

MEGROUP LTD.

(Incorporated in the Republic of Singapore on 7 February 2018)

(Company Registration Number: 201804996H)

**Condensed Interim Financial Statements
For The Six Months Ended 30 September 2022**

*This announcement has been prepared by MeGroup Ltd (the “**Company**”) and its contents have been reviewed by the Company’s Sponsor, UOB Kay Hian Private Limited (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalyst.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group		
	Six Months Ended		
	30-Sep-22	30-Sep-21	Increase/ (Decrease)
	RM	RM	%
Revenue	204,133,767	80,270,386	154.3
Cost of sales	(186,213,204)	(74,534,461)	149.8
Gross profit	17,920,563	5,735,925	212.4
Other income	477,883	726,317	(34.2)
Other gains - net	674,658	78,226	762.4
Expenses			
– Selling and distribution	(4,001,388)	(1,881,701)	112.6
– Administrative	(9,764,062)	(7,826,255)	24.8
– Finance	(1,585,408)	(1,179,959)	34.4
Share of profit of an associated company	3,186	-	N.M
Profit/ (Loss) before tax	3,725,432	(4,347,447)	N.M
Income tax expense	(984,789)	(791,095)	24.5
Total comprehensive income/ (loss), representing net profit/ (loss) for the financial period	2,740,643	(5,138,542)	N.M
Total comprehensive income/ (loss), representing net profit/ (loss) attributable to:			
Equity holders of the Company	2,502,076	(4,934,637)	N.M
Non-controlling interests	238,567	(203,905)	N.M
	<u>2,740,643</u>	<u>(5,138,542)</u>	N.M
Earnings per share for profit/ (loss) attributable to equity holders of the company (Sen)			
Basic and diluted	<u>2.09</u>	<u>(4.13)</u>	N.M

N.M denotes Not Meaningful.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	As at		As at	
	30-Sep-22 RM	31-Mar-22 RM	30-Sep-22 RM	31-Mar-22 RM
ASSETS				
Current assets				
Cash and cash equivalents	16,071,622	11,834,368	363,230	195,338
Trade and other receivables	21,672,774	23,755,132	2,063,474	5,220,633
Tax recoverable	546,719	1,591,238	-	-
Inventories	13,148,700	13,718,761	-	-
Total current assets	51,439,815	50,899,499	2,426,704	5,415,971
Non-current assets				
Property, plant and equipment	37,603,497	34,275,721	-	-
Right-of-use assets	42,089,542	42,619,837	-	-
Intangible assets	984,208	1,315,662	-	-
Investments in subsidiary corporations	-	-	26,094,134	26,094,134
Investment in an associated company	922,434	-	919,248	-
Total non-current assets	81,599,681	78,211,220	27,013,382	26,094,134
Total assets	133,039,496	129,110,719	29,440,086	31,510,105
LIABILITIES				
Current liabilities				
Trade and other payables	18,407,963	16,151,101	138,990	141,955
Current income tax liabilities	646,484	225,233	-	-
Borrowings	9,461,987	22,513,190	1,513,000	3,099,500
Lease liabilities	3,811,008	3,719,104	-	-
Total current liabilities	32,327,442	42,608,628	1,651,990	3,241,455
Non-current liabilities				
Borrowings	32,490,234	20,020,914	-	-
Lease liabilities	22,911,672	23,832,123	-	-
Deferred income tax liabilities	2,951,375	3,030,924	-	-
Total non-current liabilities	58,353,281	46,883,961	-	-
Total liabilities	90,680,723	89,492,589	1,651,990	3,241,455
NET ASSETS	42,358,773	39,618,130	27,788,096	28,268,650
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	37,356,382	37,356,382	37,356,382	37,356,382
Retained earnings/ (accumulated losses)	27,930,418	25,428,342	(9,568,286)	(9,087,732)
Other reserves	(24,360,992)	(24,360,992)	-	-
Total equity attributable to equity holders of the Company	40,925,808	38,423,732	27,788,096	28,268,650
Non-controlling interests	1,432,965	1,194,398	-	-
Total equity	42,358,773	39,618,130	27,788,096	28,268,650

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Group						
	Share capital	Merger reserve	Capital reserve	Retained profits	Attributable to equity holders of the Company	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM
As at 1 April 2022	37,356,382	(24,594,282)	233,290	25,428,342	38,423,732	1,194,398	39,618,130
Total comprehensive income for the 6 months	-	-	-	2,502,076	2,502,076	238,567	2,740,643
As at 30 September 2022	37,356,382	(24,594,282)	233,290	27,930,418	40,925,808	1,432,965	42,358,773
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 6 months	-	-	-	(4,934,637)	(4,934,637)	(203,905)	(5,138,542)
Dividend paid	-	-	-	(2,390,466)	(2,390,466)	-	(2,390,466)
As at 30 September 2021	37,356,382	(24,594,282)	233,290	23,619,160	36,614,550	1,015,135	37,629,685

