

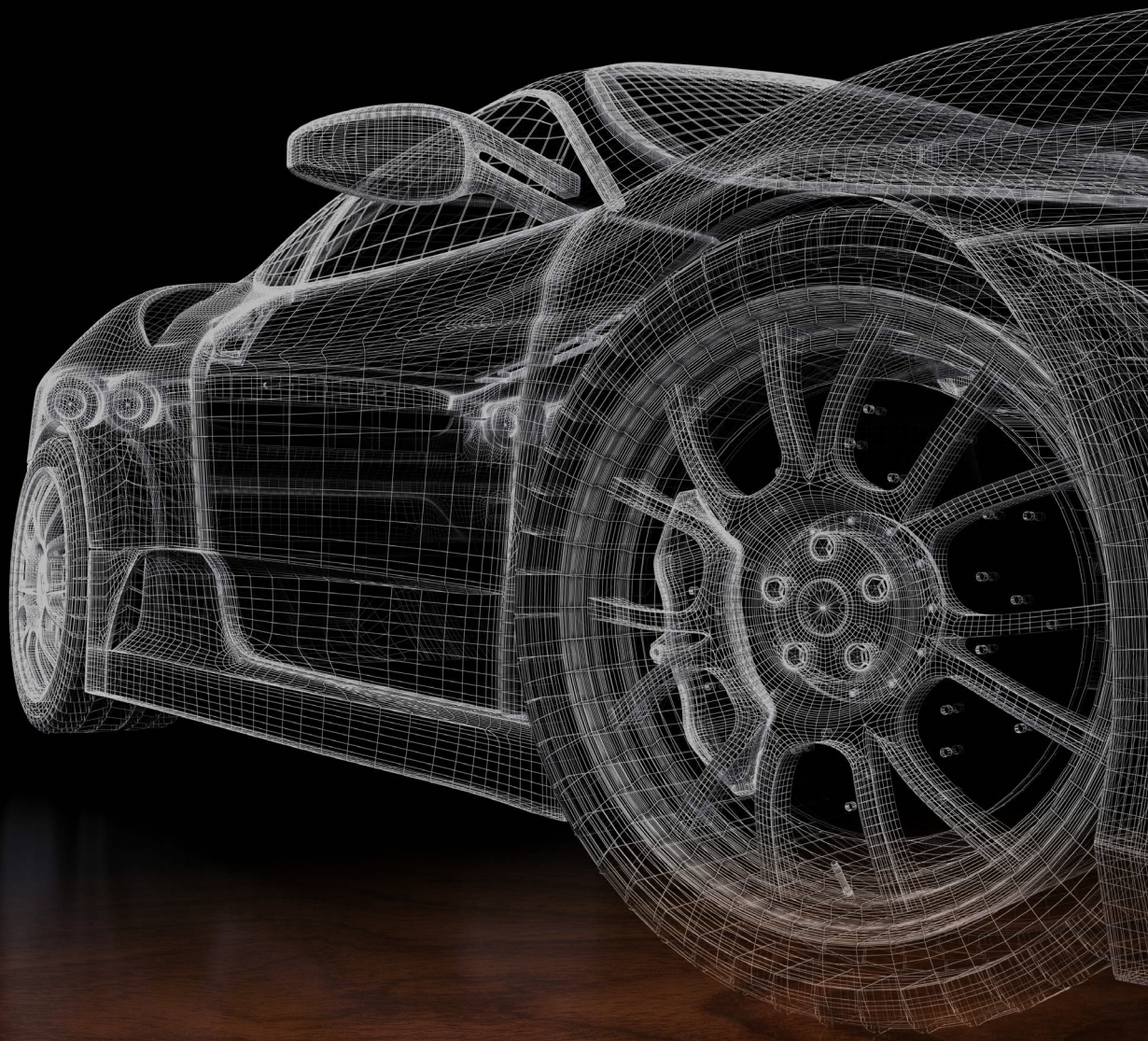
ENHANCING CAPABILITIES DEVELOPING POTENTIAL



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This annual report has been prepared by the Company and its contents have been reviewed by the Sponsor, UOB Kay Hian Private Limited ("Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this annual report. The contact person for the Sponsor is Mr Lance Tan, Senior Vice President at 8 Anthony Road, #01-01, Singapore 229957, telephone: +65 6590 6881.



CORPORATE PROFILE

MEGROUP LTD. (“**MEGROUP**” OR THE “**COMPANY**”, AND TOGETHER WITH ITS SUBSIDIARIES, THE “**GROUP**”) IS A MALAYSIAN-BASED AUTOMOTIVE COMPANY INVOLVED IN THE MANUFACTURING OF NOISE, VIBRATION AND HARSHNESS (“**NVH**”) AND NON-NVH COMPONENTS FOR THE AUTOMOTIVE INDUSTRY, AND THE OPERATION OF AUTOMOBILE DEALERSHIPS IN MALAYSIA.

The Manufacturing business segment specialises in manufacturing NVH components such as headliners and engine outers which are incorporated into various parts of automobiles, including the ceiling, dashboard, hood and boot, as well as non-NVH components such as parcel trays and board assembly decks. The Dealership business comprises several 3S and 4S automobile dealerships for the sale of new automobiles with brands such as Ford, Honda, Hyundai, Mazda, Mitsubishi, Peugeot, and Proton. These Dealerships are owned and operated by MeGroup.



MANUFACTURING

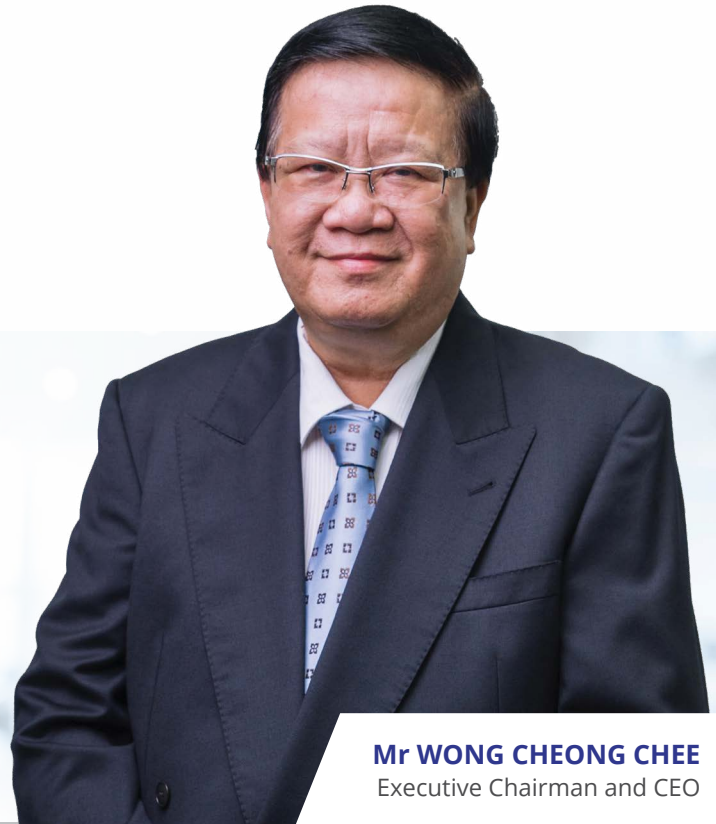


DEALERSHIP



CHAIRMAN'S MESSAGE

"CONFRONTED WITH UNCERTAINTY, THE GROUP STAYED BUOYANT AND HAD SUCCESSFULLY NAVIGATED ITS WAY THROUGH THE HEADWINDS. EVEN THOUGH WE HAD TO STOP OPERATIONS FOR A PERIOD OF TIME, WE BOUNCED BACK QUICKLY AS SOON AS WE ENTERED PHASE 2 OF THE RECOVERY PLAN."



Mr WONG CHEONG CHEE
Executive Chairman and CEO

DEAR SHAREHOLDERS,

I am pleased to present MeGroup Ltd.'s annual report for the financial year ended 31 March 2022 ("FY2022").

The past year presented another year of operational challenge as the pandemic continued its widespread infection. With no foreseeable reprieve, the Malaysian government implemented additional nationwide Movement Control Orders (MCO) from 12 May 2021 to curb infection rates while encouraging Malaysians to receive their vaccination and booster shots. As daily new cases exceeded 5,000, the Malaysian government had decided to maintain a total lockdown on all social and economic sectors indefinitely. During this period, restrictions were imposed on all activities including the temporary closure of all businesses except those which provided essential services and products.

On 10 September 2021, the state of Selangor finally saw the easing of restrictions and entered Phase 2 of the National Recovery Plan (NRP). The NRP is a four-phase plan to progressively reopen the Malaysian economy as the country transits to an endemic COVID-19 situation.

Despite the temporary standstill in our Manufacturing and Dealership operations during the lockdown period, we were still able to make headway in both segments. Additionally, the Group has amended its human resource policy to ensure an unbiased work environment with equal opportunities regardless of gender and orientation. Through this, we hope that MeGroup will become an all-inclusive, conducive and forward-thinking company that recognises talent and hard work.

MANUFACTURING

As the Manufacturing business had to halt operations during the MCO, we decided to use this downtime to install solar panels in our main manufacturing facility. This initiative effectively reduces our carbon footprint and overhead expenses by tapping on solar energy. We are committed towards driving a sustainable and environmentally friendly manufacturing process, aligning ourselves with Malaysia's pledge to the Paris Agreement to be carbon neutral by 2050.

We also took this opportunity to convert a second manufacturing line into a fully automated system. This was completed in May 2022. We will also be looking to further

automate other manufacturing systems in our facility to achieve an Industrial 4.0 status in our production lines. Furthermore, we will be exploring opportunities to expand our Enterprise Resource Planning system to the warehouse by end 2023.

The Group recently invested in a small foaming line in the main manufacturing facility to produce polyurethane-related foam products for our customers. With the addition of this line, the Manufacturing business will be able to further diversify its product portfolio and provide value-added services to its existing customers.

Following the move of our components assembly line to Kulim Hi-tech Park in Kedah, we decided to set up a new facility in the same industrial park. This new facility, the Northern Manufacturing Hub, will see the expansion of the business' components manufacturing line that also includes the existing components assembly line. Committing to sustainability initiatives, the Northern Manufacturing Hub will allocate at least 15% of its land area to greenery, which the Group hopes will reduce any carbon emissions generated at the Kulim facility.

DEALERSHIP

After the successful commencement of our first Mitsubishi outlet, we were awarded operating rights for a second outlet which began operations in May 2021. Additionally, the new Honda Kuala Selangor outlet has been contributing positively to the Group as its bigger facility is able to take on more customers for after-sales services.

In June 2021, we were awarded our first Proton dealership and we are pleased to say that it has achieved 4S status in March 2022.

The Group currently operates 11 dealership outlets under seven brand principals – Ford, Honda, Hyundai, Mazda, Mitsubishi, Peugeot and Proton.

IN APPRECIATION TO THE MEGROUP TEAM AND OUR SHAREHOLDERS

Confronted with uncertainty, the Group stayed buoyant and had successfully navigated its way through the headwinds. Even though we had to stop operations for a period of time, we bounced back quickly as soon as we entered Phase 2 of the recovery plan.

The second half of our financial year saw a significant uplift in dealership sales and manufacturing demands from our customers. We believe that this demand will continue as the economy recovers with the Group slowly regaining its footing in the automotive industry.

We would like to thank the Board for their continued counsel and guidance towards the Group, and extend our appreciation to the MeGroup team for their steadfastness and hard work during this difficult period.

Most importantly, our deepest appreciation goes out to our shareholders, for standing by us in tough times and for their continued loyalty and support.

As Malaysia enters the endemic phase and begins its path of economic recovery, we will also keep a look out for other suitable opportunities in both the Manufacturing and Dealership businesses to create a diversified income stream for the Group and generate returns to our shareholders.

Yours sincerely,

Wong Cheong Chee
Executive Chairman and CEO

BUSINESS SEGMENTS

MANUFACTURING

The Group operates two plants comprising the Main Manufacturing Plant and the Thermobonded Felt Plant, in the Balakong area in Klang Valley of central Selangor, Malaysia. It is currently in the process of constructing a new manufacturing facility in Kulim Hi-tech Park, which will see the expansion of MeGroup's manufacturing line.

Installation works of the solar panels on the roof of the Main Manufacturing Plant was completed in December 2021 and it is currently pending activation of the solar power meter by the Energy Commission of Malaysia. The Manufacturing business' overhead expenses as well as its overall carbon footprint are reducing, thereby aligning itself with Malaysia's pledge of achieving net-zero emissions by 2050.

The Group's Manufacturing business manufactures NVH and non-NVH components primarily for the automotive industry in Malaysia. Incorporated into various parts of an automobile, its NVH components include, but are not limited to, headliners and engine insulation inners and outers. Its non-NVH components include parcel trays and board assembly decks.

In addition, MeGroup also manufactures a variety of Thermobonded Felts with a range of NVH properties that are used in the manufacturing of its NVH and non-NVH products.

The Group's products are developed and tailored to each customer's car marque and are usually supplied for the entire lifecycle of the car model. Today, MeGroup is an Approved Supplier for several major automobile makers in Malaysia.

It is also an Approved Supplier to a global air-conditioning manufacturer, where the Group began supplying products to since January 2019.



RESEARCH AND DEVELOPMENT CAPABILITIES

On top of performing sound tests on its products, the R&D lab is also able to conduct several other stress tests such as tensile and bending strength; flame/fire properties; cold, heat and water resistance; and peeling and shearing tests. MeGroup has its own research and development (R&D) lab to enhance and ensure quality control for all its product offering.



THERMOBONDED FELT

MeGroup's Thermobonded Felts are made from a mixture of Thermoplastic Fibres and Non-Thermoplastic Fibres which are bonded together by the application of thermal heat. By varying the composition of the Fibres, the Group is able to produce Thermobonded Felts with a range of properties to meet each customer's specific NVH requirements.

NVH COMPONENTS AND NON-NVH COMPONENTS



1. Engine compartment insulation

A range of engine compartment insulation components such as hood insulators and dash outer insulators. These components are incorporated into the hoods and engine casings of automobiles to reduce sound emission, vibrations, and heat generated from the engine into the environment and interior cabin of the automobile.

2. Under-body shielding systems

Under-body shielding systems are incorporated into the undercarriage of automobiles to provide insulation from external noise and vibrations to the interior cabin. Under-body shielding systems also influence the aerodynamic performance of an automobile.

3. Interior system insulation

Interior system insulation components such as inner dash systems and headliners are incorporated in the automobiles to insulate the cabin.

4. Trunk systems

MeGroup manufactures trunk systems such as trunk floor and trunk side liners in a variety of coverings. The trunk systems are used to line the boots of an automobile.

BUSINESS SEGMENTS

DEALERSHIP

MeGroup's first Proton outlet commenced its 3S operations in January 2022 and was later began its 4S services in March 2022. The Proton outlet is currently the Group's largest dealership facility, where it is located on a two-acre plot of land in Telok Panglima Garang, Selangor.

Additionally, a second Mitsubishi outlet in Bandar Bukit Raja commenced operations in April 2021 and has started contributing revenue to the Group. The new Honda Kuala Selangor outlet is also performing well and generating healthy revenue for MeGroup.

The Group now has 11 operating dealerships under seven brands – Ford, Honda, Hyundai, Mazda, Mitsubishi, Peugeot, and Proton. It continues to offer Mobility-as-a-Service through Flux, a car leasing platform, to capitalise on any unsold inventory.

A 3S DEALERSHIP

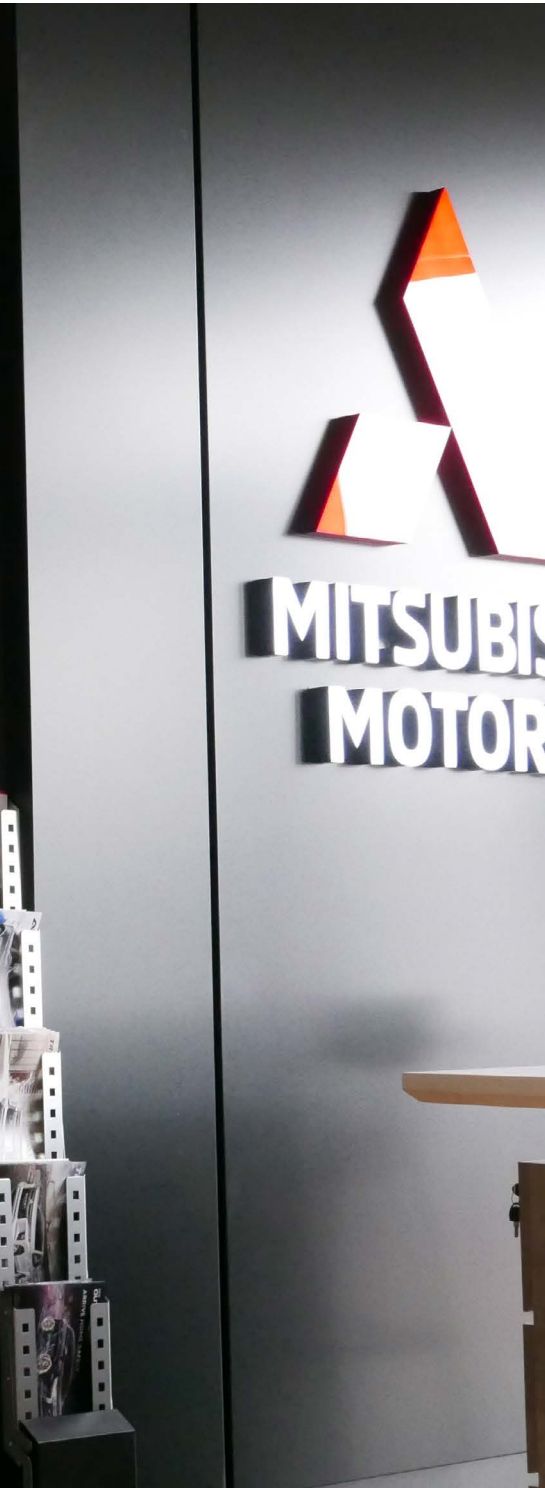
- 1S** Sale of new automobiles
- 2S** Provision of after-sales services
- 3S** Sale of automobile parts and accessories



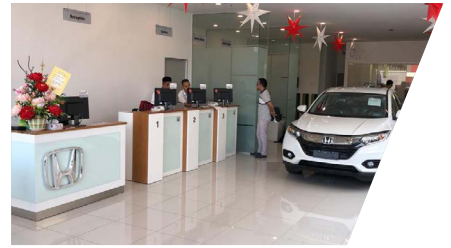
A 4S DEALERSHIP

- 4S** Automobile body paintwork and collision repair services





HONDA 4S DEALERSHIP
Cheras



HONDA 3S DEALERSHIP
Kuala Selangor



FORD 3S DEALERSHIP
Shah Alam



HYUNDAI 3S DEALERSHIP
Klang



PEUGEOT 4S DEALERSHIP
Kajang, Seremban and Setia Alam



MITSUBISHI 3S DEALERSHIP
Kuala Selangor and Bandar Bukit Raja

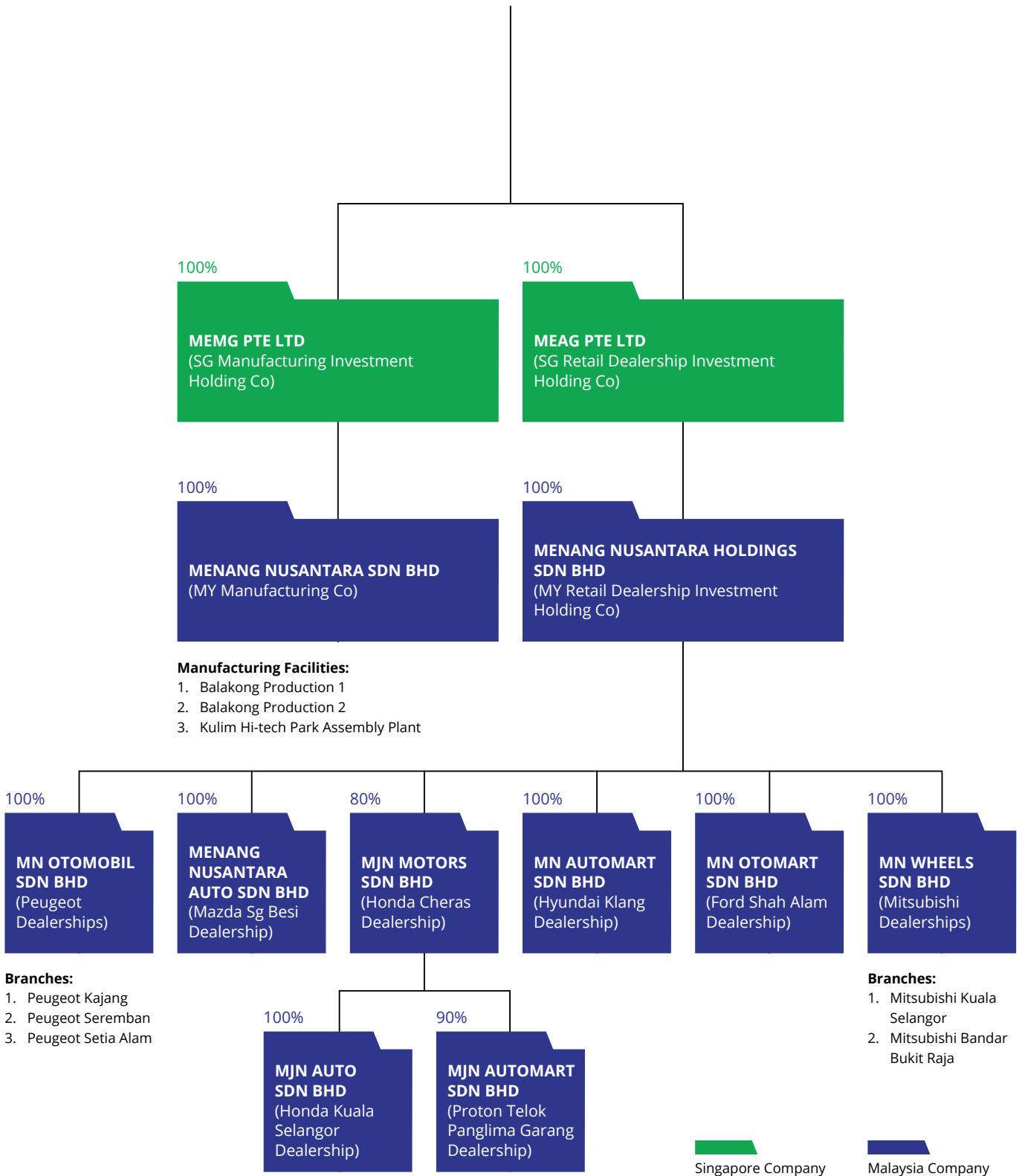


PROTON 4S DEALERSHIP
Telok Panglima Garang



MAZDA 4S DEALERSHIP
Sungai Besi

CORPORATE STRUCTURE



CORPORATE MILESTONES

2022

- Appointed by Honda Malaysia to be an authorised used car dealer
- Sets up a new manufacturing facility in Kulim Hi-tech Park

2021

- Awarded 2nd Mitsubishi 3S dealership at Bandar Bukit Raja
- Awarded 1st Proton 4S dealership at Telok Panglima Garang
- Embarked on solar power integration in manufacturing plant

2020

- Awarded 1st Mitsubishi 3S dealership at Kuala Selangor
- Completed construction of sound test lab
- Secured new manufacturing projects with Mitsubishi, Peugeot and Toyota

2019

- Completed acquisition of MJN Motors Sdn. Bhd.
- Secured new manufacturing project with a major carmaker
- Began supplying NVH components to Johnson Controls Hitachi
- Awarded 1st Hyundai 3S dealership at Klang
- Awarded 1st Ford 3S dealership at Shah Alam

2018

- Received approval to upgrade 3S Honda dealership at Cheras to offer 4S services
- Launched 2nd 3S Honda dealership at Kuala Selangor
- Approved Supplier for Johnson Controls Hitachi
- Listed on the Singapore Exchange on 31 Oct
- Awarded 3rd Peugeot 3S dealership at Setia Alam

2017

- Re-located Thermobonded Felt line to avoid disruption risk
- Launched 2nd Peugeot 3S dealership at Seremban
- Launched 1st 3S Honda dealership at Cheras

2016

- Fire at Main Manufacturing Plant in August – successfully returned to full capacity in Q4

2015

- Launched 1st Peugeot 4S dealership at Kajang
- Approved Supplier for Mazda
- Accredited with ISO14001:2004 certification for environmental management systems

2014

- ISO/TS 16949:2009 certification for quality management system
- Entered into Technical Assistance Agreement with Hirofani Co Ltd

2013

- Established Thermobonded Felt line at Main Manufacturing Plant

2012

- Launched 1st Mazda 3S dealership at Sungai Besi

2011

- Enrolled into Kaizen programme to further improve manufacturing process

2008

- Re-located to current facility to keep up with growing demands of the Group's products

2004

- Approved Supplier of Ford, Mazda and Nissan
- Group's first foray into international export Market

2001

- ISO 9002 certification for manufacturing interior parts for NVH insulations

2000

- Qualified as an Approved Supplier of Perodua began supplying NVH and non-NVH parts for their vehicles

1999

- Expanded manufacturing capacity with increased demand of NVH and non-NVH components
- Re-located to a larger facility
- Executive Chairman and CEO, Mr Wong Cheong Chee, became majority shareholder

1995

- Founded on 30 March 1995 and operated out of a shophouse in Balakong
- Manufactured carpet flooring and other NVH parts for Proton's vehicles

BOARD OF DIRECTORS



Mr WONG CHEONG CHEE
Executive Chairman and CEO and
Non-Independent Director

Mr Wong Cheong Chee is the Executive Chairman, CEO and Non-Independent Director of the Group. He was appointed to our Board on 26 September 2018.

He has more than 40 years of experience in the manufacturing industry. Prior to his involvement with the Group, he was one of the founders of Paragon Union Berhad, a company listed on Bursa Malaysia in the business of manufacturing and distributing automotive components (including commercial carpets and NVH interior and insulator trims). Mr Wong is responsible for the Group's overall management and operations, including formulating our Group's strategic direction and expansion plans for both the Group's Manufacturing and Dealership businesses and has been instrumental in our Group's growth, leading to the expansion of our Manufacturing business and operations. Mr Wong graduated from the University of Malaya with a degree in Mechanical Engineering in 1970.



