



EXPANDING
OFFERINGS
INCREASING
OPPORTUNITIES



ANNUAL REPORT

2023

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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

MEGROUPTD. (“**MEGROUPTD**” 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 in both NVH and Non-NVH components for various models of automobile such as the dashboard insulators, outers, hood, headlining, undercovers and wheel arch under the NVH category and board assembly deck, trunk lid, package trays and deck boards under the Non-NVH category. 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 throughout Klang Valley.

The Group has also expanded its automotive business by acquiring a 20% stake in Hanamaru Auto Trading (Malaysia) Sdn. Bhd., an online platform for the sale of used or salvaged automobiles. This acquisition aims to revitalise the car trade market by reusing and selling insurance salvage, used cars and spare parts, as well as vehicle half cuts.

MANUFACTURING



HITACHI



HONDA
The Power of Dreams

ISUZU

KIA



MAZDA



MITSUBISHI
MOTORS



PERODUA



PEUGEOT



PROTON
INSPIRING CONNECTIONS



TOYOTA

DEALERSHIP



HONDA
The Power of Dreams



HYUNDAI



MAZDA



MITSUBISHI
MOTORS



PEUGEOT



PROTON
INSPIRING CONNECTIONS

OTHERS



HANAMARU
AUCTION

CHAIRMAN'S MESSAGE

**"FINANCIALLY,
WE ARE PLEASED TO HAVE
ACHIEVED A RECORD
REVENUE IN FY2023, WITH
THE REOPENING OF THE
ECONOMY."**



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 2023 ("FY2023").

In 2022, the global economy continued its return to normalcy from the effects of the COVID-19 pandemic. However, new macro uncertainties continued to emerge through the year, with the most significant one being the Russia-Ukraine conflict, contributing to the elevated volatility in both global food and energy prices, and ongoing supply chain and inflationary issues.

In Malaysia, with the transition of the pandemic into an endemic phase we are focused on solidifying our market leading position in the industry, expanding our dealership and manufacturing facilities, as well as seeking new opportunities for growth.

As we have seen from the past, COVID-19 numbers can spike at any time, so we continue to remain cautious. However, this has not stopped us from making headway in both our Manufacturing and Dealership operations. During the year under review, we crossed a few milestones, including the completion of our new manufacturing facility, Kulim Hi-tech Park, the forming of a new partnership with a 20% stake in Hanamaru Auto Trading, a Malaysia-based online auction platform for the sale of used or salvaged automobiles and other automotive spare parts. Financially, we are pleased to have achieved a record revenue in FY2023, with the reopening of the economy. To top it off, subsequent to year-end, we are delighted to be named as RHB's Top 20 Small Cap Jewels in Singapore in May 2023.

CHAIRMAN'S MESSAGE

MANUFACTURING

In line with our strategy to expand our component manufacturing segment, we have moved our components assembly line to Kulim Hi-tech Park in Kedah. This new facility, the Northern Manufacturing Hub is now completed, expanding the business' components manufacturing lines for the production of NVH and non-NVH parts for various automobile brands. Committing to sustainability initiatives, the Northern Manufacturing Hub will allocate at least 15% of our land area to greenery, which the Group hopes will reduce any carbon emissions generated at the Kulim facility. The new manufacturing hub will be ready for mass production by early Q3 2023.

During the MCO last year, we installed solar panels in our main manufacturing facility. Through the utilisation of renewable energy and improving product quality using automated manufacturing lines, we are able to maximise cost savings through reduced electricity usage and product wastage. Over time, we hope to achieve at least 70% automation in our main manufacturing plant compared with the current 25%. This initiative will also continue to effectively reduce our carbon footprint and overhead expenses as part of our sustainability journey. 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.

The conversion of a second manufacturing line into a fully automated system was completed in May 2022. Consequently, we are looking to further automate other manufacturing systems in our facility to achieve an Industrial 4.0 status in our production lines. We continue to explore opportunities to expand our Enterprise Resource Planning system to the warehouse by end 2023.

The Group also 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 our product portfolio and provide value-added services to our existing customers.

DEALERSHIP

The Group continues to grow in our dealership business. The new Mitsubishi outlet, the second of which we were awarded last year, continues to contribute positively to the Group, as we are able to take on more customers for various after-sales services. Our first Proton dealership has successfully 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.

WORD OF APPRECIATION TO THE MEGROUP TEAM AND OUR SHAREHOLDERS

As we continue to move towards a post-pandemic normal, the Group has stayed resilient, exploring and identifying new ways to keep up with the demands of the automotive industry.

We saw record revenue this financial year as we continue to satisfy pent-up demand from new and existing customers. We believe that this demand will continue as the economy recovers and borders continue to open up.

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 has fully withdrawn movement restrictions and continue on its path of economic growth and recovery, we will also keep a lookout 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 a total of three plants comprised of two manufacturing and one assembly, as well as one warehouse located in Balakong area in Klang Valley of central Selangor, Malaysia. The construction of a new manufacturing facility in Kulim Hi-tech Park is completed this year, expanding MeGroup's manufacturing line to serve the northern customers. Mass production will begin by early Q3 2023.

The completion of the installation of solar panels on the roof of the Main Manufacturing Plant in December 2021 benefited the Manufacturing business by reducing its overhead expenses and its overall carbon footprint. In doing so, the Group is actively focusing on its sustainability and ESG efforts to contribute to Malaysia's pledge of achieving net-zero emissions by 2050. 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



The general R&D lab is able to conduct several tests such as tensile and bending strength test; flame/fire properties test; heat and water resistance test; and peeling and shearing test.