	Company		
	Share capital	Accumulated losses	Total equity
	RM	RM	RM
As at 1 April 2022	37,356,382	(9,087,732)	28,268,650
Total comprehensive loss for the 6 months	-	(480,554)	(480,554)
As at 30 September 2022	37,356,382	(9,568,286)	27,788,096
As at 1 April 2021	37,356,382	(5,631,773)	31,724,609
Total comprehensive loss for the 6 months	-	(615,258)	(615,258)
Dividend paid	-	(2,390,466)	(2,390,466)
As at 30 September 2021	37,356,382	(8,637,497)	28,718,885

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	Six Months Ended	
	30-Sep-22	30-Sep-21
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (loss) before income tax	3,725,432	(4,347,447)
Adjustments for:		
Amortisation of intangible assets	331,454	331,454
Depreciation of property, plant and equipment	2,108,543	1,773,028
Depreciation of right-of-use assets	2,329,215	2,127,068
Gain on disposal of right-of-use assets	(221,782)	(70,941)
Interest income	(21,728)	(33,886)
Interest expense	1,585,408	1,179,959
Share of results of an associated company	(3,186)	-
	<u>9,833,356</u>	<u>959,235</u>
Change in working capital:		
Trade and other receivables	2,082,358	3,652,340
Inventories	570,061	(4,209,382)
Trade and other payables	<u>2,256,862</u>	<u>(2,672,140)</u>
Cash generated from/ (used in) operations	14,742,637	(2,269,947)
Income tax paid	(334,477)	(404,741)
Income tax refunded	735,909	-
NET CASH PROVIDED BY/ (USED IN) OPERATING ACTIVITIES	<u>15,144,069</u>	<u>(2,674,688)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	21,728	33,886
Additions to property, plant and equipment	(5,428,033)	(2,972,497)
Additions to right-of-use assets	(674,488)	-
Proceeds from disposal of property, plant and equipment	-	3,900
Proceeds from disposal of right-of-use assets	644,064	283,281
Acquisition of interest in an associated company	(919,248)	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(6,355,977)</u>	<u>(2,651,430)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Fixed deposits pledged	(464,146)	(302,521)
Proceeds from bank borrowings	7,157,832	12,551,249
Repayment of bank borrowings	(3,618,910)	(1,117,444)
Dividend paid	-	(2,390,466)
Repayment of lease liabilities	(2,383,547)	(1,635,617)
Interest paid	(1,585,408)	(977,604)
NET CASH (USED IN)/ PROVIDED BY FINANCING ACTIVITIES	<u>(894,179)</u>	<u>6,127,597</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,893,913	801,479
CASH AND CASH EQUIVALENTS		
Beginning of financial year	<u>4,178,488</u>	<u>6,545,078</u>
End of the financial period	<u>12,072,401</u>	<u>7,346,557</u>

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)**Note:**

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

	Group	
	Six Months Ended	
	30-Sep-22	30-Sep-21
	RM	RM
Cash and bank balances	16,071,622	10,882,307
Less: Short-term bank deposits pledged	(3,497,632)	(2,751,891)
Less: Bank overdraft	(501,589)	(783,859)
	<u>12,072,401</u>	<u>7,346,557</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

The Company is listed on Catalist, the sponsor-supervised listing platform in SGX-ST and incorporated and domiciled in Singapore. The address of the Company's registered office is located at 133 Cecil Street, #14-01 Keck Seng Tower, Singapore 069535. These condensed interim consolidated financial statements as at and for the six months ended 30 September 2022 comprise the Company and its subsidiaries (collectively, the "**Group**").

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries comprise:

- (a) Manufacturing of noise, vibration and harshness ("**NVH**") components and other non-NVH components;
- (b) Trading of motor vehicles and providing support services relating to the business; and
- (c) Investment holding.

The Company's immediate holding company is JCWW Holdings Pte. Ltd. ("**JCWW**"), a company incorporated in Singapore.

As at 30 September 2022, JCWW owns 51.23% of the issued and paid-up ordinary shares in the Company.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 September 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 March 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Malaysian Ringgit ("**RM**" or "**MYR**") which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

The Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("**SFRS(I) INT**") that are relevant to its operations and effective for annual periods beginning or after 1 April 2022. The adoption of these new or revised SFRS(I) and SFRS(I) INT did not result in changes to the Group's accounting policies and had no material impact on the financial results of the Group for the current reporting period.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Basis of Preparation (Continued)

2.2 Use of Estimates, Assumptions and Judgements

In preparing the condensed interim financial statements, management has made estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about estimates, assumptions and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

- (a) Depreciation of property, plant and equipment.
- (b) Impairment of trade receivables.
- (c) Net realisable value of inventories.
- (d) Leases.

There were no significant changes in critical judgements, estimates and assumptions as compared to the consolidated financial statements as at and for the year ended 31 March 2022.

