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PRESS RELEASE

AS PART OF ITS ONGOING MULTI-YEAR TRANSFORMATION INITIATIVE, META BRIGHT'S PROPERTY DEVELOPMENT DIVISION PROPOSES TO ACQUIRE READY-MIX CONCRETE MANUFACTURING BUSINESS IN SABAH VIA PROPOSED DIVERSIFICATION TO INCLUDE MANUFACTURING, TRADING AND SUPPLYING OF BUILDING MATERIALS

- *The proposed acquisition entails an acquisition of 2.5 million shares, representing a 70% stake in Expogaya Sdn. Bhd., a leading industry player based in Sabah.*
- *Pursuant to the proposed acquisition, Meta Bright would expand upstream, i.e. participation in the project development supply chain as part of its proposed diversification into the manufacturing, trading and supplying of building materials, including cement and ready-mix concrete.*
- *This paves the way for Meta Bright to become an integrated player while remaining competitive in the property development business sector via this vertical merger and acquisition ('M&A') move.*
- *Expogaya Sdn. Bhd. is a market leader in supplying the Sabah construction sector and the proposed acquisition will establish Meta as a significant vertically integrated player in the industry.*

Kuala Lumpur, Friday, 27th October 2023 – Meta Bright Group Berhad (“Meta Bright” or “the Group”) is pleased to announce its proposed acquisition of the eventual 70% equity interest in Expogaya Sdn. Bhd. (“EXPO”) for RM28.04m. The EXPO group of companies is primarily involved in the manufacturing, trading and supplying of ready-mix concrete with EXPO's 16 batching facilities strategically located near major hubs of construction activity in Sabah.

Completion of the proposed acquisition would expand Meta Bright's presence upstream in the construction sector, as part of the Group's proposed diversification of its business activities to include manufacturing, trading and supply of building materials including cement, ready-mixed concrete and its related products as well as provision of related services including transportation services and equipment rental. Via EXPO's other subsidiaries and associate companies that manufacture and/or

supply other building materials such as cement sand brick, sand, and stone, the proposed acquisition would transform the Group into a significant vertically integrated player in the broader construction sector. With this vertical M&A move, Meta's property development business division is also able to secure access to reasonably priced materials for its activities, thereby remaining competitive.

The proposed acquisition entails a subscription of 0.5 million new shares which will be settled via a cash consideration of RM5 million and acquisition of 2.02 million existing EXPO shares valued at RM23 million settled through issuance of 98 million new ordinary shares in Meta Bright at RM0.234 each, based on an approximate 10% discount to Meta Bright's 5-day volume weighted average share price as of the last practicable date. The cash consideration will be fully settled via internally generated funds as Meta's audited cash and cash equivalents stood in excess of RM30m as of 30 June 2023.

Based on the acquisition price and pro-rating the RM30m profit guarantee over its period of 5 years, the implied price-earnings ("P/E") multiple is 6.7 times, significantly lower than the double-digit multiples of listed companies with comparable business activities and market capitalisation, in the range of 25 to 55 times, and also Meta Bright's own P/E multiple. As such, despite the dilutive effect of issuing an additional c4% of new shares on top of existing, the overall transaction is expected to be value accretive to Meta Bright's shareholders. The implied price-to-book multiple is 1.3 times based on unaudited consolidated net assets as of 30 June 2023 which is also reasonable to that of comparable listed companies.

Upon completion of the proposed acquisition, Meta Bright's majority 70% stake in EXPO will be accompanied by the 30% that remains directly held by Mr. Chan Ket Keong, the founder and CEO of EXPO. Mr. Chan will continue to oversee the overall growth and strategy of EXPO post-acquisition by Meta Bright. He will be assisted by the Group's Executive Directors i.e., Dato' Lee Wai Mun and Mr Lee Chee Kiang to further expand the business. With their extensive network in the industry, the proposed acquisition is expected to yield positive synergistic results.

Derek Phang Kiew Lim, Executive Director of Corporate & Strategic at Meta Bright, expressed his excitement about the acquisition, saying, "This acquisition is part of our longer-term strategy to transform the Group into one with sustainable earnings. It is a game changing move for our property development division. We acknowledge that our historical property development activities may be seen by some as sub-scale in comparison to other well-known listed players, with project-based earnings being lumpy and less predictable as a result. The recent effects of COVID on the sector, and the varying recovery rates of different property segments post-COVID only reinforces such thinking. By becoming a vertically integrated player in the broader construction sector, Meta Bright will have a capital-efficient avenue of participating in property development with a more predictable, smoother growth trajectory. Further, bringing EXPO under Meta Bright's umbrella will secure the Group with a steady, reliable source of earnings tracking the construction sector's overall recovery and growth. This is a result of Mr. Chan's leadership, under which EXPO's cost-efficient, geographically distributed operations have propelled them into the position of being one of the market leaders in supplying Sabah's overall construction industry. As such, it is not tied to the performance of a specific market segment. Meta Bright's existing property development activities also stands to benefit from securing access to EXPO's reasonably priced building materials, thereby remaining competitive especially when construction demand picks up the future."

Derek continued, "Given that a strategic move of this type was already under consideration since 2021, we are doubly pleased that our proposed acquisition coincides with the recently tabled Budget, where Sabah will be allocated a development budget of RM 6.6 billion in 2024. This compliments the autonomy Sabah was also recently granted, for the state authorities to independently implement development projects with a value below RM50 million. In addition, Sabah Development Bank Berhad (SDB) and

Bank Pembangunan Malaysia Berhad (BPMB) have also signed a Strategic Cooperation Framework Agreement earlier this month to jointly fund targeted development projects in Sabah for up to a total of RM12 billion. With these developments validating the team's strategic foresight behind the corporate exercise, Meta is confident that demand for EXPO's products is set to rise. Moreover, with our larger combined network, EXPO is expected to capture more of Sabah's existing and future construction demand, cementing its position amongst the largest ready-mix concrete manufacturer in the state."

"The possibility of replicating EXPO's modularized operations further afield is certainly a consideration. For example, implementation of Sarawak-Sabah Link Road project Phase 2, commencing end-2023, will greatly improve the ease of logistics between the two states, opening the possibility of penetrating the Sarawakian market. Meta's established Semenanjung presence could also potentially help with any of EXPO's expansion in that direction, if a suitable entry point is identified. However, longer-term plans are still under discussion, given the ongoing exercise." concluded Derek.

End of Press Release

ABOUT META BRIGHT GROUP BERHAD

Meta Bright Group Berhad ("Meta Bright") and its subsidiaries (collectively "the Group"), is involved in the hospitality business with the renowned four-star hotel Grand Renai in Kelantan. The Group is also involved in investment properties and property development, currently focusing on it's Damai Project in Sabah. In addition, the Group has recently diversified into the energy industry as a Registered Solar PV Investor (RPVI), and the financing and leasing business, aligning with its strategy to enter into sustainable business activities to further grow the Group. This diversification follows the successful turnaround of the Group's existing hospitality businesses, as a result of new management's relevant business expertise. The Group will continue to build on their core competencies while actively exploring various profitable business adjacencies to strengthen the Group's earnings.

For more information, visit <https://www.mbgb.my/>

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