On top of that, MeGroup has its own acoustic sound test lab, currently the only NVH manufacturer in Malaysia to have such a laboratory. The sound test lab is able to perform sound absorption tests and sound insulation loss tests for internal R&D activities, as well as extended its service offerings to third parties which require such tests.

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.

BUSINESS SEGMENTS

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

EXTERIOR BODY SHIELDING SYSTEMS

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

3

INTERIOR SYSTEM INSULATION

Interior system insulation components such as inner dash systems, headliners, floor carpet, and silencer floor 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 automobiles.



DEALERSHIP

MeGroup's first Proton outlet commenced its 3S operations in January 2022 and 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.

The rebound in business activities in Malaysia saw the Dealership segment's revenue increase, generated from the sales of new vehicles, provision of aftersales services, sale of spare parts and accessories, body paintwork and collision repair. The Dealership segment has also included revenue contributions from insurance and road tax renewal services.

The Group's second Mitsubishi outlet in Bandar Bukit Raja, which commenced operations in April 2021, and the new Honda Kuala Selangor outlet, are also performing well and generating healthy revenue.

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

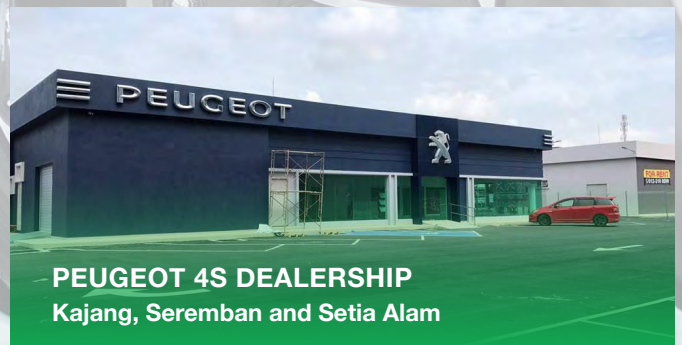
SALE OF AUTOMOBILE PARTS AND ACCESSORIES

A 4S DEALERSHIP:

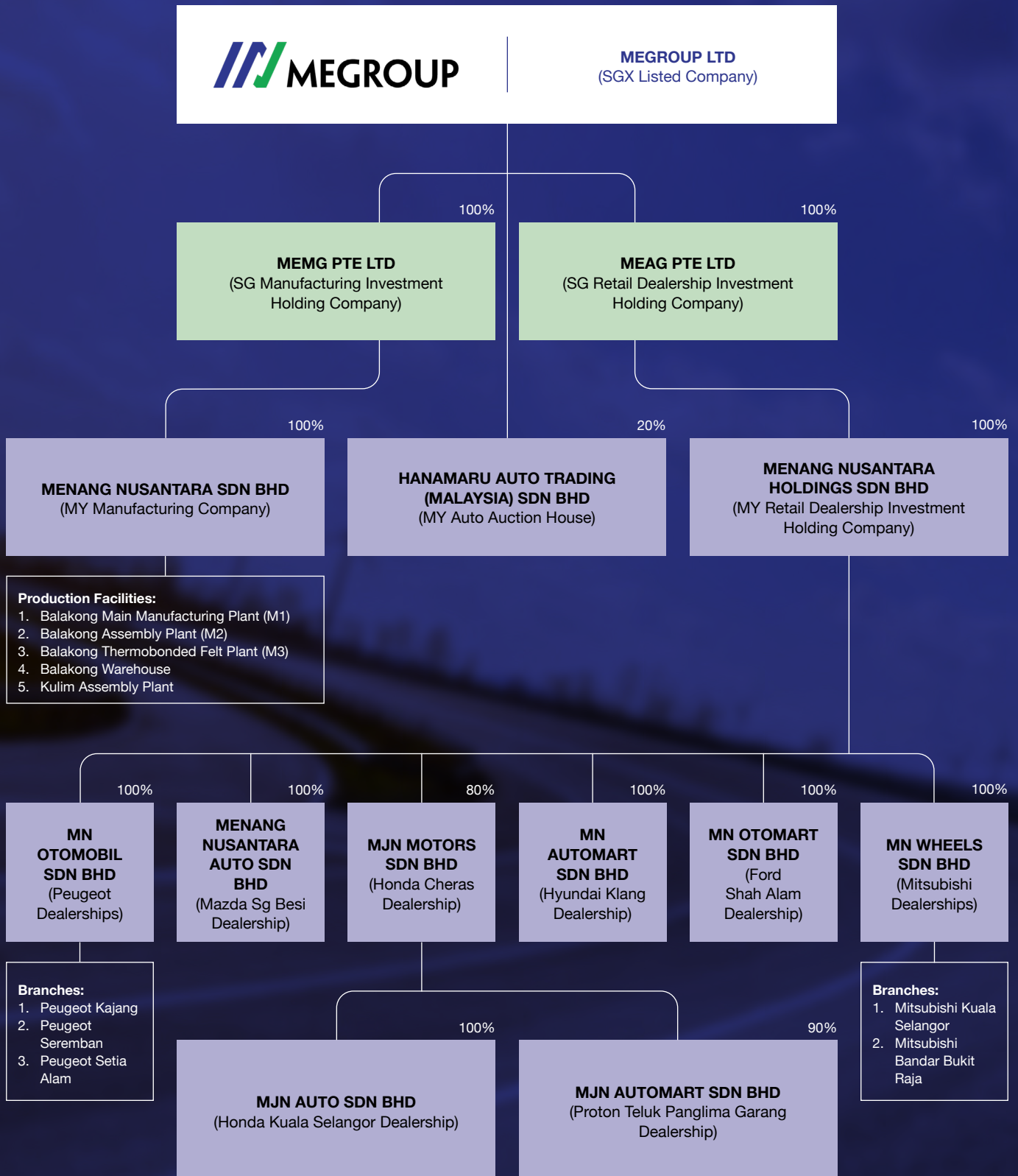
4S

AUTOMOBILE BODY PAINTWORK AND COLLISION REPAIR SERVICES

BUSINESS SEGMENTS



CORPORATE STRUCTURE



CORPORATE MILESTONES

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

2012

- Launched 1st Mazda 3S dealership at Sungai Besi

2013

- Established Thermobonded Felt line at Main Manufacturing Plant

2014

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

2015

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

2016

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

2017

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

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

2023

- Featured in RHB's Singapore Top 20 Small Cap Jewels
- Secure Manufacturing projects with KIA
- Embark ESG in alignment with Malaysia's pledge to achieve net-zero emissions by 2050

2022

- Appointed by Honda Malaysia to be an authorised used car dealer
- Completion of the construction of the new manufacturing facility in Kulim Hi-tech Park, with mass production to commence by early Q3 2023
- Awarded rights for second Mitsubishi outlet
- First Proton dealership achieved 4S status
- Acquired 20% in Hanamaru Auto Trading (Malaysia) Sdn Bhd (Hanamaru Auto Trading)

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

BOARD OF DIRECTORS



MR WONG CHEONG CHEE
Executive Chairman
and Chief Executive Officer

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 the 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 the 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 the 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 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
Non-Executive Director

Mr Chee Teck Kwong Patrick is the Lead Independent Non-Executive 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 Non-Executive Director

Mr Edmund Lai Sou Wei is the Independent Non-Executive 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 CHIH CHIEN
Independent Non-Executive Director

Mr Benjamin Choo Chih Chien is the Independent Non-Executive 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 Non-Executive Director

Mr Chong Kwea Seng is the Independent Non-Executive 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, Group Expansion
& Strategy, and Head of
Dealership

Mr Wong Sai Hou is the Head, Group Expansion & Strategy of the Group and Head, Dealership. He joined the 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 the Group's Dealership Business. As the Head, Dealership, Mr Wong also oversees the operation and management of the 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 the Head of Engineering and R&D, Manufacturing. He joined the Group in 2004 as a programme engineer. He currently oversees the engineering function of the Manufacturing Business, and is responsible for the product development department, ensuring that the physical properties of the Thermobonded Felt products meet the requirements of the customers as well as developing new applications for the Thermobonded Felts. Mr Wong also works closely with the Head of Sales, Manufacturing, to maintain and grow the Group's strategic relationships with the 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.



**MR ABDUL RAZAK
BIN MONTEL**
Head of Sales,
Manufacturing

Mr Abdul Razak Bin Montel is the 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 the Manufacturing Business. With over 30 years of experience in the industry, he has been instrumental in the growth of the 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
Chief Financial Officer

Mr Felix Cheah Yao Jian is the Chief Financial Officer ("CFO") of the Group. He joined in June 2019 and is responsible for overseeing the Group's financial reporting, accounting, as well as corporate matters. He previously served as the Group Financial Controller at MeGroup for over three years before being promoted to CFO in 2023. He has extensive experience in auditing, financial reporting, accounting and corporate finance-related roles across various organisations. Prior to joining MeGroup, Mr Cheah was a Senior Manager in the Corporate Finance and Investment – Equities Department 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

Revenue

**RM421.5
MILLION**

**+65.1% FROM
FY2022**

Gross profit

**RM38.9
MILLION**

**+83.9% FROM
FY2022**

Total assets

**RM153.6
MILLION**

RM129.1 million as at 31
March 2022.

The Group's total equity

**RM44.7
MILLION**

RM39.6 million as at
FY2022

For FY2023, the Group's revenue increased by 65.1% from RM255.4 million in FY2022 to RM421.5 million in FY2023. Mainly in line with the Group's topline performance, MeGroup achieved a net profit of RM6.5 million, in comparison to a net loss of RM3.3 million in the preceding financial year.

Overall revenue from the manufacturing significantly increased by 80.0% to RM53.8 million in FY2023. This was due to the official launch of new car models and the full withdrawal of movement restrictions with the reopening of the economy, leading to increased sales from existing and new customers.

The dealership business also saw a significant increase of revenue from RM 225.5 million in FY2022 to RM367.7 million in FY2023. This increase was attributed to the rebound of business activities and additional revenue generated from the operations of the Proton Dealership in Telok Panglima Garang, Selangor, which commenced operations in January 2022.

Gross profit increased by RM17.7 million or 83.9% from RM21.2 million in FY2022 to RM38.9 million in FY2023. This was attributable to the increase of gross profit in both the manufacturing and dealership businesses. Overall gross profit margin also increased by 0.9 percentage points to 9.2% in FY2023. This is due to fewer discounts given out to attract car sales customers in view of high demands of cars from strong vehicle bookings received prior to the expiration of the sales tax exemption incentive period on 30 June 2022 in Malaysia.

Other income decreased by approximately 45.1% to RM0.7 million in FY2023, primarily attributed to the discontinuation of the income subsidy provided through the Wage Subsidy 4.0 programme introduced by the Malaysian

government, which ended in April 2022 due to the transition into the endemic phase, effective from 1 May 2022.

Other gains increased by approximately 137.6% to RM1.5 million in FY2023 mainly due to the recognition of fair value gain on financial asset of RM0.6 million during FY2023 for the fair value on call options issued to the Group by Hanamaru Auto Trading (Malaysia) Sdn Bhd.