3. Seasonal Operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Segment and Revenue Information

The Group is organised into the following main business segments:

- (a) Manufacturing business;
- (b) Dealership business; and
- (c) Other – Investment Holding.

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.

4.1 Reportable Segments

By business segment:

	Manufacturing Business (RM)	Dealership Business (RM)	Other (RM)	Total (RM)
6 months ended 30 September 2022:				
Total segment sales, representing sales to external parties	<u>22,365,001</u>	<u>181,768,766</u>	<u>-</u>	<u>204,133,767</u>
Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")	3,335,138	7,220,172	(496,986)	10,058,324
Depreciation expense	(1,527,620)	(2,910,138)	-	(4,437,758)
Amortisation expense	-	(331,454)	-	(331,454)
Interest expense	(471,363)	(1,066,498)	(47,547)	(1,585,408)
Interest income	12,408	9,032	288	21,728
Profit/ (loss) before tax	<u>1,348,563</u>	<u>2,921,114</u>	<u>(544,245)</u>	<u>3,725,432</u>
Segment assets	57,266,596	73,761,536	1,464,645	132,492,777
Tax recoverable				546,719
Total assets per statement of financial position				<u>133,039,496</u>
Segment liabilities	8,938,836	9,280,337	188,790	18,407,963
Borrowings				41,952,221
Current income tax liabilities				646,484
Deferred income tax liabilities				2,951,375
Lease liabilities				26,722,680
Total liabilities per statement of financial position				<u>90,680,723</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Segment and Revenue Information (Continued)

4.1 Reportable Segments (Continued)

By business segment:

	Manufacturing Business (RM)	Dealership Business (RM)	Other (RM)	Total (RM)
6 months ended 30 September 2021:				
Total segment sales, representing sales to external parties	<u>9,478,231</u>	<u>70,792,155</u>	<u>-</u>	<u>80,270,386</u>
Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")	(167,837)	1,836,508	(650,025)	1,018,646
Depreciation expense	(1,359,294)	(2,540,802)	-	(3,900,096)
Amortisation expense	-	(331,454)	-	(331,454)
Interest expense	(282,687)	(885,837)	(11,435)	(1,179,959)
Interest income	21,665	23,751	-	45,416
Loss before tax	<u>(1,788,153)</u>	<u>(1,897,834)</u>	<u>(661,460)</u>	<u>(4,347,447)</u>
Segment assets	43,897,419	70,261,932	489,589	114,648,940
Tax recoverable				<u>1,445,221</u>
Total assets per statement of financial position				<u>116,094,161</u>
Segment liabilities	3,743,161	7,591,454	199,848	11,534,463
Borrowings				35,488,868
Current income tax liabilities				37,436
Deferred tax liabilities				2,534,461
Lease liabilities				<u>28,869,248</u>
Total liabilities per statement of financial position				<u>78,464,476</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Segment and Revenue Information (Continued)

4.2 Disaggregation of Revenue

	Manufacturing Business (RM)	Dealership Business (RM)	Other (RM)	Total (RM)
6 months ended 30 September 2022:				
Types of goods or services:				
Sales of NVH components and other non-				
NVH components	22,365,001	-	-	22,365,001
Sales of automobiles	-	169,409,389	-	169,409,389
After-sales automobile services	-	9,299,900	-	9,299,900
Incentives received from distributors	-	1,606,279	-	1,606,279
Handling fees	-	989,602	-	989,602
Agency fee income	-	463,596	-	463,596
Total revenue	22,365,001	181,768,766	-	204,133,767
Timing of revenue recognition:				
At a point in time	22,365,001	181,768,766	-	204,133,767
Total revenue	22,365,001	181,768,766	-	204,133,767
6 months ended 30 September 2021:				
Types of goods or services:				
Sales of NVH components and other non-				
NVH components	9,478,231	-	-	9,478,231
Sales of automobiles	-	64,841,273	-	64,841,273
After-sales automobile services	-	4,975,631	-	4,975,631
Incentives received from distributors	-	429,195	-	429,195
Handling fees	-	337,475	-	337,475
Agency fee income	-	208,581	-	208,581
Total revenue	9,478,231	70,792,155	-	80,270,386
Timing of revenue recognition:				
At a point in time	9,478,231	70,792,155	-	80,270,386
Total revenue	9,478,231	70,792,155	-	80,270,386

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Financial Assets and Financial Liabilities

	Group		Company	
	As at		As at	
	30-Sep-22	31-Mar-22	30-Sep-22	31-Mar-22
	RM	RM	RM	RM
Financial Assets				
Cash and cash equivalents	16,071,622	11,834,368	363,230	195,338
Trade and other receivables	18,170,232	20,560,892	-	31,063
Receivables from subsidiary corporations	-	-	2,025,115	5,132,153
	34,241,854	32,395,260	2,388,345	5,358,554
Financial Liabilities				
Trade and other payables	(14,306,202)	(12,529,261)	(138,990)	(141,955)
Borrowings	(41,952,221)	(42,534,104)	(1,513,000)	(3,099,500)
Lease liabilities	(26,722,680)	(27,551,227)	-	-
	(82,981,103)	(82,614,592)	(1,651,990)	(3,241,455)