Ms WONG KEAT YEE
Executive Director

Ms Wong Keat Yee is the Executive Director, Non-Independent Director and Head of Operations, Manufacturing of the Group.

She was appointed to our Board on 26 September 2018. She is responsible for the overall operations of our Manufacturing Business, including overseeing the Group's human resources, purchasing and procurement departments. Ms Wong is also responsible for our Manufacturing Business' supply chain strategy. Ms Wong has been with our Group since 2001, and joined as an executive in the production and planning department of the Manufacturing Business. During her time with the Group, Ms Wong spearheaded the Group's efforts to obtain the ISO 9002 accreditation in 2001 and the ISO/TS 16949:2009 accreditation in 2014 and oversaw the revamp of the Group's purchasing department and the Group's production department. She also pioneered the Group's Kaizen initiatives and is the chairperson of the Group's Kaizen and 5S practice committees. She has 21 years' experience in the industry and is a graduate from the South Australian Matriculation pre-university program conducted by Taylor's College, Malaysia in 1998.



Mr CHEE TECK KWONG PATRICK
Lead Independent Director

Mr Chee Teck Kwong Patrick is the Lead Independent Director of the Group. He was appointed to our Board on 26 September 2018.

Mr Chee holds a Bachelor of Law (Hons) Degree from the University of Singapore and is an Advocate and Solicitor of the Supreme Court of Singapore and a Solicitor of the senior courts of England and Wales. Mr Chee has been in private legal practice since 1980 and is now a Senior Legal Consultant with Withers Khattarwong LLP, an international law firm. His areas of practice are corporate and commercial matters, banking and finance, cross-border joint ventures and investments, mergers and acquisitions, and listing of companies. He has also advised on property law and has handled several landmark development projects in Singapore, Indonesia, Malaysia and China. He also conducts civil litigation and arbitration proceedings. Mr Chee had initiated and was instrumental to the setting up of a full licensed Khattarwong's law practice in Vietnam.

Mr Chee is a Notary Public and a Commissioner for Oaths and is a member of Singapore Institute of Arbitrators, and Singapore Institute of Directors. He has served several years in the subcommittee of National Crime Prevention Council, Singapore, and worked with National Productivity Board, Singapore in developing and seeing the successful launch of some well-known franchises in Singapore in the early 1990s. From 2002 to 2013, Mr Chee was the Organising Chairman of the "National Street Soccer League - Lee Hsien Loong Challenge Trophy".

Mr Chee also sits on the Board of several public listed companies. He is also Honorary Legal Advisor to Hospitality Purchasing Association Singapore, and several big clans and trade associations in Singapore. Mr Chee is also the recipient of the National Day Awards 2003 - "The Public Service Medal (Pingat Bakti Masyarakat)" from the President of Republic of Singapore.



Mr EDMUND LAI SOU WEI
Independent Director

Mr Edmund Lai Sou Wei is the Independent Director of the Group. He was appointed to our Board on 26 September 2018.

Mr Lai has over 13 years of corporate recovery experience with Deloitte Malaysia, with a focus on corporate debt recovery, financial monitoring and financial restructuring. In his 13 years with Deloitte Malaysia, Mr Lai was actively involved in a variety of restructuring exercises including debt restructuring for companies, special administration of companies and other insolvency administration engagements such as receivership, liquidation and corporate closure management. Mr Lai's experience

spans industries such as property development, property management, construction and manufacturing.

Mr Lai also has five years' experience in providing independent whistleblowing services, having led Deloitte Malaysia's whistleblowing services division from 2013 to 2017. Mr Lai left Deloitte Malaysia in June 2017 to establish his own financial advisory firm providing various corporate advisory services, including corporate debt recovery and independent whistleblowing services. Mr Lai graduated with a Bachelor of Commerce in Accounting & Finance from Monash University in 1999.



Mr BENJAMIN CHOO
Independent Director

Mr Benjamin Choo is the Independent Director of the Group. He was appointed to our Board on 26 September 2018.

After graduating from the National University of Singapore in 2001, Mr Choo started pupillage with the financial services department of Allen & Gledhill. In 2003, he joined Edmond Pereira & Partners, where his main focus was on white-collar criminal litigation and general regulatory and corporate advisory work. In 2005, Mr Choo joined the corporate team of TSMP Law Corporation and was appointed as director in 2009.

Mr Choo has been a Director at Genesis Law Corporation since 2018 and his current practice includes mergers & acquisitions, joint ventures, fintech advisory and securities regulations. His work has been recognised by The Asia Pacific Legal 500 (2007/2008 Ed, 2008, 2009 Ed & 2009/2010 Ed). He is also listed in Chambers Asia Pacific 2011 as a Leading Individual - Investment Funds: Domestic Firms. He has also been a member of the Inquiry Panel constituted under the Legal Profession Act since 2011, and the Complaints and Disciplinary Panel constituted under the Accountants Act from 2010 to 2014. He also actively gives back to the community and serves on the Board of Talent Beacon Community Care Limited, which runs education and social programs for children and youth from underprivileged families.



Mr CHONG KWEA SENG
Independent Director

Mr Chong Kwea Seng is the Independent Director of the Group. He was appointed to our Board on 2 January 2021.

Mr. Chong had held various senior management positions since he commenced employment in 1978. In 2002, he was promoted to sales director before his appointment as Managing Director of Sime Darby Industrial Sdn Bhd (SDI) (previously known as Tractors Malaysia (1982) Sdn Bhd) in July 2006. In July 2006, he was also appointed as the Managing Director of China Engineers Ltd, Sime Darby's Caterpillar Dealer in Hong Kong and China. His global experience gave him an outstanding opportunity to interact with world class principals from USA, Japan and Europe as he was involved in chairing many of these successful joint venture companies with SDI. The

two stints as the chief executive officer in China also gave him a unique opportunity to witness the business growth of unprecedented proportions and dealt with the associated challenges. During the span of his career, he had won numerous recognitions and awards including Caterpillar's inaugural Global Excellence Award in 2015.

Mr. Chong holds a Bachelor of Science in Mechanical Engineering with First Class Honours from Heriott-Watt University, United Kingdom and Diploma in Mechanical Engineering with First Class Honours from University Teknologi Malaysia.

Mr Chong is currently a Director at Hap Seng Plantations Berhad and an Advisor at Subur Tiasa Holdings Berhad.

DIRECTORS PROFILE OTHER LISTED COMPANY DIRECTORSHIPS AND PRINCIPAL COMMITMENTS

NAME OF DIRECTORS

WONG CHEONG CHEE

- Menang Nusantara Sdn. Bhd.
- Menang Nusantara Holdings Sdn. Bhd.
- MJN Motors Sdn. Bhd.
- MJN Auto Sdn. Bhd.
- MeAG Pte. Ltd.
- MeMG Pte. Ltd.
- JCWW Holdings Pte. Ltd.
- MJN Automart Sdn. Bhd.

WONG KEAT YEE

- Menang Nusantara Sdn. Bhd.
- MN Otomobil Sdn. Bhd.
- MeAG Pte. Ltd.
- MeMG Pte. Ltd.
- Yatta Group Sdn. Bhd.
- MN Automart Sdn. Bhd.
- MN Otomart Sdn. Bhd.
- MN Wheels Sdn. Bhd.

PATRICK CHEE TECK KWONG

- China International Holdings Limited
- OneApex Limited
- QAF Limited
- Sheng Siong Group Ltd
- Noel Gifts International Ltd

EDMUND LAI SOU WEI

- Polaris Corporate Solutions Sdn. Bhd.
- MSA Restructuring Sdn. Bhd.
- Idris Hydraulic (Malaysia) Berhad

BENJAMIN CHOO CHIH CHIEN

- Genesis Law Corporation
- Talent Beacon Community Care Limited

CHONG KWEA SENG

- Hap Seng Plantation Berhad
- Subur Tiasa Holdings Berhad

MANAGEMENT TEAM



Mr WONG SAI HOU

Head of Group Expansion & Strategy, and Head of Dealership

Mr Wong Sai Hou is our Head, Group Expansion & Strategy and Head, Dealership. He joined our Group in 1999 as a product executive in the Manufacturing Business and is currently responsible for overseeing and settling the growth and expansion strategy of the Group's Manufacturing Business and the Dealership Business. Mr Wong has also been instrumental

in the development of our Group's Dealership Business. As our Head, Dealership, Mr Wong also oversees the operation and management of our Group's dealerships, in addition to his role as Head, Group Expansion & Strategy. Mr Wong graduated from the University of Melbourne with a degree in Engineering in 1998.



Mr WONG SAI KEAT

Head of Engineering and R&D, Manufacturing

Mr Wong Sai Keat is our Head of Engineering and R&D, Manufacturing. He joined our Group in 2004 as a programme engineer. He currently oversees the engineering function of our Manufacturing Business, and is responsible for our product development department, ensuring that the physical properties of our Thermobonded Felt products meet the requirements of our customers as well as developing new applications for our

Thermobonded Felts. Mr Wong also works closely with our Head of Sales, Manufacturing, to maintain and grow the Group's strategic relationships with our customers, principals and suppliers, primarily with a focus on customers, principals and suppliers who are located outside of Malaysia. Mr Wong graduated from the University of Melbourne with a degree in Computer Science in 2003 and has 18 years of experience in the industry.



Mr ABDUL RAZAK BIN MONTEL

Head of Sales, Manufacturing

Mr Abdul Razak Bin Montel is our Head of Sales, Manufacturing. He was a founding member of the Group, establishing Menang Nusantara Sdn. Bhd. with one other founding shareholder in 1995. Mr Razak started his career in Carpet International Sdn. Bhd. as a sales executive. Subsequently, he joined Union Carpet Industry Sdn. Bhd., which was later renamed Paragon Union Berhad, where he was promoted to Sales Manager. Mr Razak left Paragon Union Berhad in 1995. Currently, Mr Razak is responsible for

the sales and marketing of our Manufacturing Business. With over 30 years of experience in the industry, he has been instrumental in the growth of our Manufacturing Business, and focuses on maintaining and growing the Group's strategic relationships with its customers, principals and suppliers within Malaysia. Mr Razak graduated from Sekolah Aminuddin Baki, Johor Bahru, Johor in 1978 with a Malaysia Certificate of Education (Sijil Pelajaran Malaysia).



Mr FELIX CHEAH YAO JIAN

Group Financial Controller

Mr Felix Cheah Yao Jian is our Group Financial Controller. He joined in June 2019 and is responsible for overseeing the Group's financial reporting, accounting, as well as corporate and treasury functions. He has more than 13 years' experience in auditing, financial reporting, accounting and corporate finance related roles in various organisations. Prior to joining MeGroup, Mr Cheah was a Senior Manager in the Corporate Finance and Investment – Equities Division with the Securities Commission Malaysia. He started his career with Baker Tilly Malaysia where

he was attached to the Audit and Assurance Division from 2008 to 2017. He was seconded to Baker Tilly UK Audit LLP, now known as RSM UK in 2012. Mr Cheah left Baker Tilly Malaysia in January 2017 and joined 7-Eleven Malaysia Berhad as the Group Financial Reporting Manager. Mr Cheah graduated from Universiti Tunku Abdul Rahman with Bachelor of Commerce (Hons) Accounting in 2008. He is a Chartered Accountant of the Malaysian Institute of Accountants and a Certified Practising Accountant by CPA Australia.

OPERATIONS REVIEW



THE GROUP'S
REVENUE FY2022

RM255.4
MILLION

GROSS PROFIT FY2022

RM21.2
MILLION

For FY2022, the Group's revenue increased by 22.2% from RM208.9 million in FY2021 to RM255.4 million in FY2022. The increase in revenue for the year under review was largely driven by the dealership business where revenue increased 26.3% or RM46.9 million from RM178.6 million in FY2021 to RM225.5 million in FY2022. Operations of Honda Kuala Selangor where business operations have commenced in the new facility, the second Mitsubishi outlet and the first Proton outlet contributed positively to the Group's revenue in FY2022.

In tandem with the increase in cost of sales, gross profit decreased 3.9% or RM0.8 million from RM22.0 million in FY2021 to RM21.2 million in FY2022.

Gross profit margin for the manufacturing business reduced from 25.7% in FY2021 to 21.4% in FY2022 mainly due to higher cost of sales as a result of low production output during the Malaysia's Movement Control Order ("MCO") 3.0 period. Gross profit margin for the dealership business decreased from 8.0% in FY2021 to 6.5% in FY2022, mainly due to the significant increase in revenue from sales of automobiles which generally command lower gross profit margin as compared to the

after-sales automobile service. Overall, the Group's gross profit margin for FY2022 decreased to 8.3% from 10.5% in FY2021.

Other income increased slightly by RM0.1 million in FY2022 mainly due to subsidy income from the Malaysian government's Wage Subsidy Programme 3.0 and 4.0, which were introduced to ease financial strains faced by businesses that were significantly affected during the country's full lockdown period.

The Group also reported a net gain of RM0.6 million in FY2022 mainly due to realised forex gain from payment to suppliers and a gain on disposal of right-of-use assets.

Selling and distribution expenses increased approximately RM0.9 million or 21.7% from RM4.2 million in FY2021 to RM5.1 million in FY2022 due to the increase in commission and incentive expenses, advertisement and promotion, and sundry expenses. Similarly, administrative expenses also increased by approximately RM1.7 million or 11.2% from RM15.4 million in FY2021 to RM17.1 million in FY2022 mainly due to the increase in directors' remuneration, insurance expenses,

depreciation expense and medical fees. Finance expenses increased approximately RM0.7 million or 33.0% from RM2.0 million in FY2021 to RM2.7 million in FY2022 due to the increase in term loan and floor stock financing interest and interest in lease liabilities.

Earnings before interest, tax, depreciation and amortisation (EBITDA) was RM9.6 million in FY2022. Loss before income tax was RM1.8 million in FY2022 compared to a profit before income tax of RM2.0 million in FY2021. The loss before income tax was largely due to an increase in cost of sales, selling and distribution expenses, and administrative and finance expenses.

As at 31 March 2022, the Group's total assets stood at RM129.1 million as compared to RM109.0 million as at 31 March 2021. The increase was mainly due to an increase in property, plant and equipment, right-of-use assets and trade and other receivables.

The Group's total liabilities increased by RM25.6 million or 40.2% from RM63.8 million in FY2021 to RM89.5 million in FY2022. This was mostly attributed to an increase in trade and other payables, borrowings, and lease liabilities.

The Group's total equity decreased to RM39.6 million as at 31 March 2022 as compared to RM45.2 million a year ago. This was mainly due to net loss of RM3.3 million during the financial year and interim and special dividend for FY2021 declared and paid during the financial year amounting to RM2.4 million.

In FY2022, MeGroup's net cash provided by operating activities amounted to RM0.5 million as compared to RM7.3 million in FY2021. Net cash used in investing activities increased from RM5.0 million in FY2021 to RM8.1 million in FY2022, while net cash provided by financing activities in FY2022 was reported at RM5.2 million as compared to a RM7.1 million net cash used in financing activities in FY2021.

Net asset value (NAV) per share for FY2022 decreased to 32.15 Sen as compared to 36.76 Sen per share in FY2021.

The net loss attributable to equity holders of the Company for FY2022 stood at RM3.1 million as compared to a net profit attributable to equity holders of the Company of RM0.6 million in FY2021.

TOTAL ASSETS
RM129.1
MILLION

TOTAL EQUITY
RM39.6
MILLION



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CORPORATE GOVERNANCE REPORT

The Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) issued by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) require an issuer to describe in its annual report its corporate governance practices with specific reference to the principles and the provisions of the Code of Corporate Governance 2018 (“**Code**”). An issuer must comply with the principles of the Code. Where an issuer’s practices vary from any provisions of the Code, it must explicitly state, in its annual report, the provision from which it has varied, explain the reasons for variation, and explain how the practices it had adopted are consistent with the intent of the relevant principle.

The Board of Directors (the “**Board**”) and the Management of MeGroup Ltd. (“**MeGroup**” or the “**Company**”) wish to assure its shareholders that they are committed to maintaining a high standard of corporate governance to protect the interests of shareholders, employees and other stakeholders, and to promote investors’ confidence.

In accordance with Rule 710 of the Catalist Rules, this Corporate Governance Report (the “**Report**”) sets out the Company’s corporate governance practices for the financial year ended 31 March 2022 (“**FY2022**”) with specific reference to the principles and the provisions of the Code, which have been adopted based on the Code.

The Company has complied with the principles of the Code. This report sets out the Group’s key corporate governance practices with reference to the Code, where appropriate. Where there are deviations from the provisions of the Code, appropriate explanations have been provided.

The Code is divided into five main sections, namely:

- A. BOARD MATTERS**
- B. REMUNERATION MATTERS**
- C. ACCOUNTABILITY AND AUDIT**
- D. SHAREHOLDER RIGHTS AND ENGAGEMENT**
- E. MANAGING STAKEHOLDERS RELATIONSHIPS**

A. BOARD MATTERS

THE BOARD’S CONDUCT OF AFFAIRS

Principle 1: *The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.*

The Board’s principal roles include promoting long-term shareholder value, ensuring that the businesses of the Company and its subsidiaries (collectively referred herein as the “**Group**”) are effectively managed and properly conducted by Management and ensuring proper observance of corporate governance practices, which includes setting of code of conduct and ethics, appropriate tone-from-the-top and desired organisational culture, and ensure proper accountability within the Group.

All Directors have the fiduciary duty to act objectively in the best interests of the Company and hold Management accountable for performance. Where the Director faces a conflict or potential conflict of interest, he or she will immediately declare his or her interest at the meeting of the Directors or send a written notice to the Company, setting out the details of his or her interest and the conflict, and recuse himself and herself from discussions and decision involving the issues of conflict.

CORPORATE GOVERNANCE REPORT

In addition to statutory duties and responsibilities, the Board's duties, including the matters to be approved by the Board are set out as follows:

- (a) providing entrepreneurial leadership and setting strategic directions;
- (b) reviewing and approving key business and financial strategies and objectives for the Group;
- (c) reviewing and approving major corporate and/or financial restructuring and/or share issuance;
- (d) reviewing and approving major transactions, including acquisitions, divestments, investments and capital expenditure;
- (e) ensuring internal controls are in place and functional for the Group's continuing operations and enables risks to be assessed and managed;
- (f) overseeing risk management strategies;
- (g) reviewing and approving the annual budget;
- (h) reviewing and approving half yearly and full year annual results announcements;
- (i) reviewing and approving the annual report and audited financial statements;
- (j) reviewing and approving the sustainability report;
- (k) reviewing and providing guidance to the Management of the Company;
- (l) ensuring the adequacy of necessary financial and human resources to meet the Group's objectives;
- (m) establishing and maintaining the Company's values and standards and ensuring obligations to shareholders and others are understood and met;
- (n) approving nominations to the Board and appointments of key management personnel;
- (o) ensuring the Group's compliance with all relevant and applicable laws and regulations;
- (p) assuming responsibility for the corporate governance of the Company; and
- (q) setting the Group's values and standards, which includes, code of conduct and ethics, tone-from-the-top and desired organisational culture.

The Board has set up three committees to assist in the execution of the Board's responsibilities. These committees include the Nominating Committee ("**NC**"), Remuneration Committee ("**RC**") and Audit Committee ("**AC**") (collectively, "**Board Committees**"). Each of the Board Committees carry out its functions within clear written terms of its respective Terms of Reference ("**TOR**"). The NC is tasked to review the effectiveness of the Board, Board Committees as well as each individual Director annually and report its findings to the Board annually.

The Board's approval is required for all major matters such as corporate restructuring, mergers and acquisitions, investments, acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's half yearly and full year annual results, interested person transactions of a material nature, and declaration of dividend. All other matters are delegated to Board Committees whose actions are reported to and monitored by the Board. The matters delegated are listed out in the TOR of each Board Committees. The TOR of the respective Board Committees, as well as the other relevant information on the Board Committees can be found in the subsequent sections of this Report.

In the event that a Director is interested in any transactions of the Group, he or she shall be obliged to inform the Board accordingly and abstain from making any recommendations or decisions in relation to that transaction.

CORPORATE GOVERNANCE REPORT

Directors' Attendance at Board, Board Committees Meetings and Other Additional Meetings

The Board meets at least two times each year and at other times as and when required. Board Committees meet at certain time periods in accordance with their respective TOR or as and when needed.

Meetings are held in person and by telephone or video conference to enable the widest possible participation by Directors, taking into account those who may be in different geographical locations. The Directors can meet the Management in person or discuss via email, telephone and/or video conference. Where a decision has to be made before a Board meeting or Board Committee's meeting is convened, directors' resolutions in writing are circulated in accordance with the Constitution of the Company and the Directors are also provided with all relevant, adequate and timely information and documents to allow them to make informed decisions and discharge their duties and responsibilities.

The attendance of the Directors at meetings of the Board and Board Committees and the Annual General Meeting ("AGM") during the financial year ended 31 March 2022 ("FY2022") is as follows:

NAME OF DIRECTOR	BOARD	AC	NC	RC	AGM
Number of Meetings Held					
	2	2	1	1	1
Number of Meetings Attended					
Wong Cheong Chee	2	*2	*1	*1	1
Wong Keat Yee	2	*2	*1	*1	1
Chee Teck Kwong Patrick	2	2	1	1	1
Benjamin Choo Chih Chien	2	2	1	1	1
Edmund Lai Sou Wei	2	2	1	1	1
Chong Kwea Seng	2	2	1	1	1

* In attendance by invitation

The Company has a training budget for its Directors to attend courses and seminars, which is utilised as and when needed. The Company relies on and encourages its Directors to update themselves on new laws, listing requirements, regulations and changing commercial risks in the industry. Accordingly, information on courses or seminars in relation to the roles and responsibilities as a director of a listed company as well as revisions to laws or regulations (which are applicable to the Company) are disseminated to Directors.

The Company also has in place orientation programmes for newly appointed Directors to ensure that they are familiar with the Group's structure, business, and its operations. New Director(s) will be expected to undergo orientation with the Company which includes meeting with the Executive Chairman & Chief Executive Officer and/or the Executive Director for an introduction to the business of the Company. First-time directors of a SGX listed company will receive relevant training in the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange to meet the Mandatory Training requirements under Rule 406(3)(a) and Practice Note 4D of the Catalist Rules. Mr. Chong Kwea Seng, who is appointed as a Director of the Company on 2 January 2021 and being the First-time Director of a company listed on the SGX, has completed all mandatory trainings required under Rule 406(3)(a) and Practice Note 4D of the Catalist Rules. No new director was appointed in FY2022.

CORPORATE GOVERNANCE REPORT

The Company recognises the importance of appropriate training for the Directors, apart from the initial orientation. The Directors are updated on amendments/requirements of the Catalist Rules and other statutory and regulatory requirements from time to time, to enable them to discharge their duties effectively. Continual training particularly on relevant new laws, regulations and changing commercial risks (including update on the real estate development in Malaysia) will be provided to the Directors from time to time.

Some key briefings, updates and/or trainings attended by the Directors collectively for FY2022 as follows:

COURSES, CONFERENCES AND SEMINARS NAME

- Book-keeping for Law Practices Course
- Property Evaluation and Impact of Covid-19
- Annual Corporate Governance Roundup 2021
- Ethics and Professional Responsibility – Anti-Money Laundering for Lawyers – An Introduction
- Alternative Dispute Resolution - Applying Conflict-Coaching Techniques in Mediation
- Implementing Amendments in the Malaysian Code on Corporate Governance
- Corporate Governance Revisited: The co-existence of Ethics & Law sets you F.R.E.E.
- Value Creative Strategies: An Innovative Take on Creating Impactful, Healthy Companies
- Business Transformation Post Covid
- CEC 2021 – Reducing CO2 Emissions in Support of Future Sustainability
- A Lasting Legacy: Ensuring the Future of Your Family Business
- Business Succession and Asset Preservation
- US Forced Labor Legislation: Impact on Corporate Malaysia
- Shariah Succession Planning for Global Families
- Rethink, Reimagine & Redesign: Business Model of the Future
- Becoming a Boardroom Star
- Malaysia Corporate Taxes- Incentives Updates

The independent auditor also briefed the AC members on the developments in accounting standards (where applicable) during AC meetings whilst the Company Secretary periodically updates the Board on any changes in the requirements of the Companies Act 1967 of Singapore (“**Companies Act**”), Catalist Rules and corporate governance in Singapore as well as those pertaining to the roles and responsibilities of a director of a listed company.

In order to ensure that the Board is able to contribute in a meaningful manner during Board and/or Board Committee meetings, the Management provides the members of the Board with relevant background information and documents relating to the items of business to be discussed at each meeting, such as copies of disclosure documents, budgets and forecasts before the scheduled meeting. Key information relating to the Company’s operations and finances are also circulated to the Board via email so that the Directors may monitor with ease the Company’s performance as well as the Management’s fulfilment of goals and objectives set by the Board.

The Directors are also regularly briefed by the Management of the Company on the business activities of the Company. The Directors are responsible for the Company’s strategic directions as well as its corporate practices and are accordingly briefed by the Management of the Company on the day-to-day implementation of such strategic directions and corporate practices.

The Directors have separate and independent access to the Management of the Company, including but not limited to the Executive Chairman and Chief Executive Officer (“**Mr Wong**” or “**Executive Chairman & CEO**”), the Group Financial Controller (“**Group FC**”) and Company Secretary of the Company.

CORPORATE GOVERNANCE REPORT

The Company Secretary and/or representatives from the Company Secretary's office attends all meetings of the Board and the Board Committees and prepares the minutes of such meetings. The minutes of such meetings are then circulated to the Board and the Board Committees, as the case may be.

The Company Secretary also advises the Board on governance matters and ensures that the procedures for such meetings are in accordance with the Constitution and TOR and all applicable rules and regulations (including the requirements of the Companies Act and the Catalist Rules) are complied with. Further to the above, the Company Secretary helps to facilitate communications within the Board and the Board Committees and between Management and the Directors. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

The Company allows Directors to take independent professional advice on matters affecting the Company at the Company's expense. Further to the above, Directors have unrestricted access to the Company's records and information.

BOARD COMPOSITION AND GUIDANCE

Principle 2: *The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.*

Board of Directors

As at the date of this Report, the Board comprises the following members:

NAME	DESIGNATION
Mr Wong Cheong Chee	Executive Chairman & CEO
Ms Wong Keat Yee	Executive Director
Mr Chee Teck Kwong Patrick	Lead Independent Non-Executive Director
Mr Benjamin Choo Chih Chien	Independent Non-Executive Director
Mr Edmund Lai Sou Wei	Independent Non-Executive Director
Mr Chong Kwea Seng	Independent Non-Executive Director

Despite that the Chairman is not independent, there is a strong and independent element on the Board given that there are four (4) Independent Non-Executive Directors who has formed majority of the Board. Accordingly, the composition of the Board is in compliance with the Code and the Catalist Rules.