Selling and distribution expenses increased by approximately RM3.2 million or 63.4% from RM5.1 million in FY2022 to RM8.3 million in FY2023. The increase in FY2023 was mainly due to the increase in commission and incentive expenses, salary expenses, sundry expenses, entertainment expenses and advertisement and promotion.

Administrative expenses increased by approximately RM4.3 million or



OPERATIONS REVIEW

25.3% from RM17.1 million in FY2022 to RM21.5 million in FY2023. This increase was mainly due to the increase in professional fees, depreciation expenses, directors' remuneration, staff costs, welfare and benefit expenses, entertainment expenses, travelling and accommodation expenses, utilities expenses, insurance expenses and upkeep of office equipment and motor vehicles. Finance expenses increased by approximately RM0.8 million or 29.0% from RM2.7 million in FY2022 to RM3.5 million in FY2023 mainly due to the increase in term loan and floor stock financing interest and lease liabilities interest.

Profit before income tax was RM7.9 million in FY2023 compared to a loss before income tax of RM1.8 million in FY2022. The net profit of the Company for FY2023 stood at RM6.5 million as compared to a net loss of RM3.3 million in FY2022.

As at 31 March 2023, the Group's total assets stood at RM153.6 million compared to RM129.1 million as at 31 March 2022. The increase was mainly due to an increase in inventories, trade and other receivables, property, plant and equipment, investment in associate company and the recognition of derivative financial asset for the call options available from the investment in associate company.

The Group's total liabilities increased by RM19.4 million or 21.7% from RM89.5 million as at 31 March 2022 to RM108.9 million as at 31 March 2023. This was mainly attributable to an increase in trade and other payables and bank borrowings.

The Group's total equity increased to RM44.7 million as at 31 March 2023 as compared to RM39.6 million a year ago. This was mainly due to net profit of RM6.5 million off-set with the interim dividend for FY2023 declared and paid

during the financial year amounting to RM1.4 million.

In FY2023, the Group recorded net cash provided by operating activities amounted to RM12.8 million as compared to RM0.5 million in FY2022. Net cash used in investing activities increased from RM8.1 million in FY2022 to RM9.5 million in FY2023, while net provided by financing activities in FY2022 was RM5.2 million as compared to RM0.1 million in FY2023.

Net asset value (NAV) per share for FY2023 increased to 36.13 Sen from 32.15 Sen per share in FY2022.

The net profit attributable to equity holders of the Company for FY2023 stood at RM6.2 million as compared to a net loss attributable to equity holders of the Company of RM3.1 million in FY2022. Earnings per share for FY2023 was 5.18 Sen as compared to losses per share of 2.61 Sen in FY2022.



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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 2023 (“**FY2023**”) 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 2023 ("FY2023") 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

In FY2023, all Directors attended and actively participated in the meetings of the Board and Board Committees of the Company. All Directors, including Directors with multiple board representations had ensured sufficient time and attention were given to the affairs of each company. Other than the formal meetings of the Board and Board Committees, the Board also discussed the Company's affairs regularly through electronic communication and/or informal meetings as and when deemed necessary.

The Company also has in place orientation programmes for newly appointed Directors to ensure that they are familiar with the Group's structure, the Group's 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 SGX-ST to meet the Mandatory Training requirements under Rule 406(3)(a) and Practice Note 4D of the Catalist Rules. No new director was appointed in FY2023.

The Company recognises the importance of appropriate training for the Directors, apart from the initial orientation. 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, they also kept informed of the relevant laws, regulations and changing commercial risks (including update on the real estate development in Malaysia) from time to time. To keep abreast with changes and developments in rules, regulations and the business environment, the Company encourages its Directors to update themselves on new laws, listing requirements, regulations and changing commercial risks in the industry. The cost of such training will be borne by the Company.

CORPORATE GOVERNANCE REPORT

All Directors attended the Environmental, Social and Governance Essentials (“ESG”) training in FY2023. Besides the ESG training, some key briefings, updates and/or trainings attended by the Directors collectively for FY2023 as follows.:

COURSES, CONFERENCES AND SEMINARS NAME

- Singapore Governance and Transparency Forum 2022
- The Cambridge – Earth on Board Sustainability Education Online Programme for Directors
- How Boards Should Rethink Their Talents Strategy in this Era of Opportunity
- 2022 Board and Audit Committee Priorities
- Briefing on Integrated Reporting
- Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers
- Malaysia’s Corporate Taxes and Incentives Updates
- Workshop on the Fundamentals of Negotiation

The external auditors 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 Committees 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 Chief Financial Officer (“**CFO**”) and the Company Secretary.

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.

CORPORATE GOVERNANCE REPORT

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 judgment 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 judgment and whether there are relationships or circumstances which are likely to affect or could appear to affect the Director's judgment. 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.

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 adopted a Board Diversity Policy. 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.

CORPORATE GOVERNANCE REPORT

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 is responsible for setting and maintaining the Board Diversity Policy, including setting of its targets, plans and timelines. The NC and the Board regularly reviews the size and composition of the Board, as well as succession planning, gender diversity and refreshment of the Board based on the current guidelines set under our Board Diversity Policy.

In FY2023, the NC and the Board has reviewed the composition of the current Board and the Board Committees 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 NC will continue to review and consider the size and composition of the Board for the proposed renewal process to ensure that the Board has the appropriate mix of core skills and experience commensurate with the nature, size and complexity of the Group's business, its operating environment, and its current and future targets and focus.