6. (Loss)/ Profit Before Taxation

6.1 Significant Items

	Group		Increase/ (Decrease) %
	Six Months Ended	Six Months Ended	
	30-Sep-22	30-Sep-21	
	RM	RM	
Interest income	21,728	33,886	(35.9)
Commission received	28,875	105,619	(72.7)
Realised currency exchange gain/(loss) – net	453,901	(7,293)	(6,323.8)
Gain on disposal of right-of-use assets	221,782	70,941	212.6
Sales commission	(3,200,557)	(1,193,676)	168.1
Rental of premises	(416,206)	(196,434)	111.9
Salary, wages, allowances and bonus	(4,976,068)	(3,688,931)	34.9
Directors' remuneration	(1,618,324)	(1,377,452)	17.5
Entertainment expenses	(436,557)	(137,587)	217.3
Security charges	(239,688)	(215,788)	11.1
Depreciation of property, plant and equipment	(2,108,543)	(1,773,028)	18.9
Depreciation of right-of-use assets	(2,329,215)	(2,127,068)	9.5
Amortisation expense	(331,454)	(331,454)	-
Interest on borrowings	(1,085,219)	(742,239)	46.2
Interest on lease liabilities	(500,189)	(437,720)	14.3

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of comprehensive income are:

	Group	
	Six Months Ended	
	30-Sep-22	30-Sep-21
	RM	RM
Current Income Tax		
- Current financial period	1,064,338	-
- Prior financial year	-	870,644
	1,064,338	870,644
Deferred Income Tax		
- Current financial period	(79,549)	(79,549)
	(79,549)	(79,549)
	984,789	791,095

8. Dividends

	Group	
	Six Months Ended	
	30-Sep-22	30-Sep-21
	RM	RM
Ordinary dividends declared and paid		
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
Dividend per share (net of tax)	-	0.02

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Intangible Assets

	Group			
	Goodwill RM	Customer Relationship RM	License RM	Total RM
At 31 March 2022				
Cost	376,541	98,909	3,878,545	4,353,995
Accumulated amortisation	-	(75,556)	(2,962,777)	(3,038,333)
Net book value	376,541	23,353	915,768	1,315,662
Six Months Ended 30 September 2022				
Opening net book amount	376,541	23,353	915,768	1,315,662
Amortisation charge	-	(8,242)	(323,212)	(331,454)
Closing net book amount	376,541	15,111	592,556	984,208
At 30 September 2022				
Cost	376,541	98,909	3,878,545	4,353,995
Accumulated amortisation	-	(83,798)	(3,285,989)	(3,369,787)
Net book value	376,541	15,111	592,556	984,208

9.1 Goodwill Impairment

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

In assessing whether an impairment is required, the carrying amount of the Cash Generating Unit ("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.

	Dealership business	
	30-Sep-22 %	31-Mar-22 %
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% (31 March 2022: 18%), the recoverable amount of the CGU would equal to the carrying amount.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Property, Plant and Equipment

During the six months period ended 30 September 2022, the Group acquired assets amounting to RM5,428,033 (30 September 2021: RM2,972,497) and disposed of assets amounting to RM Nil (30 September 2021: RM3,900).

11. Borrowings

	As at 30-Sep-22			As at 31-Mar-22		
	Secured RM	Unsecured RM	Total RM	Secured RM	Unsecured RM	Total RM
Amount repayable in one year or less, or on demand	8,875,338	586,649	9,461,987	21,947,918	565,272	22,513,190
Amount repayable after one year	32,485,059	5,175	32,490,234	19,715,152	305,762	20,020,914
Total Borrowings	41,360,397	591,824	41,952,221	41,663,070	871,034	42,534,104

Details of Collaterals

As at 30 September 2022, the Group's borrowings were secured by:

- Joint and Several Guarantee by certain directors of subsidiary corporations.
- Corporate Guarantee by Menang Nusantara Sdn Bhd for facilities of Menang Nusantara Auto Sdn Bhd, MN Otomobil Sdn Bhd, MJN Motors Sdn Bhd and MJN Auto Sdn Bhd.
- 1st party 1st legal charge over the land and building at Bukit Beruntung for facilities of Menang Nusantara Sdn Bhd.
- 1st party 2nd legal charge over the land and building at Bukit Beruntung for facilities of Menang Nusantara Sdn Bhd.
- Debenture on fixed and floating assets of Menang Nusantara Sdn Bhd.
- Specific debenture on the toolings and related equipment of Menang Nusantara Sdn Bhd.
- Specific debenture on machines of Menang Nusantara Sdn Bhd.
- Debenture in a form of floating charge over all company's stock of Motor Vehicles purchased utilizing floor stock facilities under Menang Nusantara Auto Sdn Bhd, MN Otomobil Sdn Bhd and MJN Motors Sdn Bhd.
- Half-year sinking fund bank deposits of RM75,000 as collateral for facility of MJN Motors Sdn Bhd.
- 1st party all monies legal charge over the property at Lot 1, Jalan 5, Cheras Jaya for facility of Menang Nusantara Sdn Bhd.
- 1st party all monies legal charge over the property at Lot 14, Jalan CJ 1/7, Cheras Jaya for facility of Menang Nusantara Sdn Bhd.
- Corporate Guarantee by MeGroup Ltd for facilities of Menang Nusantara Sdn Bhd, MJN Motors Sdn Bhd and MJN Automart Sdn Bhd.
- Half year sinking fund bank deposit of RM91,000 as collateral for facility of MJN Auto Sdn Bhd.
- Debenture on building and equipment of MJN Motors Sdn Bhd.
- Working Capital Guarantee by Syarikat Jaminan Perniagaan Berhad for facility for MJN Auto Sdn Bhd.
- 20 quarterly placement sinking fund bank deposits of RM1,400,000 as collateral for facility for MJN Auto Sdn Bhd.
- Bank deposit of RM179,067 as collateral for facility of MJN Automart Sdn Bhd.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Borrowings (Continued)

Details of Collateral (Continued)

- Specific debenture over the building of MJN Automart Sdn Bhd.
- 3rd party all monies first fixed charge over the land together with the factory at Lot 71462, Mukim Seksyen 39, Bandar Kulim, Kedah for facility of Menang Nusantara Sdn Bhd.

12. Trade and Other Receivables

	Group		Company	
	As at		As at	
	30-Sep-22 RM	31-Mar-22 RM	30-Sep-22 RM	31-Mar-22 RM
Trade receivables – non-related parties	15,651,780	17,082,185	-	-
Other receivables				
- Non-related parties	395,259	312,100	-	31,063
- Related party	79,628	97,070	-	-
- Subsidiary corporations	-	-	2,025,115	5,132,153
- GST receivable	10,563	9,625	10,563	9,625
- Staff loans	93,771	180,727	-	-
	579,221	599,522	2,035,678	5,172,841
Advance payments to suppliers	2,153,959	2,300,100	-	-
Deposits	1,949,794	2,888,810	-	-
Prepayments	1,338,020	884,515	27,796	47,792
	21,672,774	23,755,132	2,063,474	5,220,633

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

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

12.1 Trade Receivables Aging

	Group	
	As at	
	30-Sep-22 RM	31-Mar-22 RM
Current	15,026,783	16,043,814
<i>Trade receivables days past due:</i>		
1 – 30 days	395,501	570,784
31 – 60 days	2,868	206,291
61 – 90 days	1,089	79,933
91 – 120 days	143,479	29,580
121 – 150 days	45,174	48,146
More than 150 days	36,886	103,637
	15,651,780	17,082,185

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Trade and Other Payables

	Group		Company	
	As at		As at	
	30-Sep-22 RM	31-Mar-22 RM	30-Sep-22 RM	31-Mar-22 RM
Trade payables – non-related parties	10,085,669	6,622,727	-	-
Other payables				
- Non-related parties	1,135,296	2,485,572	-	3,175
- Directors	576,879	757,856	-	-
	1,712,175	3,243,428	-	3,175
Accruals for operating expenses	2,508,358	2,663,106	138,990	138,780
Advances from customers	1,042,013	2,106,077	-	-
Deferred income	3,059,748	1,515,763	-	-
	18,407,963	16,151,101	138,990	141,955

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

Included in the deferred income is an amount of RM265,000 (31 March 2022: 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 customer 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 30 September 2022 will be recognise as revenue according to the future automotive parts to be delivered to the customers.

14. Share Capital

	Group		Company	
	No. of ordinary shares Unit	Amount RM	No. of ordinary shares Unit	Amount RM
At 30 September 2022				
Beginning and end of financial period	<u>119,523,315</u>	<u>37,356,382</u>	<u>119,523,315</u>	<u>37,356,382</u>
At 31 March 2022				
Beginning and end of financial year	<u>119,523,315</u>	<u>37,356,382</u>	<u>119,523,315</u>	<u>37,356,382</u>

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Share Capital (Continued)

There were no treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

15. Earnings Per Share

	Group	
	Six Months Ended	
	30-Sep-22	30-Sep-21
Total comprehensive income, representing net profit attributable to equity holders of the Company (RM)	2,502,076	(4,934,637)
Weighted average number of Shares	119,523,315	119,523,315
Earnings per Share (" EPS ") - basic and diluted (Sen)	2.09	(4.13)

Note:

The basic and diluted EPS of the Group for the respective financial period are the same as there were no outstanding convertibles. The basic and diluted EPS was calculated based on the weighted average number of ordinary shares in issue for the respective financial period.

