights issue with warrants exercise following the listing and quotation of 1,144,241,731 rights shares at an issue price of RM0.07 each which raised RM80,096,921.17 and 728,901,982 warrants on the Main Market of Bursa Securities;
- (iv) On 8 August 2022, the Company had completed the BTRBP Acquisition following the issuance and allotment of the 381,538,461 Consideration Shares at an issue price of RM0.065 each as settlement for a total purchase consideration of RM24,800,000; and
- (v) On 30 September 2022, the Company had completed the Capital Reduction which entails the reduction from its share reserve account and share capital following the lodgment of the sealed court order of the High Court confirming the Capital Reduction with CCM on 30 September 2022.

---

**INFORMATION ON MBGB (CONT'D)**


---

**8. ACCOUNTING POLICIES**

The audited consolidated financial statements of MBGB for the past 3 financial years up to the FYE 30 June 2021, have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Act. There was no audit qualification for MBGB's financial statements for the respective years under review.

Save for the adoption of the MFRS on 1 January 2018 (with a transition date of 1 January 2017), there is no change in the accounting standards adopted by MBGB which would result in a variation in the comparable figures for the audited consolidated financial statements of MBGB for the past 3 financial years up to the FYE 30 June 2021.

**9. BORROWINGS**

As at 31 July 2022, which is not more than 3 months preceding the LPD, MBGB Group has total outstanding bank borrowings (excluding lease liabilities) of approximately RM22.18 million, all of which are interest bearing, as follows:-

	RM'000
<b>Short term borrowings</b>	
- Hire purchase payables	84
- Bank overdraft	763
	<b>847</b>
<b>Long term borrowings</b>	
- Hire purchase payables	89
- Term loan	21,371
	<b>21,460</b>
<b>Total borrowings</b>	<b>22,307</b>

**10. MATERIAL COMMITMENTS**

Save as disclosed below, there are no material capital commitments incurred or known to be incurred by MBGB Group as at the LPD that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial position or business of MBGB Group:-

	RM'000
Capital expenditure approved and contracted for:-	
- PPE	2,155
Capital expenditure approved and not contracted for:-	
- PPE	341

**11. CONTINGENT LIABILITIES**

As at the LPD, there are no contingent liabilities incurred or known to be incurred by MBGB Group that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial position or business of MBGB Group.

---

**INFORMATION ON MBGB (CONT'D)**


---

**12. MATERIAL LITIGATION**

As at the LPD, MBGB Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which may have a material effect on the financial position or business of MBGB Group and the Board confirms that there are no proceedings, pending or threatened, or of any fact likely to give rise to any proceedings, which may have a material impact on the financial position or the business of MBGB Group.

**13. MATERIAL CONTRACTS**

MBGB Group has not entered into any material contracts (not being contracts entered into the ordinary course of business) during the past 2 years before the commencement of the Offer Period and up to the LPD:-

- (i) On 18 August 2020, the Company had announced that its wholly-owned subsidiary, FBO Land, entered into the DR SPA with IWSB, for FBO Land to purchase the Development Rights from IWSB for a purchase consideration of RM8.00 million. The DR SPA was completed on 21 October 2021. For information purpose, the purchase consideration was fully settled on 21 February 2022;
- (ii) On 26 November 2020, the Company had entered into the settlement agreement with LCK, the Managing Director of the Company, to settle the debts owing by the Group to LCK. Under the agreement, RM10.99 million debts were to be settled via the issuance of 104,966,571 new Shares at an issue price of RM0.1047 each. LCK had vide the letter dated 26 February 2021 terminated the agreement;
- (iii) Deed poll dated 3 January 2022 constituting the Warrants; and
- (iv) Conditional sale and purchase agreement dated 18 March 2022 entered between FBO Land (a wholly-owned subsidiary of the Company), MBGB, Top Land Resources Sdn Bhd, Mentiga Development & Construction Sdn Bhd and LV pursuant to the BTRBP Acquisition. On 15 July 2022, the BTRBP SPA became unconditional following the fulfilment of the conditions precedent. On 8 August 2022, the Company had completed the BTRBP Acquisition following the issuance and allotment of the 381,538,461 Consideration Shares at an issue price of RM0.065 each as settlement for a total purchase consideration of RM24,800,000.