The NC has not set a specific target for board diversity. Full details of targets, plans and timelines will be set and be disclosed when they deemed required and become available.

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 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 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 subsidiaries that our Board requires to function competently and efficiently;
- (g) reviewing succession plans for the Chairman, Executive Directors and key management personnel;
- (h) reviewing the training and professional development programs 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) review training and professional development programmes for the Board and 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 judgment 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	28 July 2022
Ms Wong Keat Yee	Executive Director	26 September 2018	28 July 2021
Mr Chee Teck Kwong Patrick	Lead Independent Non-Executive Director	26 September 2018	28 July 2021
Mr Benjamin Choo Chih Chien	Independent Non-Executive Director	26 September 2018	28 July 2022
Mr Edmund Lai Sou Wei	Independent Non-Executive Director	26 September 2018	23 September 2020
Mr 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 so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. 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 Chee Teck Kwong Patrick; and
- Mr Edmund Lai Sou Wei.

(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 131 to 136 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 FY2023, 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 FY2023 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 FY2023.

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 FY2023. 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.

CORPORATE GOVERNANCE REPORT

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.

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 Scheme and the MeGroup PSP can be found on pages 43 to 45 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 FY2023.

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\$150,000.00 for FY2023 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 and is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term. 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 FY2023 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 FY2023 are set out below. Disclosure of the Directors' and key management personnel's remuneration is also made in Note 32 (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	–	78	11	11	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 Head, Dealership), Mr Wong Sai Keat (Head of Engineering and R&D Manufacturing), Mr Abdul Razak Bin Montel (Head of Sales, Manufacturing) and Mr Cheah Yao Jian, Felix (Chief Financial Officer).

The total remuneration paid to the top four key management personnel (who are not the Company's Directors or CEO) in FY2023 was S\$590,786. 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.

CORPORATE GOVERNANCE REPORT

Mr Wong Cheong Chee (the Executive Chairman & 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 subsidiaries whose remuneration exceeds S\$100,000 during FY2023 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 subsidiaries. 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:

NAME	FEE %	SALARY %	BONUS %	OTHER BENEFITS%	TOTAL COMPENSATION %
S\$100,001 to S\$200,000					
Mr Wong Sai Hou	–	72	9	19	100
Mr Wong Sai Keat	–	75	10	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 Chief Financial Officer that the financial records of the Group for FY2023 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 external 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 2023.

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 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 external 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 external auditors; and
 - e) their audit report;
- (iii) To review the half-year 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 external auditors, and Management, reviewing the assistance given by Management to the Independent and Reporting Auditor, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the Independent and Reporting 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 external auditors;
- (vii) To review and discuss with the external auditors 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 external auditors, and approving the remuneration and terms of engagement of the external auditors;
- (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 Chief Financial Officer and the external auditors 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, Chief Financial Officer and the internal and external 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 external 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;
- (xvii) To review and approve all hedging policies and instruments (if any) to be implemented by the Group;

CORPORATE GOVERNANCE REPORT

- (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 external auditors 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 program and the adequacy, effectiveness and independence of the Company's internal audit function, as well as to ensure co-ordination between the internal and external 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 Chief Financial Officer 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; and
- (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 Whistleblowing 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**”), 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 Company objects to and does not tolerate nor condone any obstructive action and/or retaliatory action taken against any whistle-blower, and may institute disciplinary action or assist the said whistle-blower in taking legal action, as it deems appropriate.

The AC is able to act independently to conducts 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 deem appropriate, and/or any other action as AC may determine in the best interest of the Group.

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

The audit of the accounts of the Company’s subsidiaries in Singapore were performed by CLA Global TS and the audit of the accounts of the Company’s subsidiaries in Malaysia were performed by Morison LC 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 external auditors. In accordance with Rule 1204(6) of the Catalist Rules, the non-audit fees and audit fees paid to CLA Global TS for their services rendered in FY2023 are S\$23,100 and S\$70,000, respectively. The non-audit fee was for the direct and indirect tax services rendered by CLA Global TS.

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

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

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

CORPORATE GOVERNANCE REPORT

The external 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 external auditors 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.

The AC has met with the external auditors and internal auditors without the presence of management for discussion on the audits for FY2023. 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 external 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.

CORPORATE GOVERNANCE REPORT

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

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. More details can be found in the Sustainability Report for FY2023 announced 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 Catalyst 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 Catalyst 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.

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 relevant guideline issued by the SGX.

All Directors attending the general meetings are to answer any questions relating to the work of their respective Committees. The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. All directors attended the last AGM of the Company held for FY2022.

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. The Company's Constitution allows all shareholders to appoint proxies to attend general meetings and vote on their behalf. Voting at the forthcoming AGM shall be conducted by poll, and the detailed results will be announced via SGXNet after the conclusion of the AGM.

CORPORATE GOVERNANCE REPORT

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. 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
#05-01
Singapore 069545
Tel: +65 6589-2383 (During Office Hours)
Ms Dolores Phua
Email: MeGroup@citigatedewerogerson.com

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

The Company's engagement with the key stakeholders, including engagement methods, strategy and key areas of focus in relation to the management of stakeholder relationships will be disclosed in the Company's Sustainability Report for FY2023 announced on the SGXNet.

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 FY2023 as the Group intends to conserve cash for expansion and other business opportunities.

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 year 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.



CORPORATE GOVERNANCE REPORT

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.

There were no discloseable interested person transactions in FY2023.

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. In FY2023, there were no non-sponsor fees paid to UOB Kay Hian Private Limited.