16. Net Asset Value

	Group		Company	
	As at		As at	
	30-Sep-22	31-Mar-22	30-Sep-22	31-Mar-22
Net Asset Value (" NAV ") per Share (Sen)	34.24	32.15	23.25	23.65
Equity Attributable to Owners of the Company (RM)	40,925,808	38,423,732	27,788,096	28,268,650
Number of Shares used in computation of NAV per Share	119,523,315	119,523,315	119,523,315	119,523,315

17. Subsequent Events

There are no known subsequent events which have led to adjustments to this set of condensed interim consolidated financial statements.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES

1. In the case of Q1, Q2 and Q3 announcements, issuers may present the following statements in any format provided that the same format is used for each quarter. In the case of half-year and full year announcements, issuers must present the following statements in the form presented in the issuer's most recently audited annual financial statements:

- (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of Ordinary Shares
As at 31 March 2022 / 30 September 2022	<u>119,523,315</u>

There were no outstanding convertibles, treasury shares or subsidiary holdings at the end of the current financial period, the last financial period reported on, and as at the end of the corresponding period of the immediately preceding financial year.

- (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Number of Ordinary Shares	
	As at	
	30-Sep-22	31-Mar-22
Total number of issued shares excluding treasury shares	119,523,315	119,523,315

There were no treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

- (d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable as the Company did not have any treasury shares as at 31 March 2022 and 30 September 2022.

- (d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable as the Company did not hold any subsidiary holdings as at 31 March 2022 and 30 September 2022.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (Continued)

2. **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

Not applicable.

- 3A. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

- (a) **Updates on the efforts taken to resolve each outstanding audit issue.**

Not applicable.

- (b) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of Group's Financial Performance

Revenue

Revenue increased by approximately RM123.86 million or 154.3% from RM80.27 million in the first half financial period ended 30 September 2021 ("**1H2022**") to RM204.13 million in the first half financial period ended 30 September 2022 ("**1H2023**").

Manufacturing Business

Revenue from manufacturing business increased by RM12.89 million from RM9.48 million in 1H2022 to RM22.37 million in 1H2023. The increase was mainly due to the full withdrawal of movement restrictions and the reopening of the economy which saw the increase of sales order by existing customers and new order by a new customer.

Dealership Business

Revenue from dealership business increased by RM110.98 million or 156.8% from RM70.79 million in 1H2022 to RM181.77 million in 1H2023. The increase is mainly due to the rebound of business activities post-pandemic in Malaysia with Covid-19 SOP relaxation during the transition into endemic phase effective from 1 May 2022. The increase can also be attributed to the additional revenue contribution from the operations of Proton Dealership located at Telok Panglima Garang, Selangor, which commenced operations in January 2022. The lower revenue recorded in 1H2022 was mainly due to the implementation of the Full Movement Control Order or FMCO in June 2021.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (Continued)

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group's Financial Performance (Continued)

Cost of Sales

Cost of sales increased by approximately RM111.68 million or 149.8% from RM74.53 million in 1H2022 to RM186.21 million in 1H2023.

Manufacturing Business

Cost of sales from manufacturing business increased by RM9.56 million from RM8.37 million in 1H2022 to RM17.93 million in 1H2023. The increase is attributable to the increase in revenue as mentioned above.

Dealership Business

Cost of sales from dealership business increased by RM102.13 million from RM66.16 million in 1H2022 to RM168.29 million in 1H2023. The increase is attributable to the increase in revenue as mentioned above.

Gross Profit and Gross Profit Margin

The Group's gross profit had increased by approximately RM12.18 million or 212.4% from RM5.74 million in 1H2022 to RM17.92 million in 1H2023. The increase was due to an increase in gross profit from manufacturing business of approximately RM3.33 million from RM1.11 million in 1H2022 to RM4.44 million in 1H2023 and the dealership business by approximately RM8.85 million from RM4.63 million in 1H2022 to RM13.48 million in 1H2023.

Overall gross profit margin increased by approximately 1.6 percentage points from 7.2% in 1H2022 to 8.8% in 1H2023. The gross profit margin of dealership business increased by 0.9 percentage points from 6.5% in 1H2022 to 7.4% in 1H2023. This was mainly due to lesser discounts given out to attract car sales customers in view of high demand of cars from strong vehicle bookings received prior to the expiration of the sales tax exemption incentive period on 30 June 2022 in Malaysia. The gross profit margin of manufacturing business increased by 8.1 percentage points from 11.7% in 1H2022 to 19.8% in 1H2023 mainly due to low base effect in 1H2022 where production overhead costs were charged out due to the shutdown of manufacturing activities during the FMCO period.