---

**FURTHER INFORMATION**


---

**1. DIRECTORS' RESPONSIBILITY STATEMENT**

The Board has seen and approved the contents of this IAC. The Board, collectively and individually accepts full responsibility for the accuracy and completeness of the information contained in this IAC and confirms that after making all reasonable enquiries and to the best of their knowledge, opinions expressed by the Non-Interested Directors in this IAC have been arrived at, after due and careful consideration and there are no other facts and/or information, the omission of which would make any information provided in this IAC relating to MBGB Group false or misleading or materially incomplete.

The responsibility of the Board in respect of:-

- (i) the information relating to the Ultimate Offeror, Offeror, PACs and the Offer (as extracted from the Offer Document and other publicly available information) is limited to ensuring that such information is accurately reproduced in this IAC; and
- (ii) the independent advice and expression of opinion by UOBKH in relation to the Offer as set out in **Part B** of this IAC are limited to ensuring that the accurate information provided by MBGB to UOBKH for its evaluation in respect of the Offer and to ensure all information in relation to MBGB Group that are relevant to UOBKH's evaluation of the Offer have been completely disclosed to UOBKH is accurate and that there are no material facts, the omission of which would make any information provided to UOBKH false or misleading.

**2. DISCLOSURE OF INTERESTS AND DEALINGS IN SECURITIES****2.1 By MBGB****(i) Disclosure of interests in the Offeror**

MBGB does not have any interest, whether direct or indirect, in any voting shares or convertible securities of the Offeror as at the LPD.

**(ii) Dealings in the securities of the Offeror**

MBGB has not dealt, directly or indirectly, in any voting shares or convertible securities of the Offeror during the period commencing 6 months before the commencement of the Offer Period and up to the LPD.

**(iii) Disclosure of dealings in MBGB**

MBGB has not dealt, directly or indirectly, in any of its own voting shares or convertible securities during the period commencing 6 months before the commencement of the Offer Period and up to the LPD.

**2.2 By the Directors of MBGB****(i) Disclosure of interests in the Offeror**

Save as disclosed below, the Directors of MBGB do not have any other interest, whether direct or indirect, in any voting shares or convertible securities of the Offeror as at the LPD:-

	Direct		Indirect	
	No. of shares in LV	%*	No. of shares in LV	%*
Dato' Lee	1	100.00	-	-

---

**FURTHER INFORMATION (CONT'D)**


---

**Note:-**

\* Computed based on 1 ordinary shares in LV in issue as at the LPD.

**(ii) Dealings in the securities of the Offeror**

The Directors of MBGB have not dealt, directly or indirectly, in any voting shares or convertible securities of the Offeror during the period commencing 6 months before the commencement of the Offer Period and up to the LPD.

**(iii) Disclosure of interest in MBGB**

Save as disclosed below, as at the LPD, none of the Directors of MBGB have any interest, whether direct or indirect, in any voting shares or convertible securities of MBGB:-

**MBGB Shares**

	Direct		Indirect	
	No. of Shares	%*	No. of Shares	%*
LCK	93,736,800	4.81	-	-
Dato' Lee	-	-	994,601,124 <sup>*1</sup>	51.07
Tan Chin Hong	-	-	18,333,928 <sup>*2</sup>	0.94
Ong Lu Yuan	1,198,800	0.06	-	-

**Warrants**

	Direct		Indirect	
	No. of Warrants	%^	No. of Warrants	%^
LCK	46,868,831	5.99	-	-
Dato' Lee	-	-	157,299,015 <sup>*1</sup>	20.09
Ong Lu Yuan	620,442	0.08	-	-

**Notes:-**

\* Computed based on 1,947,346,231 MBGB Shares in issue as at the LPD.

^ Computed based on 782,901,982 outstanding Warrants as at the LPD.

\*1 Deemed interested by virtue of Dato Lee's interest in LV pursuant to section 8 of the Act.

\*2 Indirect interest by virtue of his directorship and shareholding in Prestige Pavilion Sdn Bhd and Danhwa Holding Sdn Bhd, and deemed interest by virtue of shares held by his sister, Adeline Tan Wan Chen and his brother, Tan Chin Hao.