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 subsidiaries involving the interests of any Director or controlling shareholders as at 31 March 2023, or if not then subsisting, entered into in FY2023:

- 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 2023 and the statement of financial position of the Company as at 31 March 2023.

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 52 to 119 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 2023 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		HOLDINGS IN WHICH	
	NAME OF DIRECTOR		DIRECTOR IS DEEMED TO	
	AT	AT	AT	AT
	31.3.2023	1.4.2022	31.3.2023	1.4.2022
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 2023 were the same as those as at 31 March 2023.

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 2023 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");
- (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

DIRECTORS' STATEMENT

Audit committees (continued)

- (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, CLA Global TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent auditor

The independent auditor, CLA Global 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



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 2023, 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 52 to 119.

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 2023 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 a 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 that revenue was recorded in the appropriate accounting period. • Reviewed credit notes issued subsequent to the financial year end to ascertain that revenue are appropriately recognised for the current financial year. • 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.

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.

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.



INDEPENDENT AUDITOR'S REPORT

to the Members of MeGroup Ltd.

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

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

- 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.
- 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.



INDEPENDENT AUDITOR'S REPORT

to the Members of MeGroup Ltd.

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.

CLA Global TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
7 July 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2023

	NOTE	GROUP	
		2023	2022
		RM	RM
Revenue	4	421,491,230	255,363,672
Cost of sales		(382,597,107)	(234,213,388)
Gross profit		38,894,123	21,150,284
Other income			
- Interest	7	60,759	54,060
- Others	7	669,186	1,275,535
Other gains – net	8	1,496,160	629,609
Expenses			
- Selling and distribution		(8,267,614)	(5,060,901)
- Administrative		(21,449,571)	(17,120,109)
- Finance	9	(3,510,734)	(2,720,781)
Share of profit from investment in an associated company	21	16,158	–
Profit/(loss) before income tax		7,908,467	(1,792,303)
Income tax expense	10	(1,365,359)	(1,507,794)
Net profit/(loss), representing total comprehensive income/(loss) for the financial year		6,543,108	(3,300,097)
Net profit/(loss) and total comprehensive income/(loss) attributable to:			
Equity holders of the Company		6,192,858	(3,125,455)
Non-controlling interests		350,250	(174,642)
		6,543,108	(3,300,097)
Earnings/(losses) per share for profit/(loss) attributable to equity holders of the Company (RM cents per share)			
Basic and diluted earnings/(losses) per share	11	5.18	(2.61)

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2023

	NOTE	GROUP		COMPANY	
		2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Current assets					
Cash and cash equivalents	12	11,905,820	11,834,368	17,868	195,338
Trade and other receivables	13	29,951,460	23,755,132	1,632,415	5,220,633
Tax recoverable	14	1,154,236	1,591,238	–	–
Inventories	15	26,816,599	13,718,761	–	–
		69,828,115	50,899,499	1,650,283	5,415,971
Non-current assets					
Financial asset, at fair value through profit or loss (“FVPL”)	16	566,320	–	–	–
Property, plant and equipment	17	39,246,227	34,275,721	–	–
Right-of-use assets	18	42,403,182	42,619,837	–	–
Intangible assets	19	652,753	1,315,662	–	–
Investments in subsidiary corporations	20	–	–	26,094,134	26,094,134
Investment in an associated company	21	935,406	–	919,248	–
		83,803,888	78,211,220	27,013,382	26,094,134
Total assets		153,632,003	129,110,719	28,663,665	31,510,105
LIABILITIES					
Current liabilities					
Trade and other payables	22	29,540,867	16,151,101	155,009	141,955
Current income tax liabilities	10	415,238	225,233	–	–
Borrowings	23	13,387,433	22,513,190	1,634,250	3,099,500
Lease liabilities	24	4,085,915	3,719,104	–	–
		47,429,453	42,608,628	1,789,259	3,241,455
Non-current liabilities					
Borrowings	23	35,398,823	20,020,914	–	–
Lease liabilities	24	23,698,931	23,832,123	–	–
Deferred income tax liabilities	25	2,377,838	3,030,924	–	–
		61,475,592	46,883,961	–	–
Total liabilities		108,905,045	89,492,589	1,789,259	3,241,455
Net assets		44,726,958	39,618,130	26,874,406	28,268,650
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	26	37,356,382	37,356,382	37,356,382	37,356,382
Retained profits/(accumulated losses)	27	30,186,920	25,428,342	(10,481,976)	(9,087,732)
Other reserves	28	(24,360,992)	(24,360,992)	–	–
		43,182,310	38,423,732	26,874,406	28,268,650
Non-controlling interests	20	1,544,648	1,194,398	–	–
Total equity		44,726,958	39,618,130	26,874,406	28,268,650

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2023

		← ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY →						NON-CONTROLLING INTERESTS		TOTAL EQUITY
NOTE		SHARE CAPITAL	MERGER RESERVE	CAPITAL RESERVE	RETAINED PROFITS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY		
		RM	RM	RM	RM	RM	RM	RM	RM	
2023										
	Balance 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 financial year	-	-	-	6,192,858	6,192,858	350,250	6,543,108		
	Dividend paid	-	-	-	(1,434,280)	(1,434,280)	-	(1,434,280)		
	Balance as at 31 March 2023	37,356,382	(24,594,282)	233,290	30,186,920	43,182,310	1,544,648	44,726,958		
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)		
	Incorporation of 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		