Other Income

Other income decreased by approximately RM0.25 million or 34.2% from RM0.73 million in 1H2022 to RM0.48 million in 1H2023. The decrease was mainly due to income subsidy from the Wage Subsidy 4.0 introduced by the government of Malaysia that ended in April 2022 following the transition into endemic phase effective from 1 May 2022.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (Continued)

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group's Financial Performance (Continued)

Other Gains and Losses, Net

Other gains and losses increased by approximately RM0.59 million or 762.4% from RM0.08 million in 1H2022 to RM0.67 million in 1H2023. This was mainly due to realised forex gain from payment to suppliers.

Selling and Distribution Expenses

Selling and distribution expenses increased by approximately RM2.12 million or 112.6% from RM1.88 million in 1H2022 to RM4.00 million in 1H2023. This was mainly due to an increase in sales commission and incentive expenses and salary expenses amounting to RM2.01 million and RM0.11 million respectively in line with the increase in revenue.

Administrative Expenses

Administrative expenses increased by approximately RM1.93 million from RM7.83 million in 1H2022 to RM9.76 million in 1H2023. This was mainly due to the increase in (i) directors' remuneration by RM0.24 million, (ii) depreciation expense by RM0.37 million, (iii) entertainment expense by RM0.26 million, (iv) professional fees by RM0.17 million, (v) staff welfare and benefits expenses by RM0.16 million, (vi) utilities expense by RM0.14 million, and (vii) upkeep of office equipment expense by RM0.13 million.

Finance Expenses

Finance expense increased by approximately RM0.41 million or 34.4% from RM1.18 million in 1H2022 to RM1.59 million in 1H2023. This was mainly due to the increase in term loan interests by RM0.24 million, lease interests by RM0.06 million and floor stock interests by RM0.11 million.

Profit/ (Loss) Before Tax

As a result of the aforementioned, the Group recorded profit before tax of RM3.73 million in 1H2023, compared to loss before tax of RM4.35 million in 1H2022.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (Continued)

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group's Financial Position

Current assets

Current assets had increased by approximately RM0.54 million or 1.1% from RM50.90 million as at 31 March 2022 to RM51.44 million as at 30 September 2022. This was mainly due to the increase in cash and cash equivalents by approximately RM4.24 million, from RM11.83 million as at 31 March 2022 to RM16.07 million as at 30 September 2022. The increase is offset by the decrease in trade and other receivable, tax recoverable and inventories by RM2.08 million, RM1.04 million and RM0.57 million respectively.

Non-current assets

Non-current assets increased by approximately RM3.39 million or 4.3% from RM78.21 million as at 31 March 2022 to RM81.60 million as at 30 September 2022. This was mainly due to the purchase of new tools, moulds and machineries for new projects secured in the manufacturing business and the new investment in an associated company.

Current liabilities

Current liabilities had decreased by approximately RM10.28 million or 24.1% from RM42.61 million as at 31 March 2022 to RM32.33 million as at 30 September 2022. This was mainly due to a decrease in short-term borrowing amounting to RM13.05 million as a result of the reclassification of non-current borrowing amounting to RM7.23 million to current borrowing of a subsidiary corporation of the Group as at 31 March 2022 who did not fulfil one of the banks financial covenants. A portion of the said bank borrowing was reclassified back to non-current borrowing as at 30 September 2022 as the subsidiary corporation had fulfilled the bank financial covenants and the bank has also agreed to renew and to grant the facility accordingly. The decrease is offset by an increase in trade and other payables amounting to RM2.26 million, mainly due to the purchase of vehicles inventory from the automotive principals in the dealership business and raw material supplier in the manufacturing business.

Non-current liabilities

Non-current liabilities had increased by approximately RM11.47 million or 24.5% from RM46.88 million as at 31 March 2022 to RM58.35 million as at 30 September 2022. This was mainly due to the reclassification of a subsidiary corporation borrowing amounting to RM6.99 million from current to non-current borrowing as at 30 September 2022 and drawdown of term loan facilities during the financial period.

Equity

The increase in equity of approximately RM2.74 million from RM39.62 million as at 31 March 2022 to RM42.36 million as at 30 September 2022 was mainly due to the total comprehensive income generated during the financial period amounting to RM2.74 million.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (Continued)

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of Group's Cash Flows

The Group recorded net cash generated from operating activities of approximately RM15.14 million mainly due to the operating profit before changes in working capital of RM9.83 million, decrease in trade and other receivables and inventories by RM2.08 million and RM0.57 million respectively, partially offset with the increase in trade and other payables of RM2.26 million. The Group had received an income tax refund amounting to RM0.74 million from Inland Revenue Board in Malaysia for tax overpaid in prior years during the financial period, partially offset by the income tax paid amounting to RM0.33 million based on the estimated tax payable on monthly instalments paid to the Inland Revenue Board in Malaysia.

The Group recorded net cash used in investing activities of approximately RM6.36 million mainly due to the additions to property, plant and equipment totalling RM5.43 million, addition in right-of-use assets totalling RM0.67 million and acquisition of 20% interest in an associated company, Hanamaru Auto Trading (Malaysia) Sdn Bhd amounting to RM0.92 million in September 2022. These were partially offset by the proceeds from the disposal of right-of-use assets amounting to RM0.64 million and interest received from financial institutions amounting to RM0.02 million.