The Board considers an Independent Director as one who has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement of the Company's affairs with a view to the best interests of the Company ("**Independence**").

The Board has taken into account the assessment of the NC on whether a Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect or could appear to affect the Director's judgement. In assessing the independence of each Director annually, the NC had examined different relationships identified by the Code, the Practice Guidance on the Code and Rule 406(3)(d) of the Catalist Rules that might impair the Directors' independence and objectivity. Accordingly, the NC had reviewed and determined Mr Chee Teck Kwong Patrick, Mr Benjamin Choo Chih Chien, Mr Edmund Lai Sou Wei and Mr Chong Kwea Seng to be independent. Each of these Directors has also confirmed their Independence.

CORPORATE GOVERNANCE REPORT

There is currently no Independent Non-Executive Director who has served on the Board for more than nine years.

The Independent Non-Executive Directors, led by the Lead Independent Non-Executive Director, are able to meet for confidential discussions on any concerns and to resolve conflicts of interest as and when necessary without the presence of the other Directors. Lead Independent Non-Executive Director would provide any feedback to the Chairman as necessary.

There is no alternate director appointed to the Board as at the date of this Report.

The Company has a Board Diversity Policy in place. The primary objective of the existing Board diversity policy is to ensure that the Board comprise a balanced composition from a number of aspects, including but not limited to the gender, age, educational background, experience, skills, knowledge, independence and length of services (the “**aspects of diversity**”), in order to achieve a sustainable and balanced development.

The Company sees the diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. While all director appointments will be based on meritocracy, and the NC will consider all aspects of diversity to achieve an optimal composition for the Board for the benefits and needs of the Company.

The NC and the Board has reviewed its composition based on the aspect of diversity, after taking into account the scope and nature of operations, and the size of the Group, is of the view that the current Board comprises persons who as a group provide capabilities required for the Board to be effective. To meet the changing challenges in the industry which the Group operates in, such reviews, which include considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies would be done periodically to ensure that the Board dynamics remain optimal. Key information on each Director is set in the Profile of Directors on pages 10 to 12 of the Annual Report.

The Board has no dissenting views on the Chairman’s message for the year under review.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: *There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

As at the date of this Report, the Company has an Executive Chairman & CEO, Executive Director and four Independent Non-Executive Directors. There is a clear division of responsibilities between the Independent Non-Executive Directors, and the Management of the Company.

Although the roles and responsibilities for the Executive Chairman and CEO are vested in Mr Wong Cheong Chee which deviates from the recommendations set out in the Code, the Board believes that vesting the roles of both Chairman and CEO on the same person who is knowledgeable in the business of the Group provides the Group with a strong and consistent leadership and allows for more effective planning and execution of long term business strategies. Major decisions are made in consultation with the Board which comprises a majority of Independent Non-Executive Directors. The Board is of the view that the roles of the Executive Chairman & CEO, Executive Director and four Independent Non-Executive Directors are separate, thereby ensuring an appropriate balance of power between them and creating increased accountability in both the Board and Management, as well as enabling greater capacity of the Board for independent decision-making, without any concentration of power or influence residing in any individual. The Board believes that there are adequate measures in place against any uneven concentration of power and authority in one individual.

CORPORATE GOVERNANCE REPORT

The responsibilities of the Executive Chairman & CEO include the following:

- (a) leading the Board, ensuring its effectiveness in all aspects of its role, and setting out its agenda;
- (b) ensuring that the Directors receive complete, adequate, accurate, timely and clear information;
- (c) critiquing key proposals by Management before they are presented to the Board;
- (d) ensuring effective communication with shareholders;
- (e) encouraging constructive relations between the Board and Management;
- (f) facilitating the effective contribution of the Independent Non-Executive Directors towards the Company;
- (g) encouraging constructive relations between the Executive Directors and Independent Non-Executive Directors; and
- (h) promoting high standards of corporate governance.

The Lead Independent Non-Executive Director is Mr Chee Teck Kwong Patrick. The role of the Lead Independent Non-Executive Director is to provide leadership in situations where the Chairman is conflicted. The Lead Independent Non-Executive Director is available to shareholders of the Company where they have concerns for which contact through normal channels of communications with the Executive Chairman & CEO and Management are inappropriate or inadequate.

Accordingly, the Board and the NC are of the view that the Board can exercise independent judgement on corporate affairs and that no one individual or group(s) of individuals dominates any decision-making process.

BOARD MEMBERSHIP

Principle 4: *The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

Nominating Committee

The NC comprises four (4) members, all of whom, including the NC Chairman, are Independent Non-Executive Director. The NC is chaired by the Lead Independent Non-Executive Director, and the members of the NC are as follows:

NAME	DESIGNATION
Mr Chee Teck Kwong Patrick (Chairman)	Lead Independent Non-Executive Director
Mr Benjamin Choo Chih Chien	Independent Non-Executive Director
Mr Edmund Lai Sou Wei	Independent Non-Executive Director
Mr Chong Kwea Seng	Independent Non-Executive Director

The NC meets at least once a year in accordance with its TOR and at other times as required.

The responsibilities of the NC include the following:

- (a) making recommendations to the Board on board appointments, including the appointment of alternate directors and re-nominations of existing directors for re-election in accordance with the Constitution, taking into account the director's contribution and performance;
- (b) reviewing and approving any new employment of related persons (related to the Directors, key management personnel or substantial shareholders) and proposed terms of their employment;
- (c) determining annually whether or not a director is independent;
- (d) in respect of a director who has multiple board representations in various companies, deciding whether or not such director is able to and has been adequately carrying out his/her duties as director, having regard to the competing time commitments that are faced when serving on multiple boards;

CORPORATE GOVERNANCE REPORT

- (e) reviewing and approving any new employment of related persons and the proposed terms of their employment;
- (f) reviewing our directors' mix of skills, experience, core competencies and knowledge of the Company and its subsidiary corporations that our Board requires to function competently and efficiently;
- (g) reviewing succession plans for the Executive Directors and key management personnel;
- (h) reviewing the training and professional development programmes for the Board;
- (i) deciding whether or not a Director of the Company is able to and has been adequately carrying out his duties as a Director;
- (j) developing a process for evaluation of the performance of the Board, its committees and the Directors and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and addresses how the Board has enhanced long-term shareholders' value;
- (k) regularly reviewing the Board structure, size and composition having regard to the scope and nature of the operations, the requirements of the business, the diversity of skills, experience, gender, age and knowledge of the Company and the core competencies of the directors as a group. The NC shall make recommendations to the Board with regards to any adjustments that may be deemed necessary;
- (l) determining and recommending to the Board the maximum number of listed company board representations which any director may hold and disclosing this in the Company's annual report;
- (m) deciding how the performance of Board and Board Committees and individual directors are to be evaluated and proposing objective performance criteria, subject to the approval by the Board, which address how the Board has enhanced long term shareholders' value;
- (n) assessing the effectiveness of the Board as a whole, and Board Committees and the contribution of each individual Director to the effectiveness of the Board; and
- (o) recommending to the Board comprehensive induction training programmes for new directors.

For the appointment of new Directors, the NC will, in consultation with the Board, examine the existing Board's strength, capabilities and the existing Directors' contribution in terms of skills, knowledge and experience to the Company and the Board. The NC will take into account the future needs of the Company and together with the Board, it will seek candidates who are able to contribute to the Company. The NC seeks candidates widely and beyond persons directly known to the existing Directors. The NC recommends suitable candidates to the Board and if such candidates are appointed, announcements relating to their appointment shall be released via SGXNET. The Board is also advised by the Sponsor on appointment of directors as required under Catalist Rule 226(2)(d).

In the event of cessation of any individuals as Director or executive officer, the Chairman of the NC will conduct exit interviews with the Director or executive officer, as the case may be, and announcements, where required pursuant to the Catalist Rules, relating to such cessation will also be released via SGXNET.

The Chairman of the NC reports formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. Members of the NC comprise persons of stature, integrity and accountability, who are able to exercise independent judgement in the performance of their duties.

CORPORATE GOVERNANCE REPORT

The dates of initial appointment and last re-election of each Director are set out as follows:

NAME OF DIRECTOR	DESIGNATION	DATE OF FIRST APPOINTMENT	DATE OF LAST RE-ELECTION
Mr Wong Cheong Chee	Executive Chairman & CEO	26 September 2018	30 July 2019
Ms Wong Keat Yee	Executive Director	26 September 2018	28 July 2021
Chee Teck Kwong Patrick	Lead Independent Non-Executive Director	26 September 2018	28 July 2021
Benjamin Choo Chih Chien	Independent Non-Executive Director	26 September 2018	23 September 2020
Edmund Lai Sou Wei	Independent Non-Executive Director	26 September 2018	23 September 2020
Chong Kwea Seng	Independent Non-Executive Director	2 January 2021	28 July 2021

The NC does not currently set a cap on the maximum number of directorships that Directors may hold. Nevertheless, the NC shall meet up at least once a year and review the competing time commitments of Directors serving on multiple boards, if any. The other listed directorships and principal commitments of the Directors are shown in the Profiles of Directors on pages 10 to 12 of the Annual Report.

If a Director is on the board of other companies, the NC shall consider whether adequate time and attention have been devoted to the affairs of the Company. In the event there are sufficient grounds for complaint, the Chairman of the Board will discuss the issue with the Director, and if necessary, remind him of the consequences of failure to rectify the situation within the period required. Although some of the Board members have multiple board representations and hold other principal commitments, the NC, having reviewed each Director's other listed company directorships and/or principal commitments, where applicable, as well as each Director's attendance and contributions to the Board, is satisfied that sufficient time and attention was given by the Directors to the Company to discharge their responsibilities for the financial year in review. Holistically, the contributions by the Directors during the meetings and attendance at such meetings should also be taken into consideration.

In its selection and appointment of new Directors, the NC receives recommendations from existing Directors and the Company's professional advisors. The NC will conduct interviews with the potential new Director before recommending their appointments to the Board for approval.

The Company's Constitution provide for the retirement and re-election of Directors at every Annual General Meeting ("AGM"). All Directors are to submit themselves for re-nomination and re-election at least once every three years; and at least one-third of the Directors to retire from office by rotation. New Directors appointed during the year are subject to retirement and re-election at the forthcoming AGM of the Company. The NC is responsible for the nomination of retiring Directors for re-election.

In determining the nomination of a Director for re-election, the NC takes into account the composition and progressive renewal of the Board, and the competency, performance and contribution of the Director including his attendance, preparedness and participation at Board and Board Committees meetings. A Director's time and effort accorded to the Company's business and affairs will also be considered.

Pursuant to Regulation 94 of the Company's Constitution, at each AGM one-third of the Directors for the time being, selected in accordance with Regulation 95, shall retire from office by rotation. Regulation 95 of the Company's Constitution provides that the Directors to retire in every year shall be those subject to retirement by rotation who have been longest in office since their last re-election or appointment and a retiring Director shall be eligible for re-election.

CORPORATE GOVERNANCE REPORT

Accordingly, the following Directors are due for retirement pursuant to Regulation 94 of the Company's Constitution and subject to re-election at the forthcoming AGM of the Company:

- Mr Wong Cheong Chee; and
- Mr Benjamin Choo Chih Chien.

(collectively, the "Retiring Directors").

It was noted that Retiring Directors have given their consent to stand for re-election as Directors of the Company at the forthcoming AGM. The NC and the Board has recommended that the Retiring Directors, whom shall be retiring pursuant to Regulation 94 of the Company's Constitution at the forthcoming AGM, respectively, to be re-elected.

The relevant details of directorships of the Retiring Directors pursuant to Rule 720(5) of the Catalist Rules (as set out in Appendix 7F to the Catalist Rules) are shown in the Additional Information on Directors Seeking Re-election on pages 126 to 132 of this Report.

BOARD PERFORMANCE

Principle 5: *The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual directors.*

In assessing the performance and effectiveness of the Directors in fulfilling their duties, the NC takes into account, among other factors, the Director's qualifications in relation to general commercial knowledge, specific industry experience, political and social knowledge of the countries in which the Group operates in, attendance at Board or Board Committees meetings in person or via teleconference, availability at all reasonable times and the degree of participation at Board and Board Committees meetings, quality of interventions or difference of opinion expressed, and any special contributions.

The NC also considers whether the Director has a reasonable understanding of the Company's business and the industry, the Director's working relationship with the other members of the Board, as well as feedback from other Directors.

In assessing the performance and effectiveness of the Board and its Committees, the NC takes into account, among other factors, the Board Committees' and the Board's ability to work with the senior management of the Company, the discussions and due deliberations of the Board Committees and the Board, and whether objectives and targets set at the commencement of the relevant financial years have been met.

After evaluation, the NC considered the performance and effectiveness of each individual Director and the Board as a whole, to be satisfactory. The Board as a whole considered the performance of the NC to be satisfactory. For the avoidance of doubt, each member of the NC abstains from voting on any resolution in respect of the assessment of his performance or re-nomination as Director.

Reviews of each individual Board member's performance and effectiveness, as well as the performance and effectiveness of the Board Committees and the Board are undertaken on a continuous basis by the NC with inputs from the various Board members.

For FY2022, all Directors were requested to complete the Board Performance Evaluation Questionnaire and Individual Director Self-Assessment Form. In addition, each member of the Board Committees was requested to complete the respective Board Committees' Performance Evaluation Questionnaire. All the completed evaluation questionnaire and forms were forwarded to the Company Secretary for collation of results. The summary of findings of the Board Performance Evaluation, each Board Committees Performance Evaluation and Individual Director Self-Assessment were presented to the NC and the Board for review and deliberation. The Chairman of the NC confers with the Chairman of the Board on the findings and appropriate follow-up actions are taken as necessary.

CORPORATE GOVERNANCE REPORT

Board Evaluation Process

The evaluation serves to assess the effectiveness of the Board as a whole on the following parameters:

- (a) Board composition;
- (b) Board conduct of affairs;
- (c) Internal controls and risk management;
- (d) Board accountability;
- (e) CEO; and
- (f) Standards of conduct.

Board Committees Evaluation Process

The evaluation serves to assess the effectiveness of the Board Committees on the following parameters:

Audit Committee

- (a) Membership and appointments;
- (b) Meetings;
- (c) Training and resources;
- (d) Financial reporting;
- (e) Internal controls and risk management systems;
- (f) Internal audit process;
- (g) External audit process;
- (h) Whistle-blowing;
- (i) Relationship with the Board;
- (j) Standards of conduct; and
- (k) Communication with shareholders.

Nominating Committee

- (a) Membership and appointments;
- (b) Meetings;
- (c) Training and resources;
- (d) Reporting;
- (e) Process for selection and appointment of new Directors;
- (f) Board diversity;
- (g) Nomination of Directors for re-election;
- (h) Independence of Directors;
- (i) Board performance evaluation;
- (j) Succession planning;
- (k) Director who has multiple board representations;
- (l) Standards of conduct; and
- (m) Communication with shareholders.

CORPORATE GOVERNANCE REPORT

Remuneration Committee

- (a) Membership and appointments;
- (b) Meetings;
- (c) Training and resources;
- (d) Remuneration framework;
- (e) Reporting;
- (f) Standards of conduct; and
- (g) Communication with shareholders.

Based on the summary of findings of the evaluation for FY2022 together with the feedback and recommendations from each Director, the NC was satisfied that the Board as a whole, each Board Committee and each individual Directors had met their performance objective in FY2022.

Renewals or replacements of Directors do not necessarily reflect their contributions to date but may be driven by the need to position and shape the Board in line with the medium-term needs of the Company and its business.

No external facilitator was engaged to conduct the annual reviews for FY2022. The NC has full authority to engage external facilitator to assist the NC to carry out the evaluation process, if the need arises.

B. REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: *The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.*

LEVEL AND MIX OF REMUNERATION

Principle 7: *The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.*

DISCLOSURE ON REMUNERATION

Principle 8: *The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.*

CORPORATE GOVERNANCE REPORT

Remuneration Committee

The RC comprises the following members:

NAME	DESIGNATION
Mr Benjamin Choo Chih Chien (Chairman)	Independent Non-Executive Director
Mr Chee Teck Kwong Patrick	Lead Independent Non-Executive Director
Mr Edmund Lai Sou Wei	Independent Non-Executive Director
Mr Chong Kwea Seng	Independent Non-Executive Director

The RC is governed by its own TOR and its primary function is to advise the Board on compensation issues. In particular, in relation to the Directors and key management personnel, the RC bears in mind that a meaningful portion of their compensation should be contingent upon the financial performance of the Company, in order to foster the creation of long-term shareholder value.

The RC's responsibilities include the following:

- (i) To review and submit its recommendations for endorsement by the entire Board, a general framework of remuneration for the Board, the specific remuneration packages and terms of employment (where applicable) for each director, the CEO (if CEO is not a director) and key management personnel.
- (ii) To review the remuneration of key management personnel and employees related to the Directors, CEO or substantial shareholders, if any, to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotions for these related employees will also be subject to the review and approval of RC.
- (iii) To review and submit its recommendations for endorsement by the entire Board, share-based incentives or awards or any long term incentive schemes which may be set up from time to time, in particular to review whether directors and key management personnel should be eligible for such schemes and also to evaluate the costs and benefits of such schemes and to do all acts necessary in connection therewith.
- (iv) To function as the committee referred to in the MeGroup Ltd., Performance Share Plan ("**MeGroup PSP**") and Employee Share Option Scheme ("**MeGroup ESOS**") and shall have all the powers as set out in the MeGroup PSP and MeGroup ESOS.
- (v) To carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time.
- (vi) To ensure that all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind are covered.

The RC meets at least once a year and at other times as required, in accordance with its TOR. The RC comprises four members and all the members, including RC Chairman are independent. The Chairman of the RC reports formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

The Management, together with the RC, recommends the compensation for Independent Non-Executive Directors, taking into account factors such as time spent and the responsibilities of the Directors, the current market circumstances, long-term interest and risk policies of the Company, and the need to attract directors of experience and standing. The Independent Non-Executive Directors' fees are compared against market standards to ensure that they are in line with market norms and to ensure that their independence are not compromised.

CORPORATE GOVERNANCE REPORT

The members of the RC do not participate in any decisions concerning their own remuneration. Payment of Directors' fees is subject to shareholders' approval at the AGM. The RC and the Board are of the view that the fees of the current Independent Non-Executive Directors are adequate and not excessive.

The RC administers the MeGroup ESOS and the MeGroup PSP. The performance related elements of remuneration are designed to align the interests of Directors, Management and staff with those of shareholders and to link their rewards to corporate and individual performance. Details of the MeGroup ESOS and the MeGroup PSP can be found on pages 44 to 46 of the Annual Report in the Directors' Statement. The Company had not granted share options and awards to any employees and Directors under the MeGroup ESOS and the MeGroup PSP during FY2022.

Independent Non-Executive Directors receive basic Directors' fees and additional fees for serving as a Board Committees Chairman. Executive Directors do not receive Directors' fees. A long-term incentive scheme for Directors, Management and staff includes MeGroup ESOS and MeGroup PSP.

A total directors' fees of S\$138,750.00 for FY2022 payable to Independent Non-Executive Directors will be recommended to shareholders for approval at the forthcoming AGM. The actual directors' fees paid out will be disclosed in the Company's Annual Report in the relevant financial year.

The Management, together with the RC, determines and recommends to the Board the compensation package of the Executive Directors, taking into account their experience and knowledge as well as the existing circumstances in the employment market. The Company does not use contractual provisions to allow the Company to reclaim incentive components of remunerations from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties. The RC will review such contractual provisions as and when necessary.

The RC ensures that the remuneration packages for the Executive Directors and key management personnel are fair. The RC's recommendations are submitted to the entire Board for endorsement.

Each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his remuneration packages.

With regard to the remuneration of other key management personnel, the RC, together with the Management, reviews proposals which are made by the Executive Directors. The remuneration policy for the key management personnel takes into consideration the Company's performance, long-term interest and risk policies, as well as the responsibilities and performance of individual key management personnel. The latter is measured by goals and objectives set for each key management executive in congruence with the Company's overall goals and objectives.

The NC and the RC have reviewed the terms of the service agreements for the Executive Directors and they are of the view that the Executive Directors have service agreements which include fair and reasonable terms for termination under appropriate notice and these service agreements are in line with market practices and are not overly generous. The Company has not engaged any remuneration consultants for FY2022 and will continue to monitor the need to engage external remuneration consultants going forward and where applicable, will review the independence of the external firm before any engagement.

The relevant details of the Directors' and key management personnel's remuneration for FY2022 are set out below. Disclosure of the Directors' and key management personnel's remuneration is also made in Note 30 (b) to the financial statements.

CORPORATE GOVERNANCE REPORT

DIRECTORS	FEE %	SALARY %	BONUS %	*OTHER BENEFITS %	TOTAL REMUNERATION %
S\$200,000 to S\$299,999					
Mr Wong Cheong Chee	-	80	8	12	100
S\$100,000 to S\$199,999					
Ms Wong Keat Yee	-	78	7	15	100
Below S\$100,000					
Mr Chee Teck Kwong Patrick	100	-	-	-	100
Mr Benjamin Choo Chih Chien	100	-	-	-	100
Mr Edmund Lai Sou Wei	100	-	-	-	100
Mr Chong Kwea Seng	100	-	-	-	100

* Other benefits includes Directors' allowance and employer's contribution to defined contribution plan.

After careful deliberation, the Board is of the view that full disclosure of the specific remuneration of each individual director is not in the best interests of the Company and the Board has decided to disclose remuneration of each individual director in the bands of S\$100,000 with further breakdown in percentage. In arriving at this decision, the Board took into consideration, inter alia, the confidential nature of remuneration matters, the relative size of the Group, the competitive business environment in which the Group operates in, and the negative impact such disclosure may have on the Group.

The Company only has four key management personnel (who are not the Company's directors or CEO) within the Group, they are Mr Wong Sai Hou (Head of Group Expansion & Strategy, and Head of Dealership), Mr Wong Sai Keat (Head of Engineering and R&D, Manufacturing), Mr Abdul Razak Bin Montel (Head of Sales, Manufacturing) and Mr Felix Cheah Yao Jian (Group Financial Controller).

The total remuneration paid to the top four key management personnel (who are not the Company's Directors or CEO) in FY2022 was S\$485,496. The Company does not disclose the amount and breakdown of remuneration of the respective key management personnel to the nearest thousand in the bands of S\$250,000 for confidentiality reasons so as to prevent competitors from knowing salaries offered by the Company to its key management personnel of similar status in the Company.

The Board confirms that the remuneration paid to the Executive Directors and key management personnel of the Group is based, inter alia, on the prevailing market forces, their qualification and expertise and their contribution to the Group.

Despite its deviation from Provision 8.1 of the Code, the Board is of the view that the Company has provided a high level of transparency on remuneration matters, as information on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation had been disclosed in detail in the preceding paragraphs. Accordingly, the Board is of the view that the non-disclosure of the exact quantum of the remuneration of each Director and key management personnel will not be prejudicial to the interest of shareholders and is in line with the intent of Principle 8 of the Code.

Mr Wong Cheong Chee (the Executive Chairman and CEO of the Company) and Mdm Lee Soh Hong (the Substantial Shareholder of the Company) are the parents of Ms Wong Keat Yee, Mr Wong Sai Hou and Mr Wong Sai Keat. Other than the above-mentioned family relationship, none of the employees in the Company or any of its principal subsidiary corporations whose remuneration exceeds S\$100,000 during FY2022 is a substantial shareholder or an immediate family member of a Director, the CEO or a substantial shareholder of the Company or any of its principal subsidiary corporations. The relevant details of remuneration of Mr Wong Sai Hou and Mr Wong Sai Keat (who are not directors of the Company) whose remuneration exceeds S\$100,000 are as follows:

CORPORATE GOVERNANCE REPORT

NAME	FEE %	SALARY %	BONUS %	OTHER BENEFITS %	TOTAL COMPENSATION %
S\$100,001 to S\$200,000					
Mr Wong Sai Hou	-	78	7	15	100
Mr Wong Sai Keat	-	78	7	15	100

For the purpose of Rule 704(10) of the Catalist Rules, the Company hereby confirms that there are no persons occupying managerial positions who are related to Director, CEO or substantial shareholders of the Company except for the above-mentioned family relationship.

C. ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: *The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.*

The Board acknowledges that it is responsible for the overall risk management and internal control framework but also recognises that all risk management and internal control systems contain inherent limitations and that no cost-effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risks of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against misstatements or losses.

The Board and AC review regularly the adequacy and effectiveness of the Group's risk management and internal control systems, including but not limited to financial, operational, compliance and information technology controls. In particular, the Company has adopted a "Whistleblowing" policy to ensure that there are no irregularities in the Company's business dealings and that there is a system of integrity and reliability.

The Board has received assurance from each of the Executive Chairman & CEO and Group Financial Controller that the financial records of the Group for FY2022 have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

In addition, the Executive Chairman & CEO and the key management personnel who responsible have given assurance to the Board that the risk management and internal control systems are adequate and effective in addressing the financial, operational, compliance and information technology risks.

The Board has reviewed and evaluated the adequacy and effectiveness of the Company's system of risk management and internal controls and work procedures and processes. Internal controls have been put in place to safeguard the shareholders' investment and the Company's assets, and to ensure that the Company's financial statements give a true and fair view of the Company's operations and finances.

Taking into account the Company's corporate structure and scope of operations and based on the internal controls established and maintained by the Group, works performed by the independent and internal auditors, and reviews performed by Management, the Board, with the concurrence of the AC, is of the opinion that the Company's internal controls, addressing financial, operations, compliance and information technology risks, and risk management systems were adequate and effective as at 31 March 2022.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

Principle 10: *The Board has an Audit Committee which discharges its duties objectively.*

To ensure that corporate governance is effectively practiced, the current Directors have established self-regulatory and monitoring mechanisms, including the establishment of the AC, which comprises the following members:

NAME	DESIGNATION
Mr Edmund Lai Sou Wei (Chairman)	Independent Non-Executive Director
Mr Chee Teck Kwong Patrick	Lead Independent Non-Executive Director
Mr Benjamin Choo Chih Chien	Independent Non-Executive Director
Mr Chong Kwea Seng	Independent Non-Executive Director

The roles and responsibilities of the AC are established in accordance with the Code. The TOR provides for a minimum of two meetings a year, and at such other times as required.