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2023

	NOTE	GROUP	
		2023 RM	2022 RM
Cash flows from operating activities			
Profit/(loss) before income tax		7,908,467	(1,792,303)
- Adjustments for:			
- Amortisation of intangible assets	5	662,909	662,909
- Depreciation of property, plant and equipment	5	4,292,060	3,739,657
- Depreciation of right-of-use assets	5	4,919,201	4,349,764
- Fair value gain on financial asset, at FVPL	8	(566,320)	-
- (Gain)/loss on disposal of property, plant and equipment	8	(203,727)	876
- Gain on disposal of right-of-use assets	8	(221,782)	(397,350)
- Interest income	7	(60,759)	(54,060)
- Interest expense	9	3,510,734	2,720,781
- Rental concessions	7	-	(109,792)
- Share of profit from investment in an associated company	21	(16,158)	-
		20,224,625	9,120,482
Change in working capital:			
- Trade and other receivables		(6,196,328)	(6,271,321)
- Inventories		(13,097,838)	(1,703,945)
- Trade and other payables		13,217,716	(29,109)
Cash generated from operations		14,148,175	1,116,107
Income tax paid	10	(2,160,541)	(884,534)
Income tax refunded	10	769,103	301,337
Net cash provided by operating activities		12,756,737	532,910
Cash flows from investing activities			
Additions to property, plant and equipment		(10,518,619)	(8,922,050)
Additions to right-of-use assets		(243,027)	(432,264)
Proceeds from disposal of property, plant and equipment		1,464,249	4,600
Proceeds from disposal of right-of-use assets		644,063	1,172,140
Interest received		60,759	54,060
Acquisition of interest in an associated company	21	(919,248)	-
Net cash used in investing activities		(9,511,823)	(8,123,514)
Cash flows from financing activities			
Fixed deposits pledged		(779,310)	(584,116)
Proceeds from bank borrowings		13,760,289	16,247,574
Repayment of bank borrowings		(3,423,074)	(1,946,944)
Repayment of lease liabilities		(4,480,600)	(4,031,637)
Dividends paid	29	(1,434,280)	(2,390,466)
Interest paid		(3,510,734)	(2,220,397)
Capital contribution from non-controlling interest	20	-	150,000
Net cash provided by financing activities		132,291	5,224,014
Net increase/(decrease) in cash and cash equivalents		3,377,205	(2,366,590)
Cash and cash equivalents			
Beginning of financial year		4,178,488	6,545,078
End of financial year	12	7,555,693	4,178,488

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2023

Reconciliation of liabilities arising from financing activities:

		NON-CASH CHANGES						
		PRINCIPAL AND INTEREST PAYMENT	LEASE MODIFICATION (NOTE 18)	ADDITION DURING THE FINANCIAL YEAR	INTEREST EXPENSES (NOTE 9)	RENTAL CONCESSIONS (NOTE 7)	31 MARCH 2023	
1 APRIL 2022	RM	RM	RM	RM	RM	RM	RM	
Bank borrowings (excluding overdraft)	37,911,710	13,760,289	(5,887,498)	-	2,464,424	-	48,248,925	
Lease liabilities	27,551,227	-	(5,526,910)	(17,573)	1,046,310	-	27,784,846	
				4,731,792				
		NON-CASH CHANGES						
		PRINCIPAL AND INTEREST PAYMENT	LEASE MODIFICATION (NOTE 18)	ADDITION DURING THE FINANCIAL YEAR	INTEREST EXPENSES (NOTE 9)	RENTAL CONCESSIONS (NOTE 7)	31 MARCH 2022	
1 APRIL 2021	RM	RM	RM	RM	RM	RM	RM	
Bank borrowings (excluding overdraft)	23,132,376	16,247,574	(3,236,824)	-	1,768,584	-	37,911,710	
Lease liabilities	21,916,313	-	(4,962,154)	(224,989)	952,197	(109,792)	27,551,227	
				9,979,652				

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

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 Catalist, 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 20 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.

Interpretations and amendments to published standards effective in 2022

On 1 April 2022, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Group accounting (continued)

(a) *Subsidiary corporations (continued)*

(ii) *Acquisition (continued)*

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.

(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 and associated company" 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Group accounting (continued)

(c) *Associated company*

Associated company is entity over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

Investments in an associated company is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) *Acquisition*

Investment in an associated company is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

(ii) *Equity method of accounting*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associated company includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) *Disposals*

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations and associated company" for the accounting policy on investment in an associated company in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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.

(j) *Rental income*

Rental income from operating lease is recognised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Employee compensation (continued)

(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.

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 and associated company, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Income taxes (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Property, plant and equipment (continued)

(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.

(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”.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and associated company

Investments in subsidiary corporations and associated company 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Impairment of non-financial assets (continued)

(b) *Intangible assets*

Property, plant and equipment

Right-of-use assets

Investments in subsidiary corporations and associated company

Intangible assets, property, plant and equipment, right-of-use assets and investments in subsidiary corporations and associated company 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.

2.14 Financial assets

(a) *Classification and measurement*

The Group classifies its financial assets at amortised costs and fair value through profit or loss (FVPL).

The classification 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, in the case of a financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (continued)

(a) *Classification and measurement (continued)*

At subsequent measurement

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

There are two subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset.

- **Amortised cost:** 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.
- **FVPL:** Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains and losses".

(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 31(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Leases (continued)

When the Group is the lessee: (continued)

(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 it 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Leases (continued)

When the Group is the lessor:

The Group leases retail stores under operating lease to non-related parties.

Lessor – Subleases

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as an operating lease, the Group recognises lease income from the sublease in profit or loss within “Other income”. The right-of-use asset relating to the head lease is not derecognised.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Currency translation (continued)

(b) *Transactions and balances (continued)*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Financial guarantees (continued)

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 *Revenue from Contracts with Customers*; 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 2023 is RM36,902,107 (2022: RM31,931,601). 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 RM401,913 (2022: RM341,712) lower.