**(iv) Disclosure of dealings in MBGB**

Save as disclosed below, none of the Directors of the MBGB have dealt, directly or indirectly, in any voting shares or convertible securities of MBGB during the period commencing 6 months before the commencement of the Offer Period and up to the LPD:-

**MBGB Shares**

Name	Date	Nature of transaction	No. of Shares	Transacted price RM
Dato' Lee (dealt indirectly via LV)	08.08.2022	Other*	381,538,461	0.065
Dato' Lee (dealt indirectly via LV)	30.08.2022	Shares Acquisitions (vide direct business transactions)	369,120,100	0.070

---

**FURTHER INFORMATION (CONT'D)**


---

**Note:-**

\* *Being the Consideration Shares received by the Offeror pursuant to the BTRBP Acquisition*

**2.3 By persons with whom MBGB or any persons acting in concert with it has any arrangement**

As at the LPD, there is no person with whom MBGB or any persons acting in concert with it who has entered into an arrangement, including any arrangement involving rights over shares, any indemnity arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to voting shares or convertible securities of MBGB which may be an inducement to deal or to refrain from dealing.

**2.4 By persons with whom MBGB or any persons acting in concert with it has borrowed or lent**

As at the LPD, there is no person whom MBGB or any persons acting in concert with it has borrowed or lent any voting shares or convertible securities of MBGB.

**2.5 By UOBKH and funds whose investments are managed by UOB Kay Hian Holdings Limited, being the holding company of UOBKH, and its subsidiaries, on a discretionary basis ("Discretionary Funds")**

**(i) Disclosure of interest in MBGB**

As at the LPD, UOBKH and the Discretionary Funds do not have any interest, direct or indirect, in any voting shares or convertible securities of MBGB.

**(ii) Disclosure of dealings in MBGB**

UOBKH and the Discretionary Funds have not dealt, directly or indirectly, in any voting shares or convertible securities of MBGB during the period commencing 6 months before the commencement of the Offer Period and up to the LPD.

**3. ARRANGEMENT AFFECTING THE DIRECTORS**

- (i) As at the LPD, no payment or other benefit will be made or given to any Director of MBGB as compensation for loss of office or otherwise in connection with the Offer.
- (ii) As at the LPD, save for the LCK Undertaking, there is no agreement or arrangement between any Director of MBGB and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the outcome of the Offer.
- (iii) As at the LPD, the Ultimate Offeror, Offeror or the person(s) acting in concert with them has not entered into any material contract in which any Director of MBGB has a material personal interest.

**4. SERVICE CONTRACTS**

Neither MBGB nor its subsidiaries have any service contracts with any Directors or proposed Directors, which have been entered into or amended within 6 months before the commencement of the Offer Period or which are fixed term contracts with more than 12 months to run.

For the purpose of this section, the term "service contracts" excludes those contracts expiring or determinable by MBGB or its subsidiaries without payment of compensation within 12 months from the date of this IAC.



---

**FURTHER INFORMATION (CONT'D)**


---

**5. CONSENTS**

UOBKH, Malacca Securities, CBRE WTW and Rahim & Co, have given and have not subsequently withdrawn their written consents to the inclusion of their names and all references thereto in the form and context in which they appear in this IAC.

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of MBGB at 12th Floor, Menara Symphony, No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, during normal business hours (9.00 a.m. to 5.00 p.m.) between Mondays to Fridays (except public holidays) from the date of this IAC up to and including the Closing Date:-

- (i) the Constitution of MBGB;
- (ii) the audited consolidated financial statements of MBGB for the past 3 financial years up to and including the FYE 30 June 2021 and the latest unaudited consolidated financial statements of MBGB for the 12-month FYE 30 June 2022;
- (iii) a copy of the Notice dated 30 August 2022;
- (iv) the valuation reports issued by the Valuers;
- (v) a copy of the letter from the SC dated 10 October 2022 notifying it has no further comments on this IAC;
- (vi) the letters of consent referred to in **Section 5, Appendix II** of this IAC;
- (vii) the LCK Undertaking letter dated 30 August 2022; and
- (viii) the material contracts referred to in **Section 13, Appendix I** of this IAC.

<b>THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK</b>
--