The AC's primary function is to assist the Board of Directors by fulfilling its responsibilities relating to corporate accounting and auditing reporting practices of the Company, the quality and integrity of the financial reports of the Company, and the Company's system of internal controls regarding finance, accounting, legal compliance and ethics as established by the management and the Board.

The AC comprises four members and all the members, including AC Chairman are independent. All members of the AC have experience in relevant accounting or related financial management expertise or experience. The Board is of the view that the AC members, having accounting and related financial management expertise and experience, are appropriately qualified to discharge their responsibilities. None of the AC members are former partners or directors of the Company's existing audit firm (a) within a period of two years commencing on the date of their ceasing to be a partner of the audit firm and (b) for as long as they have any financial interest in the auditing firm.

The responsibilities of the AC include the following:

- (i) To assist the Board in the discharge of its responsibilities on financial and reporting matters.
- (ii) To review with the internal and independent auditors:
 - a) the audit plans, including the nature and scope of the audit before the audit commences;
 - b) their evaluation of the system of internal accounting controls;
 - c) their management letter and Management's response;
 - d) results of audits compiled by internal and independent auditors; and
 - e) their audit report;
- (iii) To review the half-yearly and annual financial statements and results announcements to ensure integrity of the said financial statements before submission to the Board for approval, focusing in particular, on:
 - a) changes in accounting policies and practices;
 - b) major risk areas;
 - c) significant adjustments resulting from the audit;
 - d) the going concern statement;
 - e) compliance with financial reporting standards;
 - f) compliance with the Catalist Rules and any other statutory/regulatory requirements; and
 - g) significant financial reporting issues and judgements

CORPORATE GOVERNANCE REPORT

- (iv) To review any formal announcements relating to the Company's financial performance.
- (v) To review, at least annually, the effectiveness and adequacy of internal control and procedures, including accounting and financial controls and procedures and ensure coordination between internal and independent auditors, and Management, reviewing the assistance given by Management to the Independent Auditor, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the Independent Auditor may wish to discuss (in the absence of Management where necessary).
- (vi) To review the scope and results of the external audit, and the independence and objectivity of the independent auditor.
- (vii) To review and discuss with the independent auditor any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response.
- (viii) To make recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the independent auditor, and approving the remuneration and terms of engagement of the independent auditor.
- (ix) To consider the appointment and re-appointment of internal auditors, the level of their remuneration and matters relating to the resignation or dismissal of the internal auditors, and review with the internal auditors the internal audit plans and their evaluation of the adequacy of internal system accounting controls and accounting system before submitting the results of such review to the Board for approval prior to the incorporation of such results in annual report (where necessary).
- (x) To review significant financial reporting issues and judgements with Group Financial Controller and the independent auditor so as to ensure the integrity of the financial statements of Group and any formal announcements relating to the Group's financial performance before their submission to the Board.
- (xi) To review all interested person transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Person during the same financial year) every quarter and approving all interested person transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Person during the same financial year) equal to or exceeding 3.0% of the value of the latest audited NTA of the Group, prior to such transactions being entered into, and monitoring the procedures established to regulate interested person transactions, including ensuring compliance with the Company's internal control system and the relevant provisions of the Catalist Rules, as well as all conflicts of interest to ensure that proper measures to mitigate such conflicts of interest have been put in place.
- (xii) To review and approve any future variation or amendment or renewal of the terms of the Corporate Services Agreement.
- (xiii) To review and report to the Board at least annually the adequacy and effectiveness of the Group's material internal controls with Chief Executive Officer, Group Financial Controller and the internal and independent auditors, including financial, operation, compliance and information technology controls via reviews carried out by the internal auditors.
- (xiv) To review the assistance and co-operation given by the Company's officers to the internal and independent auditors.
- (xv) To review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any).
- (xvi) To review any potential conflicts of interest.

CORPORATE GOVERNANCE REPORT

- (xvii) To review and approve all hedging policies and instruments (if any) to be implemented by the Group.
- (xviii) To review key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting the outcome of such review to be disclosed in the annual reports or, if the findings are material, immediately announced via SGXNET.
- (xix) To review arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow-up.
- (xx) To review and establish procedures for receipt, retention and treatment of complaints received by the Group, amongst others, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group.
- (xxi) To ensure co-ordination where more than one audit firm is involved.
- (xxii) To meet with the independent auditor and with the internal auditors without the presence of Management, at least annually, to discuss any problems and concerns they may have.
- (xxiii) To approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting firm/auditing firm or corporation to which the internal audit function is outsourced. To ensure that the internal audit function is staffed with persons with the relevant qualification and experience and that they carry out their functions according to the standards set by nationally or internationally recognised professional bodies.
- (xxiv) To review the internal audit programme and the adequacy, effectiveness and independence of the Company's internal audit function, as well as to ensure co-ordination between the internal and independent auditors and Management.
- (xxv) To oversee and advise the Board in formulating its risks policies to effectively identify and manage the Company's current (and future) risks in its financial, operational, compliance and information technology systems and all strategic transactions to be undertaken by the Company.
- (xxvi) To oversee design and implementation of the overall risk management systems and internal control systems (including financial, operational, compliance and information technology controls).
- (xxvii) To review the assurance from the Chief Executive Officer and the Group Financial Controller on the financial records.
- (xxviii) To commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any law, rule or regulation of the jurisdictions in which Group operates, which has or is likely to have a material impact on the Company's operating results and/or financial position.
- (xxix) To undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of AC.

The Chairman of the AC reports formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

CORPORATE GOVERNANCE REPORT

The AC has in place “Whistleblowing” arrangements by which employees or outside parties may, in confidence, raise concerns about possible improprieties and obstructive within the Group to the members of the AC directly either in person or in writing. The objective is to ensure that arrangements are in place for independent investigations of such matters and for appropriate follow-up action to be taken. Copies of the “Whistleblowing” policy have been circulated to the employees and are also available at the Company’s registered office. The AC is in charge of overseeing the function, monitoring and handling of matters being reported through the whistle-blowing system. The AC reports to the Board on such matters at the Board meetings, or as and when necessary.

The Whistle-blowing Policy is intended to encourage the reporting of such matters in good faith and without malice. Every effort will be made to protect the person who has reported a suspicion of fraudulent activities or malpractices in good faith (“**whistle-blower**”) against detrimental or unfair treatment, and the identity of the whistle-blower will be kept confidential save where it is in the opinion of the AC, is material to the investigation.

The AC is able to act independently to conduct the investigation or review as they deemed appropriate on the whistleblowing reports made in good faith, the AC may conduct its own investigation or review, instruct the Internal Auditors and/or engage third parties to conduct further investigation or review, instruct relevant management and/or engage third parties to take remedial action as deemed appropriate, and/or any other action as AC may determine in the best interest of the Group.

The Company’s independent auditor, Nexia TS Public Accounting Corporation (“**Nexia**”) is an audit firm registered with the Singapore Accounting and Corporate Regulatory Authority.

The audit of the accounts of the Company’s subsidiary corporations in Singapore were performed by Nexia and the audit of the accounts of the Company’s subsidiary corporations in Malaysia were performed by TKNP PLT, Malaysia. The AC and the Board confirmed that they are satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the consolidated financial statements. The Company has therefore acted in compliance with Rule 712 and Rule 715 of the Catalist Rules.

The AC has reviewed the fees for the non-audit services provided to the Company by the independent auditor. In accordance with Rule 1204(6) of the Catalist Rules, the non-audit fees and audit fees paid to Nexia for their services rendered in FY2022 are S\$11,416 and S\$63,500, respectively. The non-audit fee was for the direct and indirect tax services rendered by Nexia.

The AC reviewed the independence and objectivity of the independent auditor as required under Section 206(1A) of the Companies Act and determined that the independent auditor was independent in carrying out their audit of the Group’s financial statements. Having reviewed the non-audit services provided by Nexia, the AC is satisfied that the nature and extent of such services would not affect the independence and objectivity of the independent auditor.

None of the members of the AC are a partner or director of Nexia or any other auditing firm or auditing corporation. The AC had also reviewed the scope and quality of the independent auditor’s work before recommending the independent auditor to the Board for re-appointment.

After taking into account the resources and experience of Nexia and the audit engagement partner assigned to the audit, Nexia’s other audit engagements, the size and complexity of the audit as well as the number and experience of the staff assigned by Nexia for the audit, the AC is of the view that Nexia is able to meet its audit obligations. Together with the Board, the AC recommends the re-appointment of Nexia at the forthcoming AGM.

The independent auditor briefs the AC members on the developments in accounting standards (where applicable) during AC meetings to keep the AC members abreast of changes to the accounting standards and issues which have a direct impact on financial statements. The AC has full access to the independent auditor and internal auditors without the presence of Management and is authorised to have full and unrestricted access to Management and all personnel, records, operations, properties, and other informational sources of the Company as required or desirable to properly discharge its responsibilities.

CORPORATE GOVERNANCE REPORT

The AC has met with the independent auditor and internal auditors without the presence of management on 24 May 2022 for discussion on the audits for FY2022. The AC has full discretion to invite any Director or executive officer to its meetings and has the authority to conduct or authorise investigations into any matters within its scope of responsibilities.

The AC and Management also review the Company's operational activities on an on-going basis to identify areas of material risks. The AC together with the Management and the internal and independent auditors will table all control issues and review the appropriate measures being recommended to mitigate areas of weaknesses highlighted to the Board during its half-yearly meetings.

The Company has engaged Wensen Consulting (M) Sdn Bhd ("**Wensen**"), a suitably appointed qualified firm of accountants which meets the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors, to conduct an internal audit of the Company as well as to implement enterprise risk management ("**ERM**") initiatives within the Group to assist in determining whether the Group's checks and balances and control systems are adequate.

The Board formalized and approved an Enterprise Risk Management Framework. This risk framework has four principal risk categories, namely strategic, financial, operational and compliance risks.

The Group's risk management framework is aligned with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Controls Integrated Framework.

The identification and management of risks are delegated to management, who assumes ownership and day-to-day management of these risks. Management is responsible for the effective implementation of risk management strategy, policies and processes to facilitate the achievement of business plans and goals within the risk tolerance established by the Board key business risks are proactively identified, addressed and reviewed on an ongoing basis.

Wensen has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. Wensen reports directly to the AC and provides reports to AC on a timely basis.

The AC is of the view that the Internal Audit function has adequate resources to perform its functions, is independent from the activities that it audits and has appropriate standing within the Group, and effective. In assessing the engagement of Wensen for the Internal Audit function, the AC ensured that the Internal Audit function is staffed with qualified and experienced personnel.

Wensen's internal audit function is headed by the Executive Director, who is assisted by an audit team comprising of the Engagement Director, Managers and Consultants. The Executive Director, is a Chartered Member, Institute of Internal Auditors Malaysia (CIIAM), Practicing Member of the Institute of Singapore Chartered Accountants (ISCA), a member of the Malaysian Institute of Accountants (MIA) and a Fellow Member of the Association of Chartered Certified Accountants (FCCA), with more than 20 years of experience in auditing while other team members are accounting graduates with a minimum qualification of a degree obtained from overseas and/or local universities.

The scope of the internal audit covers key aspects of the Group's internal controls established to address financial, operational, compliance and information technology risks. The internal auditor's activities are guided by Wensen's internal auditing methodology which is in line with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

At present, the Board relies on independent audit reports and management letters prepared by the independent auditor, Wensen's internal audit findings and ERM report on any material non-compliance or internal control weaknesses.

CORPORATE GOVERNANCE REPORT

The AC has also set in place certain internal controls (for example, setting procedures for interested person transactions), risk management practices and sustainability practices, taking into consideration the risks which the Group is exposed to, the likelihood of occurrence of such risks, the costs of implementing the corresponding controls and the environmental and social interactions within the communities in which the issuers operate.

The Company may engage an external consultant to assist on the implementation of sustainability practices throughout the Group to assess and disclose the economic, environmental, social and governance (“ESG”) aspects of the Group’s performance and also to determine whether the Company conducts its business responsibly, particularly the ESG aspects.

The Group has considered sustainability as part of its strategic formulation and determined the material ESG factors most applicable to the Group. The Board oversees the management and monitoring of these factors, through internal reviews of the Group’s sustainability performance.

The Company has issued its Sustainability Report FY2022 on the SGXNet.

In the review of the Group’s financial statements, the AC had discussed with the Management on the accounting principles that were applied and considered the clarity of key disclosures in the financial statements.

D. SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: *The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders’ rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: *The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.*

E. MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: *The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.*

The Company recognises the importance of treating all shareholders fairly and equitably, as well as the responsibility to facilitate the exercise of shareholders’ rights, and have the opportunity to communicate their views on matters affecting the Company. Information is communicated to shareholders on a timely basis. Where disclosure is inadvertently made to a selected group, the Company will make the same disclosure publicly as soon as practicable for it to do so.

CORPORATE GOVERNANCE REPORT

The Group's corporate communication is made through:

- (a) annual report that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future developments and other disclosures required under the Catalist Rules and the relevant accounting standards;
- (b) half-yearly financial statements containing a summary of the financial information and affairs of the Group for the period;
- (c) notices of annual general meetings and extraordinary general meetings;
- (d) replies to email queries from shareholders;
- (e) disclosures to the SGX-ST and the shareholders by releasing announcements via SGXNET; and
- (f) circulars or letters to shareholders to provide the shareholders with more information on its major transactions.

The Group values dialogue with investors and believes in regular, effective and fair communication with its shareholders and is committed to hearing shareholders' views and addressing their concerns where possible. The Group adopts the practice of regularly communicating major developments in its business and operations through SGXNET and news releases and where appropriate also directly to shareholders, other investors, analysts, the media, the public and its employees.

The Group monitors the dissemination of material information (trade or price sensitive) to ensure that it is made publicly available on a timely and non-selective basis. Half-yearly and full year results as well as the annual report are announced or issued within the mandatory period.

The Group issues announcements and news releases on an immediate basis where required under the Catalist Rules. Where an immediate announcement is not possible, the announcement is made as soon as possible to ensure that the stakeholders and the public have fair access to the information.

Shareholders are encouraged to attend and participate at the general meetings to ensure a greater level of shareholders' participation. Shareholders are informed of the rules, including voting procedures that govern the general meetings to enable them to participate effectively in and vote at the general meetings. As authentication of shareholder identity information and other related security issues remain a concern, the Company, for the time being, has not amended its Constitution to allow absentia voting at general meetings.

In view of the COVID-19 situation, the Company's forthcoming AGM to be held in July 2022 will be conducted via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Alternate Meeting Arrangement Order"). Alternative arrangements relating to the mode of publication of notice of AGM, annual report and proxy form, attendance at the AGM via electronic means, submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, will be put in place for the forthcoming AGM.

All Directors and the key management personnel shall attend the general meetings, unless in cases of exigencies, and shareholders are given opportunities to ask the Board and Management questions regarding the operations of the Group and in relation to the meeting agenda prior to the respective meetings, and the Company is to answer any relevant questions prior or during the general meetings pursuant to the Alternate Meeting Arrangement Order and the relevant guideline issued by the SGX.

CORPORATE GOVERNANCE REPORT

All Directors attending the general meetings are to answer any questions relating to the work of their respective Committees. The independent auditor are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report. All directors attended the last AGM of the Company held for FY2021.

At all general meetings, all resolutions put to every shareholders' meeting of the Company are voted separately unless the resolutions are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company will explain the reasons and material implications in the notice of general meeting. Voting at the forthcoming AGM shall be conducted by poll. Under the Alternative Meeting Arrangement Order, the votes will be pre-counted based on the proxy forms received at least 72 hours before the AGM and the poll results will be verified by the independent scrutineer. Votes cast, for or against, and the respective percentages on each resolution are tallied and instantaneously announced at the meeting and announced via SGXNET on the same day of the meeting.

The Company Secretary and/or representatives from the Company Secretary's office prepares the minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and management. The minutes of such meetings are then circulated to the Board for approval. Thereafter, the minutes are available to shareholders upon request. Pursuant to the Alternate Meeting Arrangement Order, the Company's minutes of general meetings will be published in the SGXNet and Company's website within one (1) month of the AGM.

The Company did not establish formal Investor Relations and Stakeholder Engagement policies as the Company has appropriate channels in place to identify and engage with its investors and material stakeholder groups.

The Company's shareholders and investment community are also encouraged to contact or write to the Company's investor relations as follows:

Citigate Dewe Rogerson Singapore Pte Ltd
158 Cecil Street
#05-00
Singapore 069545
Tel: +65 6589-2383/ +65 6589-2379 (During Office Hours)
Ms Dolores Phua / Ms Wong Mei Ling
Email: MeGroup@citigatedewerogerson.com

Shareholders and the public can access information on the Group via its website at <https://me-grp.com>.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business conditions, development plans and other factors as the Directors may deem appropriate.

There was no dividend declared or recommended for FY2022 as the Group intends to conserve cash for expansion and other business opportunities.

CORPORATE GOVERNANCE REPORT

INTERNAL COMPLIANCE CODE ON DEALINGS IN COMPANY'S SECURITIES

The Company has a Code of Best Practices for Securities Transactions for the Company and its Officers to provide guidance for both itself, and its Directors and Officers (including employees with access to price-sensitive information on the Company's shares) on dealings in the Company's securities, the implications of insider trading and general guidance on the prohibition against such dealings.

In line with Rule 1204(19) of the Catalist Rules, the Company issues a memorandum informing the Directors and Officers that they are not allowed to deal in the Company's shares during the period commencing one month before the announcement of the Company's half-yearly and full year financial statements of the Company. These trading restrictions end after the results have been announced. Additionally, both Directors and Officers are prohibited from dealing in securities of the Company while in possession of price-sensitive information. They are required to report to the Company Secretary whenever they deal in the Company's shares. The Company Secretary assists the Board to monitor such share transactions and to make the necessary announcements, if required.

An Officer of the Company should not deal in the Company's securities on short-term considerations. The Board confirms that as at the date of this Report, the Company has complied with Rule 1204(19) of the Catalist Rules.

INTERESTED PERSON TRANSACTIONS

(Catalist Rule 907)

The Group has established procedures to ensure that all transactions with interested persons are properly documented and reported in a timely manner to the AC on a half-yearly basis, and that the transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders, in accordance with the internal controls set up by the Company on interested person transactions.

The Company does not have a general mandate from shareholders for interested person transactions.

In the event that a member of the AC is involved in any interested person transaction, he will abstain from reviewing that particular transaction. The aggregate value of transactions entered into by the Group with interested persons and their associates for FY2022 are as follows:

NAME OF INTERESTED PERSON	AGGREGATE VALUE OF ALL INTERESTED PERSON TRANSACTIONS (EXCLUDING TRANSACTIONS LESS THAN S\$100,000 AND TRANSACTIONS CONDUCTED UNDER A SHAREHOLDERS' MANDATE PURSUANT TO RULE 920)	AGGREGATE VALUE OF ALL INTERESTED PERSON TRANSACTIONS CONDUCTED UNDER SHAREHOLDERS' MANDATE PURSUANT TO RULE 920 (EXCLUDING TRANSACTIONS LESS THAN S\$100,000)
Yatta Group Sdn Bhd	S\$156,637	N/A

Note: Yatta Group Sdn Bhd is 63.56% owned by Mr Wong and his immediate family members.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT

(Catalist Rule 1204(4)(b)(iv))

Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to manage and mitigate these risks. The management reviews all the significant control policies and procedures and highlights all significant findings to the Directors and the AC.

NON-SPONSOR FEES

(Catalist Rule 1204(21))

UOB Kay Hian Private Limited was appointed as the Company's Continuing Sponsor with effect from 1 July 2021, in place of CIMB Berhad, Singapore Branch. In FY2022, there were no non-sponsor fees paid to either UOB Kay Hian Private Limited or CIMB Berhad, Singapore Branch.

MATERIAL CONTRACTS

(Catalist Rule 1204(8))

Save for the following contract disclosed below, there were no other material contracts entered into by the Company and its subsidiary corporations involving the interests of any Director or controlling shareholders as at 31 March 2022, or if not then subsisting, entered into in FY2022:

- Service agreement of Mr Wong Cheong Chee as previously disclosed in the Company's offer document dated 22 October 2018.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 March 2022 and the statement of financial position of the Company as at 31 March 2022.

In the opinion of the directors,

- (i) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 53 to 114 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2022 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Wong Cheong Chee
 Wong Keat Yee
 Benjamin Choo Chih Chien
 Chee Teck Kwong Patrick
 Edmund Lai Sou Wei
 Chong Kwea Seng

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Performance share plan" and "Share options" in this statement.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	HOLDINGS REGISTERED IN NAME OF DIRECTOR		HOLDINGS IN WHICH DIRECTOR IS DEEMED TO HAVE AN INTEREST	
	AT 31.3.2022	AT 1.4.2021	AT 31.3.2022	AT 1.4.2021
The Company				
(No. of ordinary shares)				
Wong Cheong Chee ⁽¹⁾	205,000	205,000	61,232,497	61,232,497
Holding corporation - JCWW Holdings Pte. Ltd.				
(No. of ordinary shares)				
Wong Cheong Chee ⁽²⁾	70	70	-	-
Wong Keat Yee	10	10	-	-

DIRECTORS' STATEMENT

Directors' interests in shares or debentures (continued)

- (1) Wong Cheong Chee, who by virtue of his interest of not less than 20% of the issued capital of the holding corporation, is deemed to have interests in the shares of the Company and all the subsidiary corporations.
- (2) Wong Cheong Chee and his spouse jointly hold 70 shares in the holding corporation.

The directors' interests in the ordinary shares of the Company as at 21 April 2022 were the same as those as at 31 March 2022.

Performance share plan

On 26 September 2018, the Company's shareholder approved a performance share scheme known as the MeGroup Performance Share Plan (the "MeGroup PSP"). This plan awards the participants to receive fully paid shares free of charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period.

Executive directors and employees of the Group and the associated companies ("Group Employees") who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Remuneration Committee (the "RC") from time to time, and non-executive directors (including independent directors) of the Group, shall be eligible to participate in the MeGroup PSP at the absolute discretion of the RC.

Persons who are controlling shareholders or associates of controlling shareholders who meet the criteria above are also eligible to participate in the MeGroup PSP provided that the participation of and the terms and actual numbers of the awards granted under MeGroup PSP to a participant who is a controlling shareholder or an associate of a controlling shareholder shall be approved by independent shareholders of the Company and a separate resolution must be passed for each such person subject to the following:

- (a) the aggregate number of shares over which awards may be granted under the MeGroup PSP to controlling shareholders or associates of controlling shareholders shall not exceed 25.0% of the shares available under the MeGroup PSP; and
- (b) the number of shares over which an award may be granted under the MeGroup PSP to each controlling shareholder or an associate of a controlling shareholder shall not exceed 10.0% of the shares available under the MeGroup PSP.

The MeGroup PSP is a share incentive scheme which will allow the Company, *inter alia*, to target specific performance objectives and to provide an incentive for participants to achieve these targets. The directors believe that the MeGroup PSP will help to achieve the following positive objectives:

- (a) foster an ownership culture within the Group which aligns the interests of group executives and non-executive directors with the interests of shareholders;
- (b) motivate participants to achieve key financial and operational goals of the Company and/or their respective business units; and
- (c) make total employee remuneration sufficiently competitive to recruit and retain staff having skills that are commensurate with the Company's ambition to become a world class company.

The MeGroup PSP is administered by the RC which comprises of four independent directors, namely Benjamin Choo Chih Chien, Chee Teck Kwong Patrick, Edmund Lai Sou Wei and Chong Kwea Seng.

DIRECTORS' STATEMENT

Performance share plan (continued)

The MeGroup PSP shall continue in force at the absolute discretion of the RC, subject to a maximum period of ten (10) years commencing on the date on which the MeGroup PSP is adopted by the Company in general meeting, provided always that the MeGroup PSP may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Company will deliver shares to participants upon vesting of their awards by way of either:

- (i) an issue of new shares; or
- (ii) a transfer of shares acquired by the Company pursuant to a share purchase mandate and/or held by the Company as treasury shares.

The total number of shares which may be issued or transferred pursuant to awards granted under the MeGroup PSP on any date, when aggregated with the aggregate number of shares over which options are granted under any other share option schemes of the Company, shall not exceed 15.0% of the total number issued shares (excluding shares held by the Company as treasury shares and subsidiary corporations holdings, if any) on the day preceding that date.

No performance shares have been awarded since the commencement of MeGroup PSP.

Share options

On 26 September 2018, the shareholder approved a share option scheme known as the MeGroup Share Option Scheme (the "MeGroup SOS") for the Group Employees, non-executive directors (including independent directors) of the Group and the associated companies and directors and employees of the Company's parent company who have contributed to the success and development of the Company, are eligible to participate in the MeGroup SOS. For this purpose, a company is an "associated company" if the Company or the Company and the subsidiary corporations and associated companies hold at least 20.0% but not more than 50.0% of the issued shares in that company and provided the Company has significant influence over the associated company. The MeGroup SOS is administered by the RC which comprises of four independent directors, namely Benjamin Choo Chih Chien, Chee Teck Kwong Patrick, Edmund Lai Sou Wei and Chong Kwea Seng.

The MeGroup SOS is designed to provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty.

The options that are granted under the MeGroup SOS may have exercise prices that are, at the RC's discretion, set at a price (the "Market Price") equal to the average of the last dealt prices for a share on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five (5) consecutive market days immediately preceding the date on which an offer to grant an option is made or at a discount to the Market Price (subject to a maximum discount of 20.0%). Options which are fixed at the Market Price ("Market Price Option") may be exercised after the first anniversary of the date on which an offer to grant that option is made while options exercisable at a discount to the Market Price may be exercised after the second anniversary from the date on which an offer to grant that option is made ("Incentive Option"). Options granted under the MeGroup SOS to any Group Employee will have a life span of up to ten (10) years from the date on which they are granted and all other options granted under the MeGroup SOS will have a life span of five (5) years from the date on which they are granted.

DIRECTORS' STATEMENT

Share options (continued)

The aggregate number of shares over which the RC may grant options on any date, when added to the number of shares issued and issuable or transferred and to be transferred in respect of all options granted under the MeGroup SOS and the number of shares issued and issuable or transferred and to be transferred in respect of all options or awards granted under any other share option schemes or share schemes of the Company, shall not exceed 15.0% of the total number of issued shares (excluding shares held by the Company as treasury shares and subsidiary corporations holdings, if any) on the day immediately preceding the date on which an offer to grant an option is made.