The Group recorded net cash used in financing activities amounting to RM0.89 million due to additional fixed deposits pledged amounting to RM0.46 million, repayment of bank borrowings of approximately RM3.62 million, repayment of lease liabilities including finance lease of approximately RM2.38 million and interest paid of approximately RM1.59 million. These were offset by the drawdown of bank borrowings amounting to RM7.16 million during the financial period.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (Continued)

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast or prospect statement has been previously disclosed to shareholders.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Countries around the world are seeing signs of recovery from the Covid-19 pandemic with many countries opening up their economies with less stringent preventive measures. The Malaysian Government had also reviewed the control measures with Covid-19 SOP relaxation during the transition into endemic phase effective from 1 May 2022. Coupled with the smooth transition to the endemic phase as well as the reopening of international borders, many sectors are showing some signs of growth in business activities, albeit not yet reaching the pre-pandemic level.

However, geopolitical tensions, escalating oil prices, inflationary concerns, increase in food prices, logistics and shipping costs, coupled with supply chain disruptions and increase in the Overnight Policy Rate (OPR) by the Central Bank of Malaysia may dampen consumers' confidence and demand for new vehicles.

The Malaysian Automotive Association ("MAA") reported in its press release on 18 October 2022, the 9 months September 2022 calendar year-to-date total registration of new passenger and commercial vehicles in Malaysia was 516,798 units as compared to the 9 months September 2021 calendar year-to-date totalling 318,827 units. MAA also reported on the total passenger and commercial vehicles produced and assembled in Malaysia for the 9 months September 2022 calendar year-to-date was 508,761 units as compared to the 9 months September 2021 calendar year-to-date totalling 303,996 units.

According to the Ministry of Finance ("MOF"), Malaysia is expected to continue its recovery momentum in the calendar year 2022, supported by increases in domestic and external demand as well as labour market recovery. The various economic stimulus packages to mitigate the adverse impact of the Covid-19 pandemic and to revive economic activities have been very helpful. For the automotive industry, despite not having the sales tax exemption incentives for car buyers extended beyond 30 June 2022, the Malaysian Government has allowed buyers with confirmed booking to register their vehicles by 31 March 2023. This would help the automotive industry to fulfil backlogged orders accordingly. The introduction of new models such as latest designs and features and electric vehicles at affordable and competitive prices is expected to assist in sustaining buyers' interest.

Premised on the foregoing, the Group intends to improve its business performance by continuing to execute the current existing and new projects awarded in the manufacturing segment coupled with working with brand principals to launch newer models in the dealership segment. The Group is continuously looking at new opportunities to expand its product offerings in the automotive sector.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (Continued)

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended);

Yes. The Board has declared an interim dividend of 1.2 Sen per ordinary share after considering the improved financial performance of the Group for the current financial period.

Name of dividend	Interim dividend
Dividend type	Cash
Dividend amount per share (in Malaysian Sen)	1.2 Sen per ordinary share
Tax rate	Tax exempt (one tier)

(b) (i) Amount per share, cents (ii) Previous corresponding period, cents;

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated);

Tax exempt.

(d) The date the dividend is payable;

15 December 2022.

(e) the date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

30 November 2022.

12. If no dividend has been declared (recommended), a statement to that effect and reason(s) for the decision.

Not applicable.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company has not obtained an IPT mandate and there was no reportable IPT during the current reporting period.

14. Negative confirmation pursuant to the Rule 705(5)

We, Wong Cheong Chee and Wong Keat Yee, being directors of the Company ("Directors"), hereby confirm on behalf of the board of Directors that, to the best of the Directors' knowledge, nothing has come to the attention of the board of Directors which may render the unaudited consolidated financial statements of the Group for the six months ended 30 September 2022 to be false or misleading in any material aspect.

On behalf of the board of Directors,

Wong Cheong Chee
Executive Chairman and CEO

Wong Keat Yee
Executive Director

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (Continued)

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

16. Changes in the composition of the Group

On 8 September 2022, the Company had completed an investment in a 20%-owned associated company in Malaysia, Hanamaru Auto Trading (Malaysia) Sdn. Bhd. ("Hanamaru") to operates an online auction platform for the sale of used or salvaged automobiles and other automotive spare parts in Malaysia, with total investment value of RM919,248.

Please refer to the Company's announcement dated 19 August 2022 and 9 September 2022 for the details with regards to Hanamaru.

Save as disclosed above, there is no other acquisition and/or sale of shares in any subsidiaries or associated companies of the Group during 1H2023 which is required to be reported under Rule 706A of the Catalist Rules.

BY ORDER OF THE BOARD

Wong Cheong Chee
Executive Chairman and Chief Executive Officer

8 November 2022