

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

SUMMARY NOTIFICATION OF THE INDEPENDENT ADVICE CIRCULAR TO THE HOLDERS OF META BRIGHT GROUP BERHAD (FORMERLY KNOWN AS EASTLAND EQUITY BHD) ("MBGB" OR THE "COMPANY") DATED 11 OCTOBER 2022 ("IAC"), COMPRISING THE LETTER FROM THE BOARD OF MBGB (AS SET OUT IN PART A OF THE IAC) AND THE INDEPENDENT ADVICE LETTER FROM UOB KAY HIAN SECURITIES (M) SDN BHD ("UOBKH") (AS SET OUT IN PART B OF THE IAC), IN RELATION TO THE:-

UNCONDITIONAL MANDATORY TAKE-OVER OFFER BY LEADING VENTURES SDN BHD ("OFFEROR") THROUGH MALACCA SECURITIES SDN BHD TO ACQUIRE ALL THE REMAINING OFFER SECURITIES (AS DEFINED HEREIN) NOT ALREADY OWNED BY DATO' LEE WAI MUN ("ULTIMATE OFFEROR"), OFFEROR AND PERSON(S) ACTING IN CONCERT WITH THEM FOR THE OFFER PRICE (AS DEFINED HEREIN)

Dear Holders of the Offer Securities,

On 30 August 2022, Malacca Securities Sdn Bhd ("**Malacca Securities**") had, on behalf of the Offeror, served a notice on the Board of Directors of MBGB ("**Board**"), informing the Board of the unconditional mandatory take-over ("**Offer**") by the Offeror to acquire:-

- (i) all the remaining ordinary shares in MBGB ("**MBGB Share(s)**" or "**Share(s)**") not already owned by the Ultimate Offeror, Offeror and persons acting in concert with them ("**PACs**"), as well as such number of new MBGB Shares that may be issued and allotted prior to the closing date of the Offer 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 ("**Share Offer Price**"); and
- (ii) all the remaining Warrants which are not already owned by the Ultimate Offeror, Offeror and PACs ("**Offer Warrant(s)**") for a cash consideration of RM0.005 per Offer Warrant ("**Warrant Offer Price**"). For information purpose, 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.

Any reference to "**Offer Securities**" hereinafter shall mean Offer Share(s) and/or Offer Warrant(s) as the case may be. Any reference to "**Offer Price**" hereinafter shall mean the Share Offer Price and/or Warrant Offer Price, as the case may be.

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.

On 5 September 2022, pursuant to paragraph 3.06 of the Rules on Take-overs, Mergers and Compulsory Acquisitions ("**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.

An IAC in relation to the Offer has 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?keyword=&cat=CS%2CCSCO&sub_type=&company=2097&mkt=&alph=&sec=&subsec=&dt_ht=&dt_lt=. You may request a copy of the printed IAC from our Share Registrar, Boardroom Share Registrars Sdn Bhd via the contact details as follows:-

Boardroom Share Registrars Sdn Bhd

Registration No. 199601006647 (378993-D)

Address : 11th Floor, Menara Symphony
No.5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
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Tel : 603-7890 4700

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SALIENT INFORMATION OF THE IAC

(Unless otherwise defined in this notification, capitalised terms used herein without definition shall have the meaning assigned to them in the IAC dated 11 October 2022)

1. FAIRNESS OF THE OFFER**Valuation of MBGB Shares**

The principal activity of MBGB is investment holding. Through its subsidiaries, MBGB is involved in investment holding, money lending, hotel operations, investment in properties, property investment, property development, accommodation booking services and for order of goods or products via mobile application. In addition, the Company had also diversified its principal activities to include renewable energy and energy efficiency related technology and businesses ("**Energy Related Business**"), which was approved by the shareholders of MBGB at an extraordinary general meeting on 15 July 2022.

The key business segments of MBGB Group are segmented as follows:-

Hospitality	Operation of the Grand Renai Hotel in Kota Bharu, Kelantan
Investment properties	Operation of the Kota Sri Mutiara Complex (shopping mall component only) in Kota Bharu, Kelantan
Property development	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
Others	Leasing and financing, and investment holding

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 FYE 30 June 2022, save for the Hospitality segment which recorded a PAT in the latest FYE 30 June 2022. Further, based on discussion with the management, UOBKH is 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. UOBKH noted that no dividend was declared by the Company for the past 3 financial years up to the FYE 30 June 2022.

MBGB Group has significant investments in property assets which constitute approximately 67.45% of the Group's total assets as at 30 June 2022.

In this respect, UOBKH has adopted the RNAV method (asset-based approach) as the most appropriate valuation methodology to arrive at the fair value of MBGB Shares.

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.

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:-

	RM'000
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
RNAV of MBGB Group	190,598
No. of Shares in issue as at the LPD ('000)	1,947,346
RNAV per MBGB Share (RM)	0.098

Note:-

* UOBKH 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, namely the issuance of Consideration Shares pursuant to BTRBP Acquisition which was completed on 8 August 2022.

The Share Offer Price represents a **discount** of RM0.028 or 28.57% to the RNAV per MBGB Share of RM0.098

Valuation of MBGB Warrants

In arriving at the valuation for the Warrants, UOBKH has analysed the "see-through" price of the Warrants. 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, UOBKH 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**.

Further, UOBKH has derived the valuation for Warrants based on trinomial option pricing model using Bloomberg. 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, UOBKH has computed the theoretical value of the MBGB Warrants in the following manner:-

	RM	
- Intrinsic value	-	A
- Time value	0.0633	B
Theoretical value of Warrants	0.0633	A + B

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

UOBKH is of the view that the Offer is **NOT FAIR** after taking into consideration the following:-

Offer Shares	The Share Offer Price represents:- (a) a discount of 28.57% to the RNAV of MBGB Share of RM0.098; (b) 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) 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.
Offer Warrants	The Warrants Offer Price represents:- (a) a discount of 92.10% to the theoretical value of MBGB Warrants of RM0.0633; (b) 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) a discount ranging from 87.50% to 87.71% 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.

2. REASONABLENESS OF THE OFFER

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.

3. CONCLUSION AND RECOMMENDATION

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.

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_depository_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 THEREIN BEFORE TAKING ANY ACTION. IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN IN RELATION TO THE OFFER, PLEASE CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143) /SSM PC No. 202008001023
Company Secretary

Selangor Darul Ehsan
11 October 2022