There were no options granted since the commencement of the MeGroup SOS to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Audit committees

The members of the Audit Committee (the "AC") at the end of the financial year were as follows:

Edmund Lai Sou Wei (Chairman)
Chee Teck Kwong Patrick
Benjamin Choo Chih Chien
Chong Kwea Seng

All members of the AC were non-executive and independent directors.

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967. In performing those functions, the AC reviewed:

- (i) the scope and the results of internal audit procedures with the internal auditor;
- (ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- (iii) the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2022 before their submission to the Board of Directors, as well as the independent auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group;
- (iv) the co-operation and assistance given by the Company's management to the independent auditor;
- (v) transactions failing within the scope of Chapter 9 of the SGX-ST Listing Manual Section B: Rules of Catalist ("Catalist Rules");

DIRECTORS' STATEMENT

Audit committees (continued)

- (vi) the half-yearly financial results and annual financial statements, results announcements and media releases before submission to the Board of Directors for approval, focusing on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements; and
- (vii) make recommendations to the Board of Directors on the appointment, re-appointment and removal of the independent auditor, and approve the remuneration and terms of engagement of the independent auditor.

The AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The independent auditor has unrestricted access to the AC.

The AC has recommended to the Board of Directors that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the Directors

.....
Wong Cheong Chee
Director

.....
Wong Keat Yee
Director

4 July 2022

INDEPENDENT AUDITOR'S REPORT

to the Members of MeGroup Ltd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of MeGroup Ltd. (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 114.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

to the Members of MeGroup Ltd.

Key Audit Matters (continued)

Key audit matters	How our audit addressed the matters
<p>Revenue recognition (Refer to Notes 2.3 and 4 to the financial statements)</p> <p>Revenue is recognised at an amount that reflects the consideration in the contracts to which the Group expected to be entitled in exchange for promised goods or services to the customers as and when the Group satisfied its performance obligation by transferring promised goods or services to the customers, which is when the customers obtains control of the goods or services at a point in time.</p> <p>We focused on this area as there is presumed high risk with regards to revenue recognition and revenue represents the most significant item on the Group's financial statements. The potential existence of management override controls and large volume of transactions also increase the inherent risk that revenue may not be recognised in the appropriate accounting period.</p>	<p>In obtaining sufficient audit evidence, the following procedures were carried out:</p> <ul style="list-style-type: none"> • Discussed with management on the key internal controls and processes involved in the revenue cycles and performed walkthrough to confirm our understanding. • Tested the key internal controls to ascertain the reliabilities of the internal controls in place over the revenue cycle. • Evaluated management's assessment of the application of SFRS(I) 15 <i>Revenue from Contracts with Customers</i>, in particular, the five-step model for each revenue stream. • Reviewed significant sale contracts of the Group to assess whether revenue is recognised in accordance with the Group's accounting policies as disclosed in Note 2.3 to the financial statements. • Performed test of details, including cut-off procedures to ascertain revenue was recorded in the appropriate accounting period. • Reviewed credit notes issued subsequent to the financial year end to ascertain revenue was recorded in the appropriate accounting period. • Reviewed management journal entries to detect any unusual transactions in relation to revenue for evidence of fraud.

INDEPENDENT AUDITOR'S REPORT

to the Members of MeGroup Ltd.

Key Audit Matters (continued)

Key audit matters	How our audit addressed the matters
<p>Expected credit losses on trade receivables (Refer to Notes 2.14, 3(b), 13 and 29(b) to the financial statements)</p> <p>As at 31 March 2022, the Group has trade receivables of RM17,082,185 representing 13% of the Group's total assets.</p> <p>With reference to SFRS(I) 9 <i>Financial Instruments</i>, the Group apply the simplified approach (lifetime expected credit losses) for trade receivables.</p> <p>The Group assesses periodically and as at the financial year end, the expected credit losses ("ECL") associated with its trade receivables. The Group determines ECL by making debtor-specific assessment of expected impairment loss for long overdue receivables by referencing to the Group's historical information and loss experience, customers' repayment ability and adjusted with forward-looking information, including assessing potential impact on the outbreak of Covid-19 pandemic. The Group assigns 100% expected credit loss rate for trade receivables past due more than 150 days and evaluates the ECL on customers in financial difficulty separately.</p> <p>As the ECL assessment on the trade receivables required significant management's estimates and judgements in determining the credit risk of trade receivables, we determined this area to be a key audit matter.</p>	<p>In obtaining sufficient audit evidence, the following procedures were carried out:</p> <ul style="list-style-type: none"> • Evaluated management's assessment and determination of the expected credit loss of the Group's trade receivables. • Reviewed and tested the aging profile of trade receivables as at year end. • Verified to subsequent receipts and any other evidence to support the recoverability of trade receivables. • Reviewed the reasonableness of management's estimates and judgements on expected credit loss of debtor-specific which were based on the historical information and loss experience for each category of customers and adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables, including the consideration of impacts from the Covid-19 pandemic.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

to the Members of MeGroup Ltd.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

to the Members of MeGroup Ltd.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current financial year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Chan Siew Ting.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
4 July 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2022

	NOTE	GROUP	
		2022 RM	2021 RM
Revenue	4	255,363,672	208,933,451
Cost of sales		(234,213,388)	(186,928,981)
Gross profit		21,150,284	22,004,470
Other income			
- Interest	7	54,060	54,413
- Others	7	1,275,535	1,207,803
Other gains – net	8	629,609	351,520
Expenses			
- Selling and distribution		(5,060,901)	(4,156,798)
- Administrative		(17,120,109)	(15,392,874)
- Finance	9	(2,720,781)	(2,045,291)
(Loss)/profit before income tax		(1,792,303)	2,023,243
Income tax expense	10	(1,507,794)	(1,256,504)
Net (loss)/profit, representing total comprehensive (loss)/income for the financial year		(3,300,097)	766,739
Net (loss)/profit and total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(3,125,455)	560,993
Non-controlling interests		(174,642)	205,746
		(3,300,097)	766,739
(Losses)/earnings per share for (loss)/profit attributable to equity holders of the Company (RM cents per share)			
Basic and diluted (losses)/earnings per share	11	(2.61)	0.47

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2022

	NOTE	GROUP		COMPANY	
		2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
Current assets					
Cash and cash equivalents	12	11,834,368	10,931,084	195,338	382,232
Trade and other receivables	13	23,755,132	17,942,878	5,220,633	5,478,511
Tax recoverable	14	1,591,238	1,911,124	-	-
Inventories	15	13,718,761	12,014,816	-	-
		50,899,499	42,799,902	5,415,971	5,860,743
Non-current assets					
Property, plant and equipment	16	34,275,721	28,639,737	-	-
Right-of-use assets	17	42,619,837	35,583,857	-	-
Intangible assets	18	1,315,662	1,978,571	-	-
Investments in subsidiary corporations	19	-	-	26,094,134	26,094,134
		78,211,220	66,202,165	26,094,134	26,094,134
Total assets		129,110,719	109,002,067	31,510,105	31,954,877
LIABILITIES					
Current liabilities					
Trade and other payables	20	16,151,101	14,206,603	141,955	230,268
Current income tax liabilities	10	225,233	37,436	-	-
Borrowings	21	22,513,190	6,211,280	3,099,500	-
Lease liabilities	22	3,719,104	3,361,495	-	-
		42,608,628	23,816,814	3,241,455	230,268
Non-current liabilities					
Borrowings	21	20,020,914	18,857,732	-	-
Lease liabilities	22	23,832,123	18,554,818	-	-
Deferred income tax liabilities	23	3,030,924	2,614,010	-	-
		46,883,961	40,026,560	-	-
Total liabilities		89,492,589	63,843,374	3,241,455	230,268
Net assets		39,618,130	45,158,693	28,268,650	31,724,609
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	24	37,356,382	37,356,382	37,356,382	37,356,382
Retained profits/(accumulated losses)	25	25,428,342	30,944,263	(9,087,732)	(5,631,773)
Other reserves	26	(24,360,992)	(24,360,992)	-	-
		38,423,732	43,939,653	28,268,650	31,724,609
Non-controlling interests	19	1,194,398	1,219,040	-	-
Total equity		39,618,130	45,158,693	28,268,650	31,724,609

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2022

NOTE	← ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY →					NON-CONTROLLING INTERESTS		TOTAL EQUITY
	SHARE CAPITAL	MERGER RESERVE	CAPITAL RESERVE	RETAINED PROFITS	TOTAL	RM	RM	
2022								
Balance as at 1 April 2021	37,356,382	(24,594,282)	233,290	30,944,263	43,939,653	1,219,040	45,158,693	
Total comprehensive loss for the financial year	-	-	-	(3,125,455)	(3,125,455)	(174,642)	(3,300,097)	
Incorporated a subsidiary corporation	-	-	-	-	-	150,000	150,000	
Dividend paid	-	-	-	(2,390,466)	(2,390,466)	-	(2,390,466)	
Balance as at 31 March 2022	37,356,382	(24,594,282)	233,290	25,428,342	38,423,732	1,194,398	39,618,130	
2021								
Balance as at 1 April 2020	37,356,382	(24,594,282)	233,290	30,383,270	43,378,660	1,013,294	44,391,954	
Total comprehensive income for the financial year	-	-	-	560,993	560,993	205,746	766,739	
Balance as at 31 March 2021	37,356,382	(24,594,282)	233,290	30,944,263	43,939,653	1,219,040	45,158,693	

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2022

	NOTE	GROUP	
		2022 RM	2021 RM
Cash flows from operating activities			
(Loss)/profit before income tax		(1,792,303)	2,023,243
Adjustments for:			
- Amortisation of intangible assets	5	662,909	662,909
- Depreciation of property, plant and equipment	5	3,739,657	3,160,145
- Depreciation of right-of-use assets	5	4,349,764	3,819,323
- Loss/(gain) on disposal of property, plant and equipment	8	876	(13,897)
- Gain on disposal of right-of-use assets	8	(397,350)	(222,210)
- Interest income	7	(54,060)	(54,413)
- Interest expense	9	2,720,781	2,045,291
- Rental concessions	7	(109,792)	-
		9,120,482	11,420,391
Change in working capital:			
- Trade and other receivables		(6,271,321)	(4,806,313)
- Inventories		(1,703,945)	3,364,268
- Trade and other payables		(29,109)	(770,400)
Cash generated from operations		1,116,107	9,207,946
Income tax paid	10	(884,534)	(2,093,192)
Income tax refunded	10	301,337	190,000
Net cash provided by operating activities		532,910	7,304,754
Cash flows from investing activities			
Additions to property, plant and equipment		(8,922,050)	(3,503,442)
Additions to right-of-use assets		(432,264)	(2,100,000)
Proceeds from disposal of property, plant and equipment		4,600	113,000
Proceeds from disposal of right-of-use assets		1,172,140	441,200
Interest received		54,060	54,413
Net cash used in investing activities		(8,123,514)	(4,994,829)
Cash flows from financing activities			
Fixed deposits pledged		(584,116)	(1,606,585)
Proceeds from bank borrowings		16,247,574	3,894,216
Repayment of bank borrowings		(1,946,944)	(4,206,674)
Repayment of lease liabilities		(4,031,637)	(3,135,461)
Dividends paid	27	(2,390,466)	-
Interest paid		(2,220,397)	(2,045,291)
Capital contribution from non-controlling interest		150,000	-
Net cash provided by/(used in) financing activities		5,224,014	(7,099,795)
Net decrease in cash and cash equivalents		(2,366,590)	(4,789,870)
Cash and cash equivalents			
Beginning of financial year		6,545,078	11,334,948
End of financial year	12	4,178,488	6,545,078

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

MeGroup Ltd. (the "Company") is listed on Catalyst, the sponsor-supervised listing platform in Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. The address of the Company's registered and principal place of business is located at 133 Cecil Street #14-01, Keck Seng Tower, Singapore 069535.

The consolidated financial statements are presented in Malaysian Ringgit ("RM" or "MYR") except otherwise indicated.

The holding corporation of the Company is JCWW Holdings Pte. Ltd., a company incorporated and domiciled in Singapore.

The principal activity of the Company is investment holding. The principal activities of subsidiary corporations are described in Note 19 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

Coronavirus (Covid-19) impact

The Covid-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Group's significant operations are in Malaysia which have been affected by the spread of Covid-19 in 2020.

Set out below is the impact of Covid-19 on the Group's financial performance reflected in this set of financial statements for the financial year ended 31 March 2022:

- (i) The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- (ii) Border closures, production stoppages and workplace closures have resulted in periods where the Group's operations were temporarily suspended to adhere to the respective governments' movement control measures. These have negatively impacted business operations and production, resulting in a negative impact on the Group's financial performance for 2022.
- (iii) The Group has considered the market conditions (including the impact of Covid-19) as at the reporting date, in making estimates and judgements on the recoverability of assets as at 31 March 2022. The significant estimates and judgement applied on impairment of trade receivables are disclosed in Note 3 to the financial statements.

The Group will continue to keep a vigilant watch on the challenges that may arise from the ongoing Covid-19 pandemic and uncertainties in the wider macro environment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2021

On 1 April 2021, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of amendment to SFRS(I) 16 *Leases*:

Adoption of amendment to SFRS(I) 16 *Leases*

The Group has adopted the amendments to SFRS(I) 16 which introduced a practical expedient for a lessee to elect not to assess whether a rental concession is a lease modification, if all the following conditions are met:

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) There is no substantive change to other terms and conditions of the lease.

The Group has elected to apply this practical expedient to certain premises. As a result of applying the practical expedient, rental concessions of RM109,792 (Note 7) was recognised as other income in the profit or loss during the financial year.

2.2 Group accounting

(a) *Subsidiary corporations*

(i) *Consolidation*

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Group accounting (continued)

(a) *Subsidiary corporations (continued)*

(ii) *Acquisition*

The acquisition method of accounting is used to account for business combinations entered into by the Group, other than those entities which are under common control.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporations measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets - Goodwill" for the subsequent accounting policy on goodwill.

Acquisitions of entities under common control have been accounted for using the predecessor accounting method. Under this method:

- The consolidated financial statements of the Group have been prepared as if the Group structure immediately after the transaction has been in existence since the earliest date the entities are under common control;
- The assets and liabilities are brought into the consolidated financial statements at their existing carrying amounts from the perspective of the controlling party;
- The consolidated statement of comprehensive income includes the results of the acquired entities since the earliest date the entities are under common control;
- The cost of investment is recorded at the aggregate of the nominal value of the equity shares issued, cash and cash equivalents and fair values of other consideration; and
- On consolidation, the difference between the cost of investment and the nominal value of the share capital of the merged subsidiary corporations are taken to merger reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Group accounting (continued)

(a) *Subsidiary corporations (continued)*

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity holders of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.3 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfied a performance obligation by transferring a promised good and service to the customer, which is when the customer obtains control of the good and service. A performance obligation is satisfied at a point in time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Sales of Noise, Vibration and Harshness ("NVH") components and other non-NVH components*

Revenue is recognised when the customer obtains control of the goods.

(b) *Sale of automobiles*

Revenue is recognised when the customer obtains control of the goods.

(c) *After-sales automobile services*

Revenue is recognised when the Group has rendered the services to customer.

(d) *Incentives received from distributors*

Incentives received from distributors is recognised upon the Group meeting the agreed target set by the distributors.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Revenue recognition (continued)

(e) *Handling fees*

Handling fees are recognised when the related services is provided.

(f) *Agency fee income*

Agency fee income is recognised in the amount of any fee or commission to which it expects to be entitled in exchange for arranging services for other party.

(g) *Interest income*

Interest income is recognised using the effective interest method.

(h) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

(i) *Management fee*

Management fee income is recognised when services is rendered.

2.4 Government grant

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.5 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.6 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Employees' Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Employee compensation (continued)

(b) *Performance bonus*

The Group recognises a liability and an expense for performance bonus of Executive Chairman. The performance bonus is computed based on the Group's audited consolidated profit before deducting income tax expenses, non-recurring or one-off exceptional items, non-controlling interests of the Group and before paying profit sharing. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

(c) *Performance shares*

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of entity's share on grant date. This fair value is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vested, with the corresponding adjustment made in equity.

Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

(d) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At each reporting date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

(e) *Short-term compensated absences*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Income taxes

Current income tax for current and prior financial periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income and expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.8 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.9 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Property, plant and equipment

(a) *Measurement*

(i) *Property, plant and equipment*

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) *Depreciation*

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Computers and office equipment	3 – 10 years
Tools and machinery	5 – 10 years
Furniture, electrical and fittings	5 – 10 years
Renovation and signboard	10 years
Automobiles	5 years
Buildings	50 years
Leasehold land	Over the remaining leased terms of 72 – 84 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Construction-in-progress represents the cost of building under construction. When construction-in-progress are completed and are ready for their intended use, they are recognised as property, plant and equipment and depreciated over their useful lives.

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Property, plant and equipment (continued)

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains – net".

2.11 Intangible assets

(a) *Goodwill*

Goodwill on acquisitions of subsidiary corporations and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiary corporations include the carrying amount of goodwill relating to the entity sold.

(b) *Customer relationship and licence*

Customer relationship and licence are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 6 years, which is the shorter of their estimated useful lives and periods of contractual rights.

2.12 Investments in subsidiary corporations

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Impairment of non-financial assets

(a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) *Intangible assets*

Property, plant and equipment

Right-of-use assets

Investments in subsidiary corporations

Intangible assets, property, plant and equipment, right-of-use assets and investments in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior financial years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets

(a) *Classification and measurement*

The Group classifies its financial assets at amortised costs.

The classification of debt instruments depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

At subsequent measurement, debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(b) *Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 29(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by SFRS(I) 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For cash and bank deposits and other receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (continued)

(c) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of debt instrument, the difference between the carrying amount and the sales proceed is recognised on profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.16 Provisions

Provisions for other liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.17 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liabilities simultaneously.

2.18 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Leases

When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(i) *Right-of-use assets*

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

(ii) *Lease liabilities*

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Leases (continued)

When the Group is the lessee: (continued)

(ii) Lease liabilities (continued)

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modifications in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

(iv) Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

2.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.21 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Malaysia Ringgit ("RM"), which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate at the reporting date are recognised in profit or loss. Monetary items include primarily financial assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

All other foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within "Other gains - net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker whose members are responsible for allocating resources and assessing performance of the operating segments.

2.24 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-Group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

- (a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- (b) the amount of expected loss computed using impairment methodology under Note 2.14.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

(a) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment, except for freehold land and right-of-use assets, to be within 3 to 50 years.

The carrying amounts of the Group's property, plant and equipment as at 31 March 2022 is RM31,931,601 (2021: RM26,295,617). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

If the actual useful lives of these property, plant and equipment had been 10% higher from management's estimates, the carrying amount of the property, plant and equipment would be an estimated RM341,712 (2021: RM316,015) lower.

The carrying amount of the Group's property, plant and equipment is disclosed in Note 16 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(b) *Expected credit losses on trade receivables*

Expected credit losses ("ECL") on trade receivables is probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group measured the loss allowance of trade receivables at an amount equal to lifetime ECL by making debtor-specific assessment. A considerable amount of judgement is required in assessing the ECL which are determined by referencing to the Group's historical information and loss experience, customers' ability to pay and adjusted with forward-looking information. The information about the ECL on the Group's trade receivables is disclosed in Note 29(b) to the financial statements. The Group also evaluates the ECL on customers in financial difficulty separately. Based on management's evaluation, no loss allowance for trade receivables is recognised for the financial years ended 31 March 2022 and 2021.

The carrying amounts of trade receivables is disclosed in Note 13 to the financial statements.

(c) *Net realisable value of inventories*

A review is made periodically on inventories for excess inventory, obsolescence and declines in net realisable value below cost. These require management to estimate future demand for products and their selling prices. In any case, the realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available at the end of the reporting date and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount to write-down including ageing analysis, utilisation of inventories, and the purpose of the inventories held, category and conditions of inventories and subsequent events.

In general, such an evaluation process requires judgement which may affects the carrying amount of inventories at the end of the financial year. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of the inventories at the reporting date is disclosed in Note 15 to the financial statements. If the management's estimate on the net realisable value of inventories had been lower by 5%, the Group would have reduced the carrying amount of inventories by RM685,938 (2020: RM600,741).

(d) *Leases*

The application of SFRS(I) 16 requires the Group to exercise judgement and estimates in applying transition options and practical expedients, and in the determination of key assumptions used in measuring the lease liabilities. Key assumptions include lease terms and discount rates on the lease payments.

In determining the lease term, the Group considers all relevant facts and circumstances that create an economic incentive for the Group to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the Group is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(d) Leases (continued)

The lease payments are discounted using the rate implicit in the lease or the Group's incremental borrowing rate. This requires the Group to estimate the rate of interest that it would have to pay to borrow the funds to obtain a similar asset over a similar term.

The incremental borrowing rate applied to lease liabilities as at 31 March 2022 was ranged from 2.02% to 4.24% (2021: 2.83% to 3.81%) for leases of office space and buildings for the purpose of back office operation, car showrooms, warehouse and service centres. The carrying amount of lease liabilities of the Group as at 31 March 2022 was RM27,551,227 (2021: RM21,916,313) and is disclosed in Note 22 to the financial statements.

Changes in these assumptions may significantly impact the measurement of the lease liabilities. The accounting policies for leases are stated in Note 2.19 to the financial statements.

4. REVENUE

	AT A POINT IN TIME	
	GROUP	
	2022	2021
	RM	RM
Manufacturing		
Sales of NVH components and other non-NVH components	29,891,844	30,381,008
Dealership		
Sales of automobiles	210,416,117	158,881,386
After-sales automobile services	11,565,103	16,995,089
Incentives received from distributors	1,725,193	1,331,346
Handling fees	1,144,166	841,852
Agency fee income	621,249	502,770
	225,471,828	178,552,443
	255,363,672	208,933,451

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

5. EXPENSES BY NATURE

	GROUP	
	2022 RM	2021 RM
Amortisation of intangible assets (Note 18)	662,909	662,909
Bank charges and commission	192,436	288,875
Changes in inventories	(1,703,945)	3,364,268
Depreciation of property, plant and equipment (Note 16)	3,739,657	3,160,145
Depreciation of right-of-use assets (Note 17)	4,349,764	3,819,323
Directors' fee paid to directors of the Company	424,950	380,406
Employee compensation (Note 6)	10,629,166	10,514,794
Entertainment	566,052	288,532
Fees on audit services paid/payable to:		
- Auditor of the Company	181,655	180,271
- Other auditors	119,425	123,400
	301,080	303,671
Fees on non-audit services paid/payable to auditor of the Company	36,184	38,659
Freight charges	1,428,128	1,604,100
Import duty	254,606	101,119
Insurance	618,731	485,891
Printing and stationery	245,765	188,304
Production expenses	475,820	425,606
Professional fees	487,460	529,711
Purchases of:		
- Automobiles	192,100,934	140,133,973
- Automobile parts and accessories	14,489,602	15,079,353
- Raw materials	14,732,416	13,821,443
	221,322,952	169,034,769
Rental expenses on short-term leases (Note 17)	464,212	264,503
Repairs and maintenance	1,456,384	1,441,195
Testing, research and development	48,103	16,402
Sales commission	3,735,646	2,982,826
Security charges	429,928	465,987
Sponsorship fee	191,942	228,845
Stamp duty	42,159	50,092
Sub-contractors	2,280,705	2,303,899
Transportation expenses	671,302	392,881
Travelling and accommodation	186,465	159,333
Utilities	1,402,683	1,440,555
Others	1,453,154	1,541,053
Total cost of sales, selling and distribution and administrative expenses	256,394,398	206,478,653

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

6. EMPLOYEE COMPENSATION

	GROUP	
	2022 RM	2021 RM
Wages and salaries	9,484,679	9,471,224
Employer's contribution to defined contribution plans	1,020,063	926,111
Other short-term benefit	124,424	117,459
	10,629,166	10,514,794

7. OTHER INCOME

	GROUP	
	2022 RM	2021 RM
Interest income	54,060	54,413
Government grant and subsidy income ^(a)	717,600	713,658
Income from storage service	1,585	4,954
Management fee	-	50,010
Commission received, marketing incentive and support fee	298,351	360,418
Rental concessions ^(b)	109,792	-
Insurance claim	100,000	-
Others	48,207	78,763
	1,329,595	1,262,216

(a) Government subsidy of RM717,600 (2021: RM698,400) was recognised during the financial year under the Wage Subsidy Programme (the "Programme"). The Programme is a temporary scheme introduced by the Malaysia government in 2020 to help enterprises retain local employees. Under the Programme, employers will receive cash subsidy in relation to the gross monthly wages of eligible employees.

(b) Rental concessions are Covid-19 related rental concessions received from lessors which the Group applied the practical expedient.

8. OTHER GAINS – NET

	GROUP	
	2022 RM	2021 RM
Realised currency exchange gains, net	163,843	47,993
Unrealised currency exchange gains, net	69,292	67,420
(Loss)/gain on disposal of property, plant and equipment	(876)	13,897
Gain on disposal of right-of-use assets	397,350	222,210
	629,609	351,520

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

9. FINANCE EXPENSES

	GROUP	
	2022	2021
	RM	RM
Interest expenses on:		
- Bank borrowings	1,768,584	1,228,271
- Lease liabilities (Note 17)	952,197	817,020
	2,720,781	2,045,291

10. INCOME TAXES

(a) Income tax expense

	GROUP	
	2022	2021
	RM	RM
Tax expense attributable to (loss)/profit is made up of:		
- (Loss)/profit for the financial year:		
Current income tax - Foreign	723,860	1,481,925
Deferred income tax (Note 23)	17,676	(218,118)
Real property gain tax	13,300	-
	754,836	1,263,807
- Under/(over) provision in prior financial years:		
Current income tax - Foreign	353,720	(241,767)
Deferred income tax (Note 23)	399,238	234,464
	752,958	(7,303)
	1,507,794	1,256,504

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

10. INCOME TAXES (CONTINUED)

(a) Income tax expense (continued)

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the Malaysia standard rate of income tax is as follows:

	GROUP	
	2022 RM	2021 RM
(Loss)/profit before income tax	(1,792,303)	2,023,243
Tax calculated at tax rate of 24% (2021: 24%)	(430,153)	485,578
Effects of:		
- Different tax rates in other countries	79,140	72,724
- Expenses not deductible for tax purposes	1,184,000	690,125
- Income not subject to tax	(277,190)	(2,594)
- Income subject to real property gain tax	13,300	-
- Deferred tax asset not recognised	240,945	17,974
- Utilisation of deferred tax asset previously not recognised	(55,206)	-
- Under/(over) provision in prior financial years	752,958	(7,303)
Tax charge	1,507,794	1,256,504

The Group has unutilised tax losses and unabsorbed capital allowance of approximately RM1,008,362 (2021: RM334,850) and RM471,853 (2021: RM371,453) respectively at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements in Malaysia. The tax losses will expire in 2028.

(b) Movement in current income tax liabilities and tax recoverable

	GROUP	
	2022 RM	2021 RM
Beginning of financial year	(1,873,688)	(1,210,654)
Income tax paid	(884,534)	(2,093,192)
Income tax refunded	301,337	190,000
Tax expense	723,860	1,481,925
Real property gain tax	13,300	-
Under/(over) provision in prior financial year	353,720	(241,767)
End of financial year	(1,366,005)	(1,873,688)
Presented as:		
Tax recoverable	(1,591,238)	(1,911,124)
Current income tax liabilities	225,233	37,436
	(1,366,005)	(1,873,688)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

11. (LOSSES)/EARNINGS PER SHARE

Basic and diluted (losses)/earnings per share is calculated by dividing the net (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

There were no potential dilutive ordinary shares during the financial years ended 31 March 2022 and 2021.

	GROUP	
	2022	2021
Net (loss)/profit attributable to equity holders of the Company (RM)	(3,125,455)	560,993
Weighted average number of ordinary shares outstanding for basic and diluted (losses)/earnings per share	119,523,315	119,523,315
Basic and diluted (losses)/earnings per share (RM cents per share)	(2.61)	0.47

12. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2022	2021	2022	2021
	RM	RM	RM	RM
Cash and bank balances	8,685,310	8,367,586	195,338	382,232
Fixed deposits	3,149,058	2,563,498	-	-
	11,834,368	10,931,084	195,338	382,232

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	GROUP	
	2022	2021
	RM	RM
Cash and bank balances (as above)	11,834,368	10,931,084
Less: Bank overdrafts (Note 21)	(4,622,394)	(1,936,636)
Less: Fixed deposits pledged (Note 21)	(3,033,486)	(2,449,370)
Cash and cash equivalents per consolidated statement of cash flows	4,178,488	6,545,078

Fixed deposits are pledged in relation to the security granted for certain borrowings (Note 21).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade receivables – non-related parties	17,082,185	13,480,037	-	-
Other receivables				
- Non-related parties	312,100	984,723	31,063	-
- Related party	97,070	574,638	-	-
- Holding corporation	-	15,020	-	15,020
- Subsidiary corporations	-	-	5,132,153	5,399,838
- GST receivable	9,625	48,379	9,625	17,069
- Staff loans	180,727	245,623	-	-
	599,522	1,868,383	5,172,841	5,431,927
Advance payments to suppliers	2,300,100	470,290	-	-
Deposits	2,888,810	1,699,822	-	-
Prepayments	884,515	424,346	47,792	46,584
	23,755,132	17,942,878	5,220,633	5,478,511

The other receivables from related party, holding corporation, subsidiary corporations and staff loans are unsecured, interest-free and receivable on demand.

Advance payments to suppliers relate to payment made in advance for the acquisition of tools and machinery.

14. TAX RECOVERABLE

This is in respect of tax paid in advance to the Inland Revenue Board of Malaysia.

15. INVENTORIES

	GROUP	
	2022 RM	2021 RM
Raw materials	3,529,633	3,048,863
Work in progress	-	59,412
Finished goods:		
- Automobiles	6,876,244	5,754,790
- Automobile parts and accessories	3,312,884	3,151,751
	10,189,128	8,906,541
	13,718,761	12,014,816

The cost of inventories recognised as an expense and included in "Cost of sales" amounted to RM219,619,007 (2021: RM172,399,037).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

16. PROPERTY, PLANT AND EQUIPMENT

	COMPUTERS AND OFFICE EQUIPMENT	TOOLS AND MACHINERY	FURNITURE, ELECTRICAL AND FITTINGS	RENOVATION AND SIGNBOARD	AUTOMOBILES	FREEHOLD LAND	CONSTRUCTION- IN-PROGRESS	TOTAL
	RM	RM	RM	RM	RM	RM	RM	RM
Group 2022								
Cost								
Beginning of financial year	2,094,506	21,778,076	2,491,524	9,561,400	606,828	2,344,120	564,077	39,440,531
Additions	363,730	4,469,240	312,700	4,214,047	-	-	21,400	9,381,117
Disposals	(3,675)	-	-	(1,600)	-	-	(2,300)	(7,575)
Reclassification	-	-	12,720	570,457	-	-	(583,177)	-
End of financial year	2,454,561	26,247,316	2,816,944	14,344,304	606,828	2,344,120	-	48,814,073
<i>Accumulated depreciation</i>								
Beginning of financial year	654,717	6,909,766	911,870	1,851,372	473,069	-	-	10,800,794
Depreciation charge (Note 5)	216,542	2,196,033	259,167	960,443	107,472	-	-	3,739,657
Disposals	(2,099)	-	-	-	-	-	-	(2,099)
End of financial year	869,160	9,105,799	1,171,037	2,811,815	580,541	-	-	14,538,352
Net book value								
End of financial year	1,585,401	17,141,517	1,645,907	11,532,489	26,287	2,344,120	-	34,275,721

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	COMPUTERS AND OFFICE EQUIPMENT	TOOLS AND MACHINERY	FURNITURE, ELECTRICAL AND FITTINGS	RENOVATION AND SIGNBOARD	AUTOMOBILES	BUILDINGS	LEASEHOLD LAND	FREEHOLD LAND	CONSTRUCTION- IN-PROGRESS	TOTAL
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group										
2021										
<i>Cost</i>										
Beginning of financial year	3,602,397	18,285,920	2,400,243	8,636,063	1,154,823	7,236,368	3,449,579	2,344,120	123,516	47,233,029
Reclassified to right-of-use assets (Note 17)	-	-	-	-	(26,240)	(7,236,368)	(3,449,579)	-	-	(10,712,187)
Additions	341,445	1,692,818	80,331	824,771	-	-	-	-	564,077	3,503,442
Disposals	-	-	-	-	(192,240)	-	-	-	-	(192,240)
Reclassification	(1,849,336)	1,799,338	10,950	100,566	(329,515)	-	-	-	(123,516)	(391,513)
End of financial year	2,094,506	21,778,076	2,491,524	9,561,400	606,828	-	-	2,344,120	564,077	39,440,531
<i>Accumulated depreciation</i>										
Beginning of financial year	696,925	4,760,691	677,800	1,183,879	692,401	574,351	174,962	-	-	8,761,009
Reclassified to right-of-use assets (Note 17)	-	-	-	-	75,073	(574,351)	(136,432)	-	-	(635,710)
Depreciation charge (Note 5)	183,340	1,936,995	244,070	667,493	128,247	-	-	-	-	3,160,145
Disposals	-	-	-	-	(93,137)	-	-	-	-	(93,137)
Reclassification	(225,548)	212,080	(10,000)	-	(329,515)	-	(38,530)	-	-	(391,513)
End of financial year	654,717	6,909,766	911,870	1,851,372	473,069	-	-	-	-	10,800,794
Net book value										
End of financial year	1,439,789	14,868,310	1,579,654	7,710,028	133,759	-	-	2,344,120	564,077	28,639,737

(a) Right-of-use assets acquired under leasing arrangement are reclassified and presented in Note 17 to the financial statements.

(b) Bank borrowings are secured on property, plant and equipment of the Group with carrying amounts of RM15,054,987 (2021: RM12,617,686) (Note 21(a)(ii)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

17. RIGHT-OF-USE ASSETS

	LEASEHOLD				TOTAL RM
	PREMISES RM	BUILDINGS RM	LAND RM	AUTOMOBILES RM	
Group					
2022					
<i>Cost</i>					
Beginning of financial year	22,306,086	7,236,368	9,449,579	3,964,475	42,956,508
Lease modification	(224,989)	-	-	-	(224,989)
Additions	8,179,852	-	2,273,607	1,932,064	12,385,523
Disposals	-	(102,000)	(153,000)	(1,107,769)	(1,362,769)
End of financial year	30,260,949	7,134,368	11,570,186	4,788,770	53,754,273
<i>Accumulated depreciation</i>					
Beginning of financial year	4,829,790	719,078	198,390	1,625,393	7,372,651
Disposals	-	(30,087)	(5,566)	(552,326)	(587,979)
Depreciation charge (Note 5)	3,023,329	143,878	367,010	815,547	4,349,764
End of financial year	7,853,119	832,869	559,834	1,888,614	11,134,436
Net book value					
End of financial year	22,407,830	6,301,499	11,010,352	2,900,156	42,619,837
2021					
<i>Cost</i>					
Beginning of financial year	21,952,373	-	-	3,027,457	24,979,830
Reclassified from property, plant and equipment (Note 16)	-	7,236,368	3,449,579	26,240	10,712,187
Lease modification	526,244	-	-	-	526,244
Additions	1,617,914	-	6,000,000	1,140,351	8,758,265
Disposals	(1,790,445)	-	-	(611,088)	(2,401,533)
Reclassification	-	-	-	381,515	381,515
End of financial year	22,306,086	7,236,368	9,449,579	3,964,475	42,956,508
<i>Accumulated depreciation</i>					
Beginning of financial year	2,933,052	-	-	782,982	3,716,034
Reclassified from property, plant and equipment (Note 16)	-	574,351	136,432	(75,073)	635,710
Disposals	(938,340)	-	-	(241,591)	(1,179,931)
Depreciation charge (Note 5)	2,835,078	144,727	61,958	777,560	3,819,323
Reclassification	-	-	-	381,515	381,515
End of financial year	4,829,790	719,078	198,390	1,625,393	7,372,651
Net book value					
End of financial year	17,476,296	6,517,290	9,251,189	2,339,082	35,583,857

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

17. RIGHT-OF-USE ASSETS (CONTINUED)

Premises

The Group leases office space and buildings for the purposes of back office operation, car showrooms, warehouse and service centres respectively.

Automobiles

The Group lease automobiles for business operation purposes.

The Group make monthly lease payments for the assets above. There are no externally imposed covenants on these agreements.

(a) Interest expense

	GROUP	
	2022	2021
	RM	RM
Interest expense on lease liabilities (Note 9)	952,197	817,020

(b) Cash flows

	GROUP	
	2022	2021
	RM	RM
Total cash outflows for all the leases	5,426,366	4,216,984

(c) Lease expense not capitalised in lease liabilities

	GROUP	
	2022	2021
	RM	RM
Lease expense – short-term leases (Note 5)	464,212	264,503

(d) Future cash outflow which are not capitalised in lease liabilities

Extension options

The leases for certain buildings contain extension periods, for which the related lease payments had been included in lease liabilities as the Group is reasonably certain to exercise these extension option. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the extension options are exercisable by the Group and not by the lessor.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

18. INTANGIBLE ASSETS

	GROUP	
	2022 RM	2021 RM
<u>Composition:</u>		
Goodwill (Note (a))	376,541	376,541
Customer relationship (Note (b))	23,353	39,838
Licence (Note (c))	915,768	1,562,192
	1,315,662	1,978,571

(a) Goodwill

	GROUP	
	2022 RM	2021 RM
<i>Cost and carrying amount</i>		
Beginning and end of financial year	376,541	376,541

The goodwill of RM376,541 is allocated to the Dealership business where the operations are held in Malaysia.

Impairment test for goodwill

In assessing whether an impairment is required, the carrying amount of the CGU is compared with its recoverable amount. The recoverable amount of the CGU was determined based on value-in-use. The value-in-use is determined based on financial budgets approved by management covering a five-year period using the growth rate stated below.

Key assumptions used for value-in-use calculations:

	DEALERSHIP BUSINESS	
	2022 %	2021 %
Growth rate ⁽¹⁾	5.0 - 10.0	5.0 - 10.0
Discount rate ⁽²⁾	15.6	15.6

(1) Revenue growth rate used for extrapolation of future revenue for the five-year period

(2) Pre-tax discount rate applied to pre-tax cash flow projection

These assumptions were used for the analysis of the CGU. The management estimates discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rate is based on past performance and expectations on market development.

Based on the five-year projected cash flow, the recoverable amount of the CGU exceed its carrying amount. If the management's estimated growth rate used in the value-in-use calculation for this CGU had declined by 1%, or the estimated pre-tax discount rate applied to the discounted cash flows for this CGU had been raised to 18% (2021: 19%), the recoverable amount of the CGU would equal to the carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

18. INTANGIBLE ASSETS (CONTINUED)

(b) Customer relationship

	GROUP	
	2022 RM	2021 RM
<i>Cost</i>		
Beginning and end of financial year	98,909	98,909
<i>Accumulated amortisation</i>		
Beginning of financial year	59,071	42,586
Amortisation charge (Note 5)	16,485	16,485
End of financial year	75,556	59,071
Net book value		
End of financial year	23,353	39,838

(c) Licence

	GROUP	
	2022 RM	2021 RM
<i>Cost</i>		
Beginning and end of financial year	3,878,545	3,878,545
<i>Accumulated amortisation</i>		
Beginning of financial year	2,316,353	1,669,929
Amortisation charge (Note 5)	646,424	646,424
End of financial year	2,962,777	2,316,353
Net book value		
End of financial year	915,768	1,562,192

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

19. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	COMPANY	
	2022	2021
	RM	RM
<i>Equity investment at cost</i>		
Beginning and end of financial year	26,094,134	26,094,134

The Group has the following subsidiary corporations as at 31 March 2022 and 2021:

NAME	COUNTRY OF BUSINESS/ INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF ORDINARY SHARES HELD BY THE GROUP		PROPORTION OF ORDINARY SHARES HELD BY NON-CONTROLLING INTERESTS	
			2022	2021	2022	2021
			%	%	%	%
<u>Held by the Company</u>						
MeMG Pte. Ltd. ("MeMG") ⁽¹⁾	Singapore	Investment holding	100	100	-	-
MeAG Pte. Ltd. ("MeAG") ⁽¹⁾	Singapore	Investment holding	100	100	-	-
<u>Held by MeMG Pte. Ltd.</u>						
Menang Nusantara Sdn. Bhd. ("MNSB") ⁽²⁾	Malaysia	Manufacturing of Noise, Vibration and Harshness ("NVH") components and other non-NVH components	100	100	-	-
<u>Held by MeAG Pte. Ltd.</u>						
Menang Nusantara Holdings Sdn. Bhd. ("MNHSB") ⁽²⁾	Malaysia	Investment holding	100	100	-	-
<u>Held by Menang Nusantara Holdings Sdn. Bhd.</u>						
Menang Nusantara Auto Sdn. Bhd. ("MNASB") ⁽²⁾	Malaysia	Trading of motor vehicles and providing support services relating to the business	100	100	-	-
MN Otomobil Sdn. Bhd. ("MNOSB") ⁽²⁾	Malaysia	Trading of motor vehicles and providing support services relating to the business	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

19. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

The Group has the following subsidiary corporations as at 31 March 2022 and 2021: (continued)

NAME	COUNTRY OF BUSINESS/ INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF ORDINARY SHARES HELD BY THE GROUP		PROPORTION OF ORDINARY SHARES HELD BY NON-CONTROLLING INTERESTS	
			2022	2021	2022	2021
			%	%	%	%
<u>Held by Menang Nusantara Holdings Sdn. Bhd. (continued)</u>						
MN Automart Sdn. Bhd. ("MNAMSB") ⁽²⁾	Malaysia	Trading of motor vehicles and providing support services relating to the business	100	100	-	-
MN Otomart Sdn. Bhd. ("MNOMSB") ⁽²⁾	Malaysia	Trading of motor vehicles and providing support services relating to the business	100	100	-	-
MN Wheels Sdn. Bhd. ("MNWSB") ⁽²⁾	Malaysia	Trading of motor vehicles and providing support services relating to the business	100	100	-	-
MJN Motors Sdn. Bhd. ("MJNMSB") ⁽²⁾	Malaysia	Trading of motor vehicles and providing support services relating to the business	80	80	20	20
<u>Held by MJN Motors Sdn. Bhd.</u>						
MJN Auto Sdn. Bhd. ("MJNASB") ⁽²⁾	Malaysia	Trading of motor vehicles and providing support services relating to the business	80	80	20	20
MJN Automart Sdn. Bhd. ("MJNAMSB") ⁽²⁾⁽³⁾	Malaysia	Trading of motor vehicles and providing support services relating to the business	72	-	28	-

(1) Audited by Nexia TS Public Accounting Corporation, Singapore.

(2) Audited by TKNP PLT, Malaysia.

(3) On 31 May 2021, the Group through its subsidiary corporation, MJN Motors Sdn. Bhd., incorporated a 90%-owned subsidiary corporation in Malaysia, MJN Automart Sdn. Bhd. ("MJNAMSB") to hold the new Proton dealership awarded to the Group with a capital contribution of RM150,000 from a non-related party.

In accordance to Rule 716 of the SGX-ST - Listing Rules, the AC and the Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiary corporations would not compromise the standard and effectiveness of the audit of the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

19. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Carrying value of non-controlling interests

	GROUP	
	2022 RM	2021 RM
MJN Motors Sdn. Bhd.	519,545	846,160
MJN Auto Sdn. Bhd.	451,782	372,880
MJN Automart Sdn. Bhd.	223,071	-
	1,194,398	1,219,040

Summarised financial information of subsidiary corporations with material non-controlling interests

Set out below are the summarised financial information for each subsidiary corporation that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised statement of financial position

	MJN MOTORS SDN. BHD.		MJN AUTO SDN. BHD.		MJN AUTOMART SDN. BHD.	
	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM
Current						
Assets	5,714,203	7,008,221	8,880,780	3,745,558	2,747,960	-
Liabilities	(4,154,591)	(4,034,147)	(14,154,199)	(8,569,324)	(4,849,720)	-
Total current net assets/(liabilities)	1,559,612	2,974,074	(5,273,419)	(4,823,766)	(2,101,760)	-
Non-current						
Assets	13,558,083	15,803,029	7,871,657	7,062,444	10,751,884	-
Liabilities	(12,519,969)	(14,546,300)	(339,330)	(374,280)	(7,853,442)	-
Total non-current net assets	1,038,114	1,256,729	7,532,327	6,688,164	2,898,442	-
Net assets	2,597,726	4,230,803	2,258,908	1,864,398	796,682	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

19. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Summarised statement of comprehensive income

	MJN MOTORS SDN. BHD.		MJN AUTO SDN. BHD.		MJN AUTOMART SDN. BHD.	
	2022	2021	2022	2021	2022	2021
	RM	RM	RM	RM	RM	RM
Revenue	61,158,926	65,936,479	74,619,370	48,634,625	5,891,016	-
(Loss)/profit before income tax	(251,603)	1,038,582	735,472	571,616	(703,318)	-
Income tax expense	(31,474)	(421,400)	(340,962)	(160,067)	-	-
(Loss)/profit for the financial year	(283,077)	617,182	394,510	411,549	(703,318)	-
Total comprehensive (loss)/income allocated to non-controlling interests	(56,615)	123,436	78,902	82,310	(196,929)	-

Summarised statement of cash flows

	2022	2021	2022	2021	2022	2021
	RM	RM	RM	RM	RM	RM
Net cash provided by/(used in) operating activities	2,057,821	3,409,427	(4,859,062)	2,401,653	(1,383,713)	-
Net cash (used in)/provided by investing activities	(1,119,068)	255,890	(1,282,546)	(2,377,283)	(2,798,977)	-
Net cash (used in)/provided by financing activities	(1,516,999)	(3,853,615)	5,881,522	(1,751,353)	4,635,054	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

20. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade payables – non-related parties	6,622,727	8,062,574	-	-
Other payables				
- Non-related parties	2,485,572	3,569,364	3,175	90,157
- Directors	757,856	556,879	-	-
	3,243,428	4,126,243	3,175	90,157
Accruals for operating expenses	2,663,106	1,422,235	138,780	140,111
Deposits from customers	2,106,077	330,551	-	-
Deferred income ⁽¹⁾	1,515,763	265,000	-	-
	16,151,101	14,206,603	141,955	230,268

The other payables to directors are unsecured, interest-free and payable on demand.

- (1) Included in the deferred income is an amount of RM265,000 (2021: RM265,000) refers to Business Development Fund received from non-related party for the purpose of workshop establishment and fund for marketing and sales effort.

The remaining balance of deferred income relates to advance billings to customers for development of tooling, moulds and related products that had yet to be delivered as at the end of the reporting period. The transaction price allocated to the unsatisfied performance obligation as of 31 March 2022 will be recognised as revenue according to the future automotive parts to be delivered to the customers.

21. BORROWINGS

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
<i>Current</i>				
Bank overdrafts (Note 12)	4,622,394	1,936,636	-	-
Bill payables	3,585,993	609,216	-	-
Term loans	14,304,803	3,665,428	3,099,500	-
	22,513,190	6,211,280	3,099,500	-
<i>Non-current</i>				
Term loans	20,020,914	18,857,732	-	-
Total borrowings	42,534,104	25,069,012	3,099,500	-

The Group's and the Company's borrowings are subject to floating interest rate primarily from its term loan that are charged on a fixed spread over the financial institutions' base lending rate or cost of fund per annum. The spread rate is reviewed annually.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

21. BORROWINGS (CONTINUED)

(a) Security granted

(i) Bank overdrafts and bills payables of the Group are secured by the followings:

- Jointly and severally guaranteed by certain directors of subsidiary corporations; and
- Pledged of the Group's fixed deposits (Note 12).

(ii) Term loans of the Group and the Company are secured by the followings:

- Corporate guarantee by the Company and certain subsidiary corporations;
- First party first legal charge over the Group's leasehold land and buildings;
- First party, first and second legal charge over the Group's freehold land (Note 16);
- Fixed and floating charge on all present and future assets of the Group including the inventories financed by the banks;
- Jointly and severally guaranteed by certain directors of subsidiary corporations;
- Pledged of the Group's fixed deposits (Note 12); and
- Specific debenture on certain assets of the Group (Note 16(b)).

(b) Fair value of non-current borrowings

	GROUP	
	2022	2021
	RM	RM
Term loans	19,780,047	18,453,752

The fair values above are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the reporting date which the directors expect to be available to the Group as follows:

	GROUP	
	2022	2021
	%	%
Term loans	3.27 – 7.60	3.27 – 7.60

(c) Financial covenants

As at 31 March 2022, a subsidiary corporation of the Group did not fulfil one of the bank financial covenants which required the subsidiary corporation to maintain a gearing ratio at 3.0 times; failing which, the bank reserves the right to review the banking facility. As a result, the Group has reclassified its non-current borrowing amounting to RM7,232,918 to current borrowing. Notwithstanding the aforementioned, the bank has notified the subsidiary corporation that it is agreeable to continue extending the banking facilities. The bank will review the banking facility upon receipt of the subsidiary corporation's audited financial statements for the financial year ended 31 March 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

22. LEASE LIABILITIES – THE GROUP AS A LESSEE

Lease liabilities are presented in the statement of financial position as follows:

	GROUP	
	2022	2021
	RM	RM
Current	3,719,104	3,361,495
Non-current	23,832,123	18,554,818
Total	27,551,227	21,916,313

Lease liabilities of the Group were effectively secured over the automobiles (Note 17) of RM2,900,156 (2021: RM2,339,082) and inventories (Note 15) of RM322,209 (2021: RM1,075,128), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the lease liabilities.

23. DEFERRED INCOME TAX LIABILITIES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	GROUP	
	2022	2021
	RM	RM
Deferred income tax liabilities		
- To be settled within one year	2,805,534	2,229,522
- To be settled after one year	225,390	384,488
	3,030,924	2,614,010

Movement in deferred income tax accounts is as follows:

	GROUP	
	2022	2021
	RM	RM
Beginning of financial year	2,614,010	2,597,664
Under provisions in prior financial year (Note 10(a))	399,238	234,464
Tax charged/(credited) to profit or loss (Note 10(a))	17,676	(218,118)
End of financial year	3,030,924	2,614,010

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

23. DEFERRED INCOME TAX LIABILITIES (CONTINUED)

The movement in deferred income tax liabilities is as follows:

	GROUP	
	2022 RM	2021 RM
Accelerated tax depreciation/amortisation		
Beginning of financial year	2,614,010	2,597,664
Tax charged to profit or loss	416,914	16,346
End of financial year	3,030,924	2,614,010

24. SHARE CAPITAL

	GROUP AND COMPANY	
	NO. OF ORDINARY SHARES	AMOUNT RM
2022		
Beginning and end of financial year	119,523,315	37,356,382
2021		
Beginning and end of financial year	119,523,315	37,356,382

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

Performance share plan

The Company's shareholder approved a performance share scheme known as the MeGroup Performance Share Plan (the "MeGroup PSP") on 26 September 2018. This plan awards the participants to receive fully paid shares free of charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period.

Executive directors and employees of the Group and the associated companies ("Group Employees") who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Remuneration Committee (the "RC") from time to time, and non-executive directors (including independent directors) of the Group, shall be eligible to participate in the MeGroup PSP at the absolute discretion of the RC.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

24. SHARE CAPITAL (CONTINUED)

Performance share plan (continued)

Persons who are controlling shareholders or associates of controlling shareholders who meet the criteria above are also eligible to participate in the MeGroup PSP provided that the participation of and the terms and actual numbers of the awards granted under MeGroup PSP to a participant who is a controlling shareholders or an associate of a controlling shareholder shall be approved by independent shareholders of the Company and a separate resolution must be passed for each such person subject to the following:

- (a) the aggregate number of shares over which awards may be granted under the MeGroup PSP to controlling shareholders or associates of controlling shareholders shall not exceed 25.0% of the shares available under the MeGroup PSP; and
- (b) the number of shares over which an award may be granted under the MeGroup PSP to each controlling shareholder or an associate of a controlling shareholder shall not exceed 10.0% of the shares available under the MeGroup PSP.

The MeGroup PSP is a share incentive scheme which will allow the Company, inter alia, to target specific performance objectives and to provide an incentive for participants to achieve these targets. The directors believe that the MeGroup PSP will help to achieve the following positive objectives:

- (a) foster an ownership culture within the Group which aligns the interests of group executives and non-executive directors with the interests of shareholders;
- (b) motivate participants to achieve key financial and operational goals of the Company and/or their respective business units; and
- (c) make total employee remuneration sufficiently competitive to recruit and retain staff having skills that are commensurate with the Company's ambition to become a world class company.

The MeGroup PSP is administered by the RC which comprises of four independent directors, namely Benjamin Choo Chih Chien, Chee Teck Kwong Patrick, Edmund Lai Sou Wei and Chong Kwea Seng.

The MeGroup PSP shall continue in force at the absolute discretion of the RC, subject to a maximum period of ten (10) years commencing on the date on which the MeGroup PSP is adopted by the Company in general meeting, provided always that the MeGroup PSP may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Company will deliver shares to participants upon vesting of their awards by way of either:

- (i) an issue of new shares; or
- (ii) a transfer of shares acquired by the Company pursuant to a share purchase mandate and/or held by the Company as treasury shares.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

24. SHARE CAPITAL (CONTINUED)

Performance share plan (continued)

The total number of shares which may be issued or transferred pursuant to awards granted under the MeGroup PSP on any date, when aggregated with the aggregate number of shares over which options are granted under any other share option schemes of the Company, shall not exceed 15.0% of the total number issued shares (excluding shares held by the Company as treasury shares and subsidiary corporations holdings, if any) on the day preceding that date.

No performance shares have been awarded since the commencement of the MeGroup PSP.

Share options

On 26 September 2018, the shareholder approved a share option scheme known as the MeGroup Share Option Scheme (the "MeGroup SOS") for the Group Employees, non-executive directors (including independent directors) of the Group and the associated companies and directors and employees of the Company's parent company who have contributed to the success and development of the Company, are eligible to participate in the MeGroup SOS. For this purpose, a company is an "associated company" if the Company or the Company and the subsidiary corporations and associated companies hold at least 20.0% but not more than 50.0% of the issued shares in that company and provided the Company has significant influence over the associated company. The MeGroup SOS is administered by the RC which comprises of four independent directors, namely Benjamin Choo Chih Chien, Chee Teck Kwong Patrick, Edmund Lai Sou Wei and Chong Kwea Seng.

The MeGroup SOS is designed to provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty.

The options that are granted under the MeGroup SOS may have exercise prices that are, at the RC's discretion, set at a price (the "Market Price") equal to the average of the last dealt prices for a share on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five (5) consecutive market days immediately preceding the date on which an offer to grant an option is made or at a discount to the Market Price (subject to a maximum discount of 20.0%). Options which are fixed at the Market Price ("Market Price Option") may be exercised after the first anniversary of the date on which an offer to grant that option is made while options exercisable at a discount to the Market Price may be exercised after the second anniversary from the date on which an offer to grant that option is made ("Incentive Option"). Options granted under the MeGroup SOS to any Group Employee will have a life span of up to ten (10) years from the date on which they are granted and all other options granted under the MeGroup SOS will have a life span of five (5) years from the date on which they are granted.

The aggregate number of shares over which the RC may grant options on any date, when added to the number of shares issued and issuable or transferred and to be transferred in respect of all options granted under the MeGroup SOS and the number of shares issued and issuable or transferred and to be transferred in respect of all options or awards granted under any other share option schemes or share schemes of the Company, shall not exceed 15.0% of the total number of issued shares (excluding shares held by the Company as treasury shares and subsidiary corporations holdings, if any) on the day immediately preceding the date on which an offer to grant an option is made.

There were no options granted since the commencement of the MeGroup SOS to subscribe for unissued shares of the Company or its subsidiary corporations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

25. RETAINED PROFITS/(ACCUMULATED LOSSES)

- (a) Retained profits of the Group are distributable.
- (b) Movement in accumulated losses for the Company is as follows:

	COMPANY	
	2022	2021
	RM	RM
Beginning of financial year	(5,631,773)	(4,677,218)
Net loss for the financial year	(1,065,493)	(954,555)
Dividends paid (Note 27)	(2,390,466)	-
End of financial year	(9,087,732)	(5,631,773)

26. OTHER RESERVES

	GROUP	
	2022	2021
	RM	RM
<u>Composition:</u>		
Merger reserve (Note (a))	(24,594,282)	(24,594,282)
Capital reserve (Note (b))	233,290	233,290
	(24,360,992)	(24,360,992)

Other reserves are non-distributable.

- (a) Merger reserve

	GROUP	
	2022	2021
	RM	RM
Beginning and end of financial year	(24,594,282)	(24,594,282)

Merger reverse represents the difference between the cost of investment and the nominal value of share capital of the subsidiary corporations acquired under common control.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

26. OTHER RESERVES (CONTINUED)

(b) Capital reserve

	GROUP	
	2022	2021
	RM	RM
Beginning and end of financial year	233,290	233,290

Capital reserve represents the difference between the consideration paid and carrying amount of non-controlling interests acquired.

27. DIVIDENDS

	GROUP	
	2022	2021
	RM	RM
<i>Ordinary dividends declared and paid</i>		
Interim one-tier tax exempt dividend of RM0.012 per share for the financial year ended 31 March 2021	1,434,280	-
Special one-tier tax exempt dividend of RM0.008 per share for the financial year ended 31 March 2021	956,186	-
	2,390,466	-

28. CONTINGENCIES

The Company has issued a corporate guarantee amounting to RM23,330,000 (2021: RM21,450,000) to banks for borrowings of certain subsidiary corporations.

The Company has evaluated the fair values of the corporate guarantees and is of the view that the consequential liabilities derived from its guarantees to the banks and the fair value of the corporate guarantee are minimal. The subsidiary corporations for which the corporate guarantees were provided are in favourable equity positions, with no default in the payment of borrowings and credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

29. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including currency risk and interest risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, and exposure limits.

Financial risk management is carried out by the finance department in accordance with the policies set by the Board of Directors. The finance personnel identifies, evaluates and monitors financial risks in close co-operation with the Group's operating units. The finance personnel measures actual exposures against the limits set and prepares periodic reports for review by the Executive Chairman. Regular reports are also submitted to the Board of Directors.

(a) Market risk

(i) *Currency risk*

The Group operates in Asia with dominant operations in Malaysia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as United States Dollar ("USD"), Japanese Yen ("JPY"), Thailand Baht ("THB") and Singapore Dollar ("SGD").

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's foreign currency exposure based on information provided to key management is as follows:

	MYR RM	USD RM	JPY RM	THB RM	SGD RM	TOTAL RM
Group						
At 31 March 2022						
Financial assets						
Cash and cash equivalents	11,625,458	13,566	-	-	195,344	11,834,368
Trade and other receivables	20,529,828	-	-	-	31,064	20,560,892
Receivables from subsidiary corporations	5,132,153	-	-	-	-	5,132,153
	37,287,439	13,566	-	-	226,408	37,527,413
Financial liabilities						
Trade and other payables	(11,005,097)	(183,096)	(967,495)	(178,324)	(195,249)	(12,529,261)
Borrowings	(39,434,604)	-	-	-	(3,099,500)	(42,534,104)
Lease liabilities	(27,551,227)	-	-	-	-	(27,551,227)
Payables to subsidiary corporations	(5,132,153)	-	-	-	-	(5,132,153)
	(83,123,081)	(183,096)	(967,495)	(178,324)	(3,294,749)	(87,746,745)
Net financial liabilities	(45,835,642)	(169,530)	(967,495)	(178,324)	(3,068,341)	(50,219,332)
Less: Net financial liabilities denominated in functional currencies of respective entities	45,835,642	-	-	-	-	45,835,642
Currency exposure	-	(169,530)	(967,495)	(178,324)	(3,068,341)	(4,383,690)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's foreign currency exposure based on information provided to key management is as follows:
(continued)

	MYR RM	USD RM	JPY RM	THB RM	SGD RM	TOTAL RM
Group						
At 31 March 2021						
Financial assets						
Cash and cash equivalents	10,535,443	13,403	-	-	382,238	10,931,084
Trade and other receivables	16,954,805	-	-	-	45,058	16,999,863
Receivables from subsidiary corporations	5,399,838	-	-	-	-	5,399,838
	32,890,086	13,403	-	-	427,296	33,330,785
Financial liabilities						
Trade and other payables	(11,114,714)	(295,240)	(1,717,891)	(263,075)	(220,132)	(13,611,052)
Borrowings	(25,069,012)	-	-	-	-	(25,069,012)
Lease liabilities	(21,916,313)	-	-	-	-	(21,916,313)
Payables to subsidiary corporations	(5,399,838)	-	-	-	-	(5,399,838)
	(63,499,877)	(295,240)	(1,717,891)	(263,075)	(220,132)	(65,996,215)
Net financial (liabilities)/assets	(30,609,791)	(281,837)	(1,717,891)	(263,075)	207,164	(32,665,430)
Less: Net financial liabilities denominated in functional currencies of respective entities	30,609,791	-	-	-	-	30,609,791
Currency exposure	-	(281,837)	(1,717,891)	(263,075)	207,164	(2,055,639)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's foreign currency exposure based on information provided to key management is as follows:

	MYR RM	SGD RM	TOTAL RM
Company			
At 31 March 2022			
Financial assets			
Cash and cash equivalents	-	195,338	195,338
Trade and other receivables	5,132,153	31,063	5,163,216
	5,132,153	226,401	5,358,554
Financial liabilities			
Trade and other payables	-	(141,955)	(141,955)
Borrowings	-	(3,099,500)	(3,099,500)
	-	(3,241,455)	(3,241,455)
Net financial assets/(liabilities)	5,132,153	(3,015,054)	2,117,099
Less: Net financial assets denominated in the Company's functional currency	(5,132,153)	-	(5,132,153)
Currency exposure	-	(3,015,054)	(3,015,054)
At 31 March 2021			
Financial assets			
Cash and cash equivalents	-	382,232	382,232
Trade and other receivables	5,399,838	15,020	5,414,858
	5,399,838	397,252	5,797,090
Financial liabilities			
Trade and other payables	-	(230,268)	(230,268)
	-	(230,268)	(230,268)
Net financial assets	5,399,838	166,984	5,566,822
Less: Net financial assets denominated in the Company's functional currency	(5,399,838)	-	(5,399,838)
Currency exposure	-	166,984	166,984

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD, JPY, THB and SGD change against the RM by 1%, 8%, 5% and 1% (2021: 4%, 6%, 1% and 2%) respectively, with all other variables including tax rate being held constant, the effects arising from the net financial assets/liabilities position will be as follows:

	← INCREASE/(DECREASE) →			
	GROUP		COMPANY	
	2022	2021	2022	2021
	RM	RM	RM	RM
USD against MYR				
- Strengthened	(1,288)	(8,568)	-	-
- Weakened	1,288	8,568	-	-
JPY against MYR				
- Strengthened	(58,824)	(78,336)	-	-
- Weakened	58,824	78,336	-	-
THB against MYR				
- Strengthened	(6,776)	(1,999)	-	-
- Weakened	6,776	1,999	-	-
SGD against MYR				
- Strengthened	(23,319)	3,149	(22,914)	2,538
- Weakened	23,319	(3,149)	22,914	(2,538)

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rate. The Group's interest rate risk mainly arises from borrowings at floating interest rate. The Group manages its interest rate risk by keeping bank loans to the minimum required to sustain the operations of the Group.

The Group's and the Company's borrowings at variable rates on which effective hedges have not been entered into are denominated in MYR and SGD. If the MYR and SGD interest rate had been higher/lower by 0.50% (2021: 0.50%) with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by RM161,630 (2021: RM95,262) and RM11,778 (2021: Nil) respectively.

The Group and the Company are not exposed to changes in interest rate for fixed rate financial assets and financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The major classes of financial assets of the Group are cash and cash equivalent and trade and other receivables. The Group adopts the policy of dealing only with:

- Customers of appropriate credit standing and history, and obtaining sufficient collaterals where appropriate to mitigate credit risk; and
- High credit quality counterparties of at least 'A' rating by external credit rating companies.

The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management.

Credit exposure to individual counterparty is restricted by credit limits that are approved by the management based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored at the Group level by the management.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except as follows:

	COMPANY	
	2022	2021
	RM	RM
Corporate guarantee provided to banks on certain subsidiary corporations' borrowings	23,330,000	21,450,000

The trade receivables of the Group comprise 3 debtors (2021: 3 debtors) that individually represented 5% - 6% (2021: 8% - 11%) of trade receivables.

Trade receivables

The Group applies SFRS(I) 9 simplified model of recognising lifetime expected credit for all trade receivables.

In measuring the ECL, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and different business segment.

In calculating the ECL, the Group considers the historical information and loss experience for each category of customers and/or counterparties and adjusts to reflect current and forward-looking information affecting the customer's ability to settle the receivables. However, given the short period exposed to credit risk, the impact of these forward-looking information has not been considered significant within the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Trade receivables (continued)

Trade receivables are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payment within 150 days when they fall due and has shown indicators of financial difficulty, and writes off the financial asset when the Group has exhausted all means to retrieve the sum from the customers and/or counterparties. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Group's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 31 March 2022 and 2021 is as follows. No expected loss allowance are recognised as the Group do not expect any credit losses from its trade receivables which are all within expected payment period.

GROUP	TRADE RECEIVABLES DAYS PAST DUE							TOTAL
	CURRENT	1 - 30	31 - 60	61 - 90	91 - 120	121 - 150	MORE THAN 150 DAYS	
	RM	RM	RM	RM	RM	RM	RM	RM
2022								
Trade receivables	16,043,814	570,784	206,291	79,933	29,580	48,146	103,637	17,082,185
2021								
Trade receivables	11,520,090	1,084,047	510,855	65,119	299,926	-	-	13,480,037

Cash and cash equivalents are subject to immaterial credit loss.

Non-trade amount due from related party, subsidiary corporations and holding corporation

The Group applies SFRS(I) 9 general model for measuring expected credit losses for its non-trade receivables from its related party, subsidiary corporations and holding corporation.

The Group uses the 12-month expected credit losses approach to assess for impairment for the remaining outstanding amount. The assessment reflects a low credit risk exposure and there is no indication that the outstanding amount is not recoverable.

Financial guarantee contracts

The Company has issued financial guarantees to banks for borrowings of its subsidiary corporations. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiary corporations have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At the reporting date, assets held by the Group for managing liquidity risk included cash and cash equivalents as disclosed in Note 12 to the financial statements.

Management monitors rolling forecasts of the liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents of the Group) on the basis of expected cash flow. This is generally carried out in accordance with the practice and limits set by the Board of Directors. These limits vary by location to take into account the liquidity of the market in which the entity operates.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	LESS THAN 1 YEAR RM	BETWEEN 1 AND 5 YEARS RM	OVER 5 YEARS RM
Group			
At 31 March 2022			
Trade and other payables	12,529,261	-	-
Borrowings	26,390,926	12,744,086	11,567,111
Lease liabilities	4,679,453	14,078,495	14,485,159
	43,599,640	26,822,581	26,052,270
At 31 March 2021			
Trade and other payables	13,611,052	-	-
Borrowings	7,034,282	10,675,299	12,573,731
Lease liabilities	4,108,318	12,805,231	8,777,037
	24,753,652	23,480,530	21,350,768
Company			
At 31 March 2022			
Trade and other payables	141,955	-	-
Borrowings	3,099,500	-	-
Financial guarantee	23,330,000	-	-
	26,571,455	-	-
At 31 March 2021			
Trade and other payables	230,268	-	-
Financial guarantee	21,450,000	-	-
	21,680,268	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on gearing ratio which the Group's strategies were unchanged from 1 April 2017 and the Board of Directors monitors the Group's equity ratio on periodic basis. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Net debt	74,402,064	50,260,844	3,046,117	(151,964)
Total equity	39,618,130	45,158,693	28,268,650	31,724,609
Total capital	114,020,194	95,419,537	31,314,767	31,572,645
Gearing ratio	65%	53%	10%	N.M

N.M: Not meaningful

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 March 2022 and 2021 except for a subsidiary corporation of the Group did not fulfil one of the bank financial covenants which required the subsidiary corporation to maintain a gearing ratio at 3.0 times. The impact has been disclosed in Note 21(c) to the financial statements.

(e) Fair value measurements

The carrying amount of financial assets and financial liabilities carried at amortised cost approximate their fair values.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position, except for the following:

	GROUP RM	COMPANY RM
31 March 2022		
Financial assets at amortised cost	32,395,260	5,358,554
Financial liabilities at amortised cost	82,614,592	3,241,455
31 March 2021		
Financial assets at amortised cost	27,930,947	5,797,090
Financial liabilities at amortised cost	60,596,377	230,268

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

30. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) *Sales and purchases of goods and services*

	GROUP	
	2022	2021
	RM	RM
Management fee received from a related party	-	50,010
Purchase of festive gifts and hampers from a related party	27,510	-
Purchase of property, plant and equipment from a related party	459,067	-

Related party comprise mainly companies which are controlled by the Group's key management personnel, directors and their close family members.

Outstanding balances as at 31 March 2022 and 2021, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from reporting date and are disclosed in Notes 13 and 20 to the financial statements respectively.

(b) *Key management personnel compensation*

The remuneration of directors and other members of key management during the financial year are as follows:

	GROUP	
	2022	2021
	RM	RM
Wages and salaries	2,486,590	2,460,179
Directors' fees	424,950	380,406
Employer's contribution to defined contribution plan	148,187	143,271
Other short-term benefits	3,684	3,694
	3,063,411	2,987,550
Comprised amounts paid to:		
Directors of the Company	1,555,265	1,533,534

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

31. SEGMENT INFORMATION

The Group's chief operating decision-maker ("CODM") comprises of the directors and the heads of each business within the operating segment. Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic decisions, allocate resources and assess performance.

As at 31 March 2022 and 2021, the Group has two reportable segments, which is manufacturing business and dealership business. This is based on the Group's internal organisation, management structure and the primary way in which the Board of Directors is provided with the financial information.

The two reportable segments are:-

(a) Manufacturing business

Manufacturing business refers to the Group's manufacturing and sales of NVH components and other non-NVH components.

(b) Dealership business

(i) Automobile dealership

The Group holds the automobile dealership for Honda, Mazda, Peugeot, Hyundai, Ford, Mitsubishi and Proton. The revenue of the Group earns from this business segment are mainly from its sales of automobiles, incentive granted and handling fees.

(ii) Repairs and service

The Group provides after-sales automobile services for Honda, Mazda, Peugeot, Hyundai, Ford, Mitsubishi and Proton automobiles. The revenue of the Group earns from this business segment are mainly from the fees or charges for after-sales automobile services and sales of automobile parts and accessories.

(c) Other

Other included investment holding.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

31. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Board of Directors for the reportable segments are as follows:

	MANUFACTURING BUSINESS RM	DEALERSHIP BUSINESS RM	OTHER RM	TOTAL RM
2022				
Sales				
Total segment sales, representing sales to external parties	29,891,844	225,471,828	-	255,363,672
Adjusted EBITDA	3,315,474	7,432,598	(1,121,324)	9,626,748
Depreciation of property, plant and equipment	2,276,794	1,462,863	-	3,739,657
Depreciation of right-of-use assets	527,522	3,822,242	-	4,349,764
Amortisation of intangible assets	-	662,909	-	662,909
Finance expenses	726,122	1,960,432	34,227	2,720,781
Interest income	(22,447)	(31,567)	(46)	(54,060)
Segment assets	52,036,694	75,081,352	401,435	127,519,481
Segment assets includes:				
Additions to property, plant and equipment	4,531,910	4,849,207	-	9,381,117
Additions to right-of-use assets	2,457,752	9,927,771	-	12,385,523
Segment liabilities	7,989,068	7,976,218	185,815	16,151,101
2021				
Sales				
Total segment sales, representing sales to external parties	30,381,008	178,552,443	-	208,933,451
Adjusted EBITDA	5,036,435	7,679,683	(1,059,620)	11,656,498
Depreciation of property, plant and equipment	1,998,227	1,161,918	-	3,160,145
Depreciation of right-of-use assets	691,531	3,127,792	-	3,819,323
Amortisation of intangible assets	-	662,909	-	662,909
Finance expenses	571,188	1,474,103	-	2,045,291
Interest income	(50,032)	(4,014)	(367)	(54,413)
Segment assets	44,087,698	62,345,701	657,544	107,090,943
Segment assets includes:				
Additions to property, plant and equipment	2,202,259	1,301,183	-	3,503,442
Additions to right-of-use assets	-	8,758,265	-	8,758,265
Segment liabilities	4,712,766	9,194,633	299,204	14,206,603

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

31. SEGMENT INFORMATION (CONTINUED)

The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the statement of comprehensive income.

The Board of Directors assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA").

(a) Reconciliation

(i) *Segment profits*

A reconciliation of adjusted EBITDA to profit before income tax is as follows:

	2022	2021
	RM	RM
Adjusted EBITDA for reportable segments	10,748,072	12,716,118
Adjusted LBITDA for other segments	(1,121,324)	(1,059,620)
Amortisation of intangible assets	(662,909)	(662,909)
Depreciation of property, plant and equipment	(3,739,657)	(3,160,145)
Depreciation of right-of-use assets	(4,349,764)	(3,819,323)
Finance expenses	(2,720,781)	(2,045,291)
Interest income	54,060	54,413
(Loss)/profit before income tax	(1,792,303)	2,023,243

(ii) *Segment assets*

The amounts reported to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than tax recoverable.

Segment assets are reconciled to total assets as follows:

	2022	2021
	RM	RM
Segment assets for reportable segments	127,118,046	106,433,399
Other segments assets	401,435	657,544
Unallocated:		
- Tax recoverable	1,591,238	1,911,124
	129,110,719	109,002,067

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

31. SEGMENT INFORMATION (CONTINUED)

(a) Reconciliation (continued)

(iii) *Segment liabilities*

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than current income tax liabilities, deferred tax liabilities and borrowings.

Segment liabilities are reconciled to total liabilities as follows:

	2022 RM	2021 RM
Segment liabilities for reportable segments	15,965,286	13,907,399
Other segment liabilities	185,815	299,204
Unallocated:		
- Current income tax liabilities	225,233	37,436
- Borrowings	42,534,104	25,069,012
- Lease liabilities	27,551,227	21,916,313
- Deferred income tax liabilities	3,030,924	2,614,010
	<u>89,492,589</u>	<u>63,843,374</u>

(b) Revenue from major products and services

Revenue from external customers are derived mainly from the manufacturing business and dealership business. The breakdown of the revenue from respective segment is as follows:

	2022 RM	2021 RM
Manufacturing		
Sales of NVH components and other non-NVH components	29,891,844	30,381,008
Dealership		
Sales of automobiles	210,416,117	158,881,386
After-sales automobile services	11,565,103	16,995,089
Incentives received from distributors	1,725,193	1,331,346
Handling fees	1,144,166	841,852
Agency fee income	621,249	502,770
	<u>225,471,828</u>	<u>178,552,443</u>
	<u>255,363,672</u>	<u>208,933,451</u>

Revenue of RM9,978,098 (2021: RM10,467,753) are derived from a single external customer. These revenue are attributable to the manufacturing business segment.

(c) Geographical information

No geographical information had been prepared as the Group's businesses are in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

32. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published and are relevant for the accounting periods beginning on or after 1 April 2022 or later periods and which the Group has not early adopted:

Amendments to SFRS(I) 1-1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 *Presentation of Financial Statements* clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-16 *Property, Plant and Equipment*: Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)

The amendment to SFRS(I) 1-16 *Property, Plant and Equipment* (PPE) prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*: Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Group does not expect any significant impact arising from applying these amendments.

33. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issued in accordance with a resolution of the Board of Directors of the Company on 4 July 2022.

STATISTIC OF SHAREHOLDING

As at 30 June 2022

SHARE CAPITAL

Issued and fully paid up capital	:	\$12,627,235.03
Number of issued shares	:	119,523,315
Number of issued shares (excluding treasury shares and subsidiary holdings)	:	119,523,315
Class of shares	:	Ordinary Shares
Voting rights	:	One vote per ordinary share
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDING	NUMBER OF SHAREHOLDERS		NUMBER OF SHARES	
		%		%
100 – 1,000	24	25.81	23,100	0.02
1,001 – 10,000	35	37.63	155,600	0.13
10,001 – 1,000,000	28	30.11	3,994,522	3.34
1,000,001 and above	6	6.45	115,350,093	96.51
Total:	93	100.00	119,523,315	100.00

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders)

	DIRECT INTEREST		DEEMED INTEREST	
	NUMBER OF SHARES	%	NUMBER OF SHARES	%
JCWW Holdings Pte. Ltd. ⁽¹⁾	61,232,497	51.23	-	-
Wong Cheong Chee ⁽¹⁾	205,000	0.17	61,232,497	51.23
Lee Soh Hong ⁽¹⁾	-	-	61,437,497	51.40
Crimson Cloud Sdn. Bhd. ⁽²⁾	11,462,353	9.59	-	-
Abdul Razak Bin Montel ⁽²⁾	-	-	11,462,353	9.59
Lee Khoon Chuan ⁽³⁾	15,468,947	12.94	-	-

Notes:

- Mr Wong Cheong Chee ("Mr Wong") and his spouse, Mdm Lee Soh Hong ("Mdm Lee") jointly own 70% of the issued share capital of JCWW Holdings Pte. Ltd. ("JCWW") and are deemed to be interested in the 61,232,497 shares held by JCWW by virtue of Section 4 of the SFA. JCWW is a company incorporated in Singapore and is our Controlling Shareholder. Mdm Lee is also deemed to be interested in the 205,000 shares held by Mr Wong. All of their shares are held under Philip Securities Pte. Ltd. and OCBC Securities Private Limited.
- Crimson Cloud Sdn. Bhd. ("Crimson") is a company incorporated in Malaysia that is wholly-owned by our Executive Officer, Mr Abdul Razak Bin Montel. Mr Abdul Razak Bin Montel is deemed to be interested in the shares held by Crimson by virtue of his controlling interest in Crimson. All of their shares are held under Philip Securities Pte. Ltd.
- Mr Lee Khoon Chuan is the nephew of Mdm Lee. All of his shares are held under Philip Securities Pte. Ltd.

STATISTIC OF SHAREHOLDING (CONTINUED)

As at 30 June 2022

TWENTY LARGEST SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	NUMBER OF SHARES	%
1.	Phillip Securities Pte Ltd	92,540,561	77.42
2.	CGS-CIMB Securities (Singapore) Pte. Ltd.	12,524,315	10.48
3.	Ng Bee Eng	3,514,906	2.94
4.	Ng Tin Poh @ Ng Say Heng	3,514,906	2.94
5.	Badariyah Binti Hussein	1,774,254	1.48
6.	Ong Hock Seng	1,481,151	1.24
7.	DBS Nominees (Private) Limited	961,900	0.80
8.	Seaw Wei Tat	543,500	0.45
9.	Khong Tuck Weng	434,000	0.36
10.	OCBC Securities Private Limited	405,000	0.34
11.	Ahmad Izzuddin Bin Md. Isa	338,722	0.28
12.	Teo Bock Heng	171,600	0.14
13.	Chee Chai Boon	130,000	0.11
14.	Leong Kok Fai	130,000	0.11
15.	Lim Kwee Chew	101,000	0.08
16.	Loo Say Hoe	100,000	0.08
17.	Raffles Nominees (Pte.) Limited	73,700	0.06
18.	Tiger Brokers (Singapore) Pte. Ltd.	68,300	0.06
19.	UOB Kay Hian Private Limited	67,700	0.06
20.	Maybank Securities Pte. Ltd.	53,600	0.04
	Total:	118,929,115	99.47

PERCENTAGE OF SHAREHOLDING HELD IN PUBLIC'S HANDS

Based on the information made available to the Company as at 30 June 2022, approximately 22.54% of the Company's issued shares (excluding treasury shares and subsidiary holdings) were held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting (“**AGM**”) of MeGroup Ltd. (the “**Company**”) will be held by way of electronic means on Thursday, 28 July 2022 at 10.00 a.m. (Singapore Time) to transact the following purposes:

AS ORDINARY BUSINESS

- | | |
|---|---------------------|
| 1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 March 2022 together with the Independent Auditor’s Report thereon. | Resolution 1 |
| 2. To re-elect Mr Wong Cheong Chee as a Director, retiring pursuant to Regulation 94 of the Company’s Constitution.
<i>[See Explanatory Note (i)]</i> | Resolution 2 |
| 3. To re-elect Mr Benjamin Choo Chih Chien as a Director, retiring pursuant to Regulation 94 of the Company’s Constitution.
<i>[See Explanatory Note (ii)]</i> | Resolution 3 |
| 4. To approve the payment of Directors’ fees of S\$138,750.00 for the financial year ended 31 March 2022. (FY2021: S\$123,654.00) | Resolution 4 |
| 5. To re-appoint Messrs Nexia TS Public Accounting Corporation as the Independent Auditor of the Company and to authorise the Directors of the Company to fix its remuneration. | Resolution 5 |
| 6. To transact any other ordinary business which may properly be transacted at an AGM. | |

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions with or without any modifications:

- | | |
|---|---------------------|
| 7. Authority to allot and issue shares | Resolution 6 |
|---|---------------------|

That pursuant to Section 161 of the Companies Act 1967 of Singapore (the “**Act**”) and Rule 806 of Section B of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual: Rules of Catalist (the “**Catalist Rules**”) and Constitution of the Company, authority be and is hereby given to the Directors to:

- (a) (i) allot and issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS (CONTINUED)

7. Authority to allot and issue shares (continued)

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding any treasury shares and subsidiary holdings, if any) shall be based on the total number of issued shares (excluding any treasury shares and subsidiary holdings, if any) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution provided the options or awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of shares.

Adjustments for (a) and (b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and unless revoked or varied by the Company in a general meeting, such authority conferred by this Resolution shall continue in force (i) until the conclusion of the next annual general meeting of the Company; or (ii) the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)].

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS (CONTINUED)

8. Authority to allot and issue Shares under the MeGroup Employee Share Option Scheme

Resolution 7

That pursuant to Section 161 of the Act, authority be and is hereby given to the Directors of the Company to:

- (a) offer and grant share options ("**Options**") from time to time in accordance with the provisions of the MeGroup Employee Share Option Scheme (the "**MeGroup ESOS**"); and
- (b) allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of the Options granted under the MeGroup ESOS (including but not limited to allotment and issuance of Shares in the capital of the Company at any time, whether during the continuance of such authority or thereafter, pursuant to Options made or granted by the Company whether granted during the subsistence of this authority or otherwise)

provided always that the aggregate number of Shares to be issued pursuant to the MeGroup ESOS when aggregated together with Shares issued and/or issuable in respect of all Options granted under the MeGroup ESOS, all other existing share schemes or share plans of the Company for the time being shall not exceed fifteen per centum (15%) of the total number of issued Shares of the Company (excluding treasury Shares and subsidiary holdings, if any) from time to time and that such authority shall unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)]

9. Authority to allot and issue Shares under the MeGroup Performance Share Plan

Resolution 8

That pursuant to Section 161 of the Act, authority be and is hereby given to the Directors of the Company to:

- (a) offer and grant share awards ("**Awards**") from time to time in accordance with the provisions of the MeGroup Performance Share Plan (the "**MeGroup PSP**"); and
- (b) allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the Awards granted under the MeGroup PSP (including but not limited to allotment and issuance of Shares in the capital of the Company at any time, whether during the continuance of such authority or thereafter, pursuant to Award made or granted by the Company whether granted during the subsistence of this authority or otherwise),

provided always that the aggregate number of Shares to be issued pursuant to the MeGroup PSP when aggregated together with Shares issued and/or issuable in respect of all share awards granted under the MeGroup PSP, all other existing share schemes or share plans of the Company for the time being shall not exceed fifteen per centum (15%) of the total number of issued Shares of the Company (excluding treasury Shares and subsidiary holdings, if any) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting is required by law to be held, whichever is earlier.

[See Explanatory Note (v)]

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS (CONTINUED)

10. Renewal of Share Buyback Mandate

Resolution 9

That:

- (a) for the purposes of the Act and Part XI of Chapter 8 of the Catalist Rules, the Directors of the Company be authorised and empowered to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

- (1) on-market purchases through the ready market of the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**"), through one or more duly licensed stockbrokers appointed by the Company for the purpose (the "**On-Market Share Buyback**"); and/or
- (2) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Act and the Catalist Rules (the "**Off-Market Share Buyback**");

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST or, as the case may be, Other Exchange, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

- (b) any Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share in accordance with the Act;
- (c) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the proposed adoption of the Share Buyback Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earliest of:
- (1) the date on which the next annual general meeting of the Company is held or required by law to be held;
 - (2) the date on which purchases and acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated; and
 - (3) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by the Company in a general meeting, whichever is the earliest ("**Relevant Period**");

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS (CONTINUED)

10. Renewal of Share Buyback Mandate (continued)

(d) In this resolution:

“Maximum Limit” means the number of Shares representing ten per centum (10%) of the total issued ordinary share capital of the Company ascertained as at the date of the passing of this resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act at any time during the Relevant Period (as hereafter defined), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

“Maximum Price” in relation to a Share to be purchased, means the purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:

- a) in the case of an On-Market Share Buyback, 105% of the Average Closing Price; and
- b) in the case of an Off-Market Share Buyback, 120% of the Average Closing Price, where:

“Average Closing Price” means the average of the closing market prices of the Shares over the last five (5) Market Days (a **“Market Day”** being a day on which the SGX-ST is open for trading in securities) on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the On-Market Share Buyback or, as the case may be, the day of the making of the offer pursuant to the Off-Market Share Buyback, and deemed to be adjusted for any corporate action that occurs after such five (5) Market Day period; and

“day of the making of the offer” means the day on which the Company announces its intention to make an Off-Market Share Buyback from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Buyback; and

- (e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated by this resolution.

[See Explanatory Note (vi)]

By Order of the Board

Yoo Loo Ping
Company Secretary
Singapore, 12 July 2022

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

- (i) Mr Wong Cheong Chee (“**Mr Wong**”) will, upon re-election as a Director of the Company, remain as the Executive Chairman and Chief Executive Officer. Please refer to Additional Information on Directors Seeking Re-election in the Annual Report for additional information on Mr Wong pursuant to Rule 720(5) and Appendix 7F of the Catalist Rules.
- (ii) Mr Benjamin Choo Chih Chien (“**Mr Choo**”) will, upon re-election as a Director of the Company, remain as the Independent Non-Executive Director, the Chairman of the Remuneration Committee, and a member of the Audit Committee and Nominating Committee. The Board considers Mr Choo to be independent pursuant to Rule 704(7) of the Catalist Rules. Please refer to Additional Information on Directors Seeking Re-election in the Annual Report for additional information on Mr Choo pursuant to Rule 720(5) and Appendix 7F of the Catalist Rules.
- (iii) The Ordinary Resolution 6 in item 7 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to fifty per centum (50%) may be issued other than on a pro rata basis to existing shareholders of the Company for such purposes as they consider would be in the interest of the Company.

For determining the aggregate number of Shares that may be issued, the percentage of issued Shares will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed after adjusting for new Shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of Shares.

- (iv) The Ordinary Resolution 7 in item 8 above, if passed, will empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted under the MeGroup ESOS and all other share based incentive schemes of the Company up to a number not exceeding in aggregate (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.
- (v) The Ordinary Resolution 8 in item 9 above, if passed, will empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to offer and grant Awards under the MeGroup PSP in accordance with the provisions of the MeGroup PSP and to issue from time to time such number of fully paid shares as may be required to be issued pursuant to the vesting of the Awards subject to the maximum number of shares prescribed under the terms and conditions of the MeGroup PSP. The aggregate number of shares which may be issued pursuant to the MeGroup PSP and any other share-based schemes (if applicable) shall not exceed in aggregate (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES: (CONTINUED)

(vi) The Ordinary Resolution 9 in item 10 above, if passed, will empower the Directors to purchase or otherwise acquire Shares on the terms of the Share Buyback Mandate, as set out in Resolution 9 and the Appendix to Shareholders dated 12 July 2022. Please refer to the aforementioned Appendix to Shareholders for further details. The Company may use internal sources of funds or external borrowings or a combination of both to finance the Company's purchase or acquisition of Shares pursuant to the Share Buyback Mandate. The amount of financing required and the impact on the Company's financial position cannot be ascertained as at the date of this notice as these will depend on, amongst others, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund the purchase or acquisition and whether the Shares purchased or acquired are cancelled or held as treasury shares. Illustrative financial effects of the Share Buyback Mandate are set out in the aforementioned Appendix to Shareholders.

IMPORTANT NOTICE FOR SHAREHOLDERS:

The Company's AGM is being convened, and will be held, by way of electronic means pursuant to the provision of the COVID-19 (Temporary Measures)(Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and the Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation titled "Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period".

Printed copies of this Notice of AGM, the Proxy Form, the Annual Report 2022 and Appendix to Shareholders dated 12 July 2022 ("**AGM Documents**") will NOT be despatched to shareholders of the Company. Electronic copies of the Company's AGM Documents are available on the SGXNet and on the Company's corporate website, <https://me-grp.com/>.

Shareholders should take note of the following arrangements for the AGM:

(a) Participation in the AGM via live webcast or live audio feed

The AGM will be conducted only by way of electronic means, and shareholders will **not** be able to attend the AGM in person. Shareholders will also **not** be able to vote online on the resolutions to be tabled for approval at the AGM. Shareholders may instead participate in the AGM by:-

- (i) Observing and/or listening to the proceedings of the AGM through a "live" audio-visual webcast and "live" audio-only feed;
- (ii) Submitting questions in relation to any agenda item in this notice of AGM in advance of the AGM; and/or
- (iii) Appointing the chairman of the AGM ("**Chairman**") as proxy to vote on their behalf in accordance with their vote instructions.

Details of the steps for pre-registration, pre-submission of questions and voting at the AGM are set out in items (b) to (e) below.

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT NOTICE FOR SHAREHOLDERS: (CONTINUED)

(b) Pre-registration for AGM

Shareholders, including investors who hold shares through the Central Provident Fund (“CPF”) and/or Supplementary Retirement Scheme (“SRS”), who wish to follow the proceedings of the AGM must pre-register by email to shareregistry@incorp.asia (setting out his/her name, email address and NRIC/Passport number) not later than **25 July 2022, 10.00 a.m.** (“**Pre-Registration Deadline**”) for authentication purposes. Following successful authentication, an email with instructions on how to join the live webcast or audio feed of the AGM proceedings will be sent to the registered shareholders via email by 27 July 2022, 10.00 a.m. Shareholders must not forward the email instruction to other persons who are not shareholders and who are not entitled to attend the AGM proceedings. This is also to avoid any technical disruptions or overload to the AGM proceedings.

Investors holding shares through relevant intermediaries (as defined in Section 181 of the Companies Act (“**Investors**”) (other than CPF/SRS investors) will not be able to pre-register for the live webcast of the AGM. An Investor who wishes to participate in the live webcast of the AGM should approach his/her relevant intermediary as soon as possible in order for the relevant intermediary to make the necessary arrangements to pre-register. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number), via email to the Company at shareregistry@incorp.asia not later than **25 July 2022, 10.00 a.m.**

Shareholders and Investors who have registered by the Pre-Registration Deadline but did not receive the aforementioned email by 27 July 2022, 10.00 a.m. should contact the Company by email to shareregistry@incorp.asia.

(c) Submission of Questions

Shareholders and Investors will not be able to ask questions during the AGM proceedings.

Shareholders and Investors who have questions in relation to any agenda item in this notice of AGM can submit their questions to the Company in advance, by **19 July 2022**, through any of the following means:

- (i) via email to shareregistry@incorp.asia; or
- (ii) in hard copy by sending personally or by post and lodging the same at c/o In.Corp Corporate Services Pte. Ltd., 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712.

Shareholders and/or Investors must identify themselves when posting questions through email or in hard copy by sending personally or by post, by providing the following details:

- (i) Full Name;
- (ii) Contact Telephone Number;
- (iii) Email Address; and
- (iv) The manner in which you hold shares (if you hold shares directly, please provide your CDP account number; otherwise, please state if you hold your shares through CPF or SRS, or are a relevant intermediary shareholder).

In view of the current COVID-19 situation, Shareholders and Investors are strongly encouraged to submit their questions by email. The Company will endeavour to respond to all substantial and relevant questions through an announcement on SGXNet and on the Company's corporate website, <https://me-grp.com/> by 22 July 2022.

Follow up questions which are submitted after 19 July 2022 will be consolidated and addressed either before the AGM via an announcement on SGXNet and the Company's website or at the AGM. The Company will publish the minutes of the AGM, which will include responses from the Board and management of the Company on the substantial and relevant questions received from Shareholders and Investors via an announcement on SGXNet and the Company's website within one (1) month after the AGM.

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT NOTICE FOR SHAREHOLDERS: (CONTINUED)

(d) Voting at the AGM by appointing Chairman as Proxy (Submit a Proxy Form)

For CPF/SRS Investors and Investors who hold shares through relevant intermediaries please refer to item (e) for the procedures to vote at the AGM.

Shareholders will only be able to vote at the AGM by appointing the Chairman as proxy to vote on their behalf. Duly completed Proxy Forms, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must be submitted through any of the following means not later than **25 July 2022, 10.00 a.m.** (being no later than 72 hours before the time appointed for holding the AGM) and in default the proxy form shall not be treated as valid:

- a) if sent personally or by post, be lodged at c/o In.Corp Corporate Services Pte. Ltd., 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712; or
- b) if submitted by email, be received by the Company at shareregistry@incorp.asia;

The Proxy Form has been made available on the SGXNet and on the Company's corporate website, <https://me-grp.com/>.

In appointing the Chairman of the Meeting as proxy, the Shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

Please refer to the detailed instructions set out in the Proxy Form.

(e) Voting at the AGM by Relevant Intermediary Investors and CPF/SRS Investors

Relevant Intermediary Investors (including CPF/SRS investors) who wish to appoint the Chairman as their proxy to vote at the AGM should not make use of the Proxy Form and should instead approach their respective relevant intermediaries as soon as possible to specify voting instructions. CPF/SRS investors who wish to vote should approach their respective CPF agent banks or SRS approved banks or depository agents to submit their votes by **19 July 2022, 10.00 a.m.**, being at least seven (7) working days before the AGM, in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman to vote on their behalf not later than 25 July 2022, 10.00 a.m.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Wong Cheong Chee (“**Mr Wong**”) and Mr Benjamin Choo Chih Chien (“**Mr Choo**”), both retiring pursuant to Regulation 94 of the Company’s Constitution (collectively the “**Retiring Directors**”), will be seeking re-election at the forthcoming annual general meeting (“**AGM**”) of the Company scheduled to be held on Thursday, 28 July 2022 under Resolutions 2 and 3 as set out in the Notice of AGM dated 12 July 2022.

Pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) of the Singapore Exchange Trading Securities Limited (“**SGX-ST**”), the information relating to the Retiring Directors set out in Appendix 7F as required under the Catalist Rules of the SGX-ST is disclosed below:

NAME OF DIRECTOR	WONG CHEONG CHEE	BENJAMIN CHOO CHIH CHIEN
Date of Appointment	26 September 2018	26 September 2018
Date of last re-appointment (if applicable)	30 July 2019	23 September 2020
Age	74	45
Country of principal residence	Malaysia	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The re-election of Mr Wong as a Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Wong’s expertise, experience and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Choo as a Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Choo’s expertise, experience and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. Mr Wong is responsible for the Group’s overall management and operations, including formulating our Group’s strategic direction and expansion plans for both the Group’s Manufacturing and Dealership businesses and has been instrumental in our Group’s growth, leading to the expansion of our Manufacturing business and operations.	Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and Chief Executive Officer	<ul style="list-style-type: none"> • Independent Non-Executive Director • Chairman of Remuneration Committee • Member of Nominating Committee • Member of Audit Committee

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

NAME OF DIRECTOR	WONG CHEONG CHEE	BENJAMIN CHOO CHIH CHIEN
Professional qualifications	<ul style="list-style-type: none"> University of Malaya - Degree in Mechanical Engineering 	<ul style="list-style-type: none"> National University of Singapore - Degree of Bachelor of Laws Admitted as an advocate and solicitor of the Supreme Court of Singapore Member of the Inquiry Panel constituted under the Legal Profession Act
Working experience and occupation(s) during the past 10 years	Mr Wong has been with the Group over the past 10 years.	<ul style="list-style-type: none"> 2012 to 2018 - Edmond Pereira & Partners (now corporatised as Edmond Pereira Law Corporation) - Head of Corporate and Transactions practice 2018 to Current - Genesis Law Corporation - Director
Shareholding interest in the listed issuer and its subsidiaries	Direct interest in 205,000 Ordinary Shares in the share capital of MeGroup Ltd., and deemed to have interests in 61,232,497 Ordinary Shares in the share capital of MeGroup Ltd. by virtue of Mr Wong's interest of not less than 20% of the issued capital of the holding corporation, JCWW Holdings Pte. Ltd.	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Wong is the father of (1) Ms Wong Keat Yee, the Executive Director; (2) Mr Wong Sai Hou, the Head of Group Expansion & Strategy and Head of Dealership; and (3) Mr Wong Sai Keat, the Head of Engineering and R&D, Manufacturing of the Group.	Nil
	Mr Wong is also the husband of Mdm Lee Soh Hong, the Substantial Shareholder of the Company.	

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

NAME OF DIRECTOR	WONG CHEONG CHEE	BENJAMIN CHOO CHIH CHIEN
Conflict of interest (including any competing business)	<p>Paragon Union Berhad was founded by Mr Wong Cheong Chee and is a company whose shares are listed and quoted on Bursa Malaysia. Mr Wong Cheong Chee was previously a majority shareholder of Paragon Union Berhad and ceased to be Substantial Shareholder on 1 April 2000. As at the date of this report, Mr Wong Cheong Chee's 70 shares in Paragon Union Berhad represents less than 0.0001% of the issued and paid-up share capital of Paragon Union Berhad.</p> <p>The Company believe that no conflicts of interest exist between the Group and Mr Wong having regard to the foregoing and to the fact that (i) Mr Wong's interest in Paragon Union Berhad is for personal investment purposes only; and (ii) neither Mr Wong nor his associates have any directorship, executive role or involvement in the day-to-day management or operations of Paragon Union Berhad.</p>	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments including Directorships		
Past (for the last 5 years)	MNJ Motors Sdn. Bhd.	<ul style="list-style-type: none"> • Edmond Pereira Law Corporation • Trendzon Holdings Group Limited (formerly known as Pipeline Engineering Holdings Limited)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

NAME OF DIRECTOR	WONG CHEONG CHEE	BENJAMIN CHOO CHIH CHIEN
Present	<ul style="list-style-type: none"> • Menang Nusantara Sdn. Bhd. • Menang Nusantara Holdings Sdn. Bhd. • MJN Motors Sdn. Bhd. • MJN Auto Sdn. Bhd. • MeMG Pte. Ltd. • MeAG Pte. Ltd. • JCWW Holdings Pte. Ltd. • MJN Automart Sdn. Bhd. 	<ul style="list-style-type: none"> • Genesis Law Corporation • Talent Beacon Community Care Limited • PT Property Gamma Investment Pte. Ltd. • Global Beacon Pte. Ltd. • Bloom Technologies Pte. Ltd. • Bongloy Holdings Pte. Ltd. • Tasmine Ventures Pte. Limited

Information required pursuant to Listing Rule 704(8)

(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

NAME OF DIRECTOR	WONG CHEONG CHEE	BENJAMIN CHOO CHIH CHIEN
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

NAME OF DIRECTOR	WONG CHEONG CHEE	BENJAMIN CHOO CHIH CHIEN
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

NAME OF DIRECTOR	WONG CHEONG CHEE	BENJAMIN CHOO CHIH CHIEN
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only.		
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer or prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable	Not applicable

MEGROUP LTD.

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

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting ("AGM") are set out in the Company's Notice of AGM dated 12 July 2022 announced on SGXNet on the same day. The Notice of AGM may also be accessed at the <https://www.sgx.com/securities/company-announcements>.
2. A member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/ its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. For CPF, or SRS investors who wish to appoint the Chairman of the Meeting as their proxy, they should approach their CPF and/or SRS Approved Nominees to submit their votes at least seven (7) working days before the AGM (i.e., by 19 July 2022, 10.00 a.m.). This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 July 2022.
5. Please read the notes to the Proxy Form.

I/We,* _____
NRIC/Passport/Registration No.* _____
of _____

being a member/members* of MeGroup Ltd. (the "**Company**"), hereby appoint:

the Chairman of the Meeting

as my/our* proxy to vote for me/us* on my/our* behalf at the Annual General Meeting ("**AGM**") of the Company to be held by way of electronic means on Thursday, 28 July 2022 at 10.00 a.m. and at any adjournment thereof.

(Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes for or against a resolution to be proposed at the AGM, please indicate with a "✓" in the space provided under "**For**" or "**Against**". If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution to be proposed at the AGM, please indicate with a "✓" in the space provided under "**Abstain**". Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to vote "**For**", or "**Against**" or "**Abstain**". In the absence of specific directions, the appointment of Chairman of the Meeting as your proxy for that resolution will be treated as invalid.)

NO.	RESOLUTIONS RELATING TO:	NO. OF VOTES FOR ⁽¹⁾	NO. OF VOTES AGAINST ⁽¹⁾	NO. OF VOTES ABSTAIN ⁽¹⁾
1.	Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2022			
2.	Re-election of Mr Wong Cheong Chee as a Director			
3.	Re-election of Mr Benjamin Choo Chih Chien as a Director			
4.	Approval of Directors' fees of S\$138,750.00 for the financial year ended 31 March 2022			
5.	Re-appointment of Messrs Nexia TS Public Accounting Corporation as the Independent Auditor of the Company			
6.	Authority to allot and issue shares			
7.	Authority to allot and issue shares under the MeGroup Employee Share Option Scheme			
8.	Authority to allot and issue shares under the MeGroup Performance Share Plan			
9.	Renewal of Share Buyback Mandate			

(1) If you wish to exercise all your votes "For", "Against" or "Abstain", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of July 2022

Signature of Shareholder(s) or, Common Seal of Corporate Shareholder

* Delete where inapplicable

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

IMPORTANT: Please read the notes overleaf for this Proxy Form



Notes:

- (1) Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Future Act 2001), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number of shares is inserted, this proxy form will be deemed to relate to all shares held by you.
- (2) A shareholder will not be able to vote through the live audio-visual webcast or live audio-only feed and voting is only through submission of proxy form. If a shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in this proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
- (3) The Chairman of the Meeting, as a proxy, need not be a member of the Company.
- (4) The instrument appointing Chairman of the Meeting as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
- (5) Where this instrument appointing Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the power of attorney or a notarially certified copy thereof (failing previous registration with the Company) must be lodged with this instrument of proxy, failing which this instrument of proxy may be treated as invalid.
- (6) The instrument appointing the Chairman of the Meeting as proxy, duly executed, must be submitted through any of the following means by **25 July 2022 at 10.00 a.m.**, which is not later than 72 hours before the time appointed for holding the AGM:
 - a) if sent personally or by post, be lodged at c/o In.Corp Corporate Services Pte. Ltd., 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712; or
 - b) if submitted by email, be received by the Company at shareregistry@incorp.asia.

In view of the current COVID-19 situation, shareholders are strongly encouraged to submit their completed proxy forms via email to shareregistry@incorp.asia.

- (7) The Company shall be entitled to reject the instrument appointing Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing Chairman of the Meeting as proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if the shareholder being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) to the Company.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 July 2022.

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE:

Wong Cheong Chee
Executive Chairman and Chief Executive Officer

Wong Keat Yee
Executive Director

NON-EXECUTIVE:

Chee Teck Kwong Patrick
Lead Independent Non-Executive Director

Benjamin Choo Chih Chien
Independent Non-Executive Director

Edmund Lai Sou Wei
Independent Non-Executive Director

Chong Kwea Seng
Independent Non-Executive Director

AUDIT COMMITTEE

Edmund Lai Sou Wei
Chairman

Chee Teck Kwong Patrick
Member

Benjamin Choo Chih Chien
Member

Chong Kwea Seng
Member

NOMINATING COMMITTEE

Chee Teck Kwong Patrick
Chairman

Benjamin Choo Chih Chien
Member

Edmund Lai Sou Wei
Member

Chong Kwea Seng
Member

REMUNERATION COMMITTEE

Benjamin Choo Chih Chien
Chairman

Chee Teck Kwong Patrick
Member

Edmund Lai Sou Wei
Member

Chong Kwea Seng
Member

COMPANY SECRETARY

Yoo Loo Ping

REGISTERED OFFICE

133 Cecil Street
#14-01 Keck Seng Tower
Singapore 069535

SHARE REGISTRAR

In.Corp Corporate Services Pte. Ltd.
30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation
80 Robinson Road
#25-00
Singapore 068898

AUDIT PARTNER-IN-CHARGE

Chan Siew Ting
(appointed since the financial year ended 31 March 2019)

CONTINUING SPONSOR

UOB Kay Hian Private Limited
8 Anthony Road
#01-01
Singapore 229957

PRINCIPAL BANKERS

Malayan Banking Berhad
AmBank (M) Berhad
Public Bank Berhad

ENHANCING CAPABILITIES DEVELOPING POTENTIAL



MEGROUP LTD.

Company Registration Number: 201804996H

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Singapore 069535

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