The carrying amount of the Group's property, plant and equipment is disclosed in Note 17 to the financial statements.

(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 31(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 2023 and 2022.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

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

(c) Leases

The application of SFRS(I) 16 *Leases* 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.

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 2023 ranged from 2.02% to 5.41% (2022: 2.02% to 4.24%) 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 2023 was RM27,784,846 (2022: RM27,551,227) and is disclosed in Note 24 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	
	2023	2022
	RM	RM
Manufacturing		
Sales of NVH components and other non-NVH components	53,804,140	29,891,844
Dealership		
Sales of automobiles	341,470,554	210,416,117
After-sales automobile services	20,258,800	11,565,103
Incentives received from distributors	3,058,790	1,725,193
Handling fees	1,915,089	1,144,166
Agency fee income	983,857	621,249
	367,687,090	225,471,828
	421,491,230	255,363,672

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

5. EXPENSES BY NATURE

	GROUP	
	2023	2022
	RM	RM
Amortisation of intangible assets (Note 19)	662,909	662,909
Bank charges and commission	294,902	192,436
Changes in inventories	(13,097,838)	(1,703,945)
Depreciation of property, plant and equipment (Note 17)	4,292,060	3,739,657
Depreciation of right-of-use assets (Note 18)	4,919,201	4,349,764
Directors' fee paid to directors of the Company	480,694	424,950
Employee compensation (Note 6)	14,049,499	10,629,166
Entertainment	905,296	566,052
Fees on audit services paid/payable to:		
- Auditor of the Company	226,098	181,655
- Other auditors	159,406	119,425
	385,504	301,080
Fees on non-audit services paid/payable to auditor of the Company	52,925	36,184
Freight charges	3,468,280	1,428,128
Import duty	1,185,508	254,606
Insurance	734,339	618,731
Printing and stationery	234,464	245,765
Production expenses	591,740	475,820
Professional fees	1,445,363	487,460
Purchases of:		
- Automobiles	318,816,304	192,100,934
- Automobile parts and accessories	25,450,063	14,489,602
- Raw materials	27,463,199	14,732,416
	371,729,566	221,322,952
Rental expenses on short-term leases (Note 18)	736,250	464,212
Repairs and maintenance	2,039,429	1,456,384
Testing, research and development	48,825	48,103
Sales commission	6,451,740	3,735,646
Security charges	478,553	429,928
Sponsorship fee	180,835	191,942
Stamp duty	113,913	42,159
Sub-contractors	4,373,269	2,280,705
Transportation expenses	938,143	671,302
Travelling and accommodation	518,186	186,465
Utilities	1,965,288	1,402,683
Others	2,135,449	1,453,154
Total cost of sales, selling and distribution and administrative expenses	412,314,292	256,394,398

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

6. EMPLOYEE COMPENSATION

	GROUP	
	2023	2022
	RM	RM
Wages and salaries	12,560,723	9,484,679
Employer's contribution to defined contribution plans	1,316,952	1,020,063
Other short-term benefit	171,824	124,424
	14,049,499	10,629,166

7. OTHER INCOME

	GROUP	
	2023	2022
	RM	RM
Interest income – bank deposits	60,759	54,060
Government grant and subsidy income ^(a)	24,000	717,600
Income from storage service	–	1,585
Commission received, marketing incentive and support fee	73,774	298,351
Rental concessions ^(b)	–	109,792
Rental income	138,725	–
Insurance claim	390,000	100,000
Others	42,687	48,207
	729,945	1,329,595

(a) Government subsidy of RM24,000 (2022: RM717,600) 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	
	2023	2022
	RM	RM
Realised currency exchange gains, net	742,909	163,843
Unrealised currency exchange (losses)/gains, net	(238,578)	69,292
Gain/(loss) on disposal of property, plant and equipment	203,727	(876)
Gain on disposal of right-of-use assets	221,782	397,350
Fair value gain on financial asset, at FVPL (Note 16)	566,320	–
	1,496,160	629,609

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

9. FINANCE EXPENSES

	GROUP	
	2023	2022
	RM	RM
Interest expenses on:		
- Bank borrowings	2,464,424	1,768,584
- Lease liabilities (Note 18)	1,046,310	952,197
	3,510,734	2,720,781

10. INCOME TAXES

(a) Income tax expense

	GROUP	
	2023	2022
	RM	RM
Tax expense attributable to profit/(loss) is made up of:		
- Profit/(loss) for the financial year:		
Current income tax - Foreign	2,201,356	723,860
Deferred income tax (Note 25)	859,617	17,676
Real property gain tax	-	13,300
	3,060,973	754,836
- (Over)/under provision in prior financial years:		
Current income tax - Foreign	(182,911)	353,720
Deferred income tax (Note 25)	(1,512,703)	399,238
	(1,695,614)	752,958
	1,365,359	1,507,794

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

10. INCOME TAXES (CONTINUED)

(a) Income tax expense (continued)

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

	GROUP	
	2023 RM	2022 RM
Profit/(loss) before income tax	7,908,467	(1,792,303)
Tax calculated at tax rate of 24% (2022: 24%)	1,898,032	(430,153)
Effects of:		
- Different tax rates in other countries	(93,614)	79,140
- Expenses not deductible for tax purposes	1,552,505	968,000
- Income not subject to tax	(4,280)	(61,190)
- Income subject to real property gain tax	-	13,300
- Deferred tax asset not recognised	-	240,945
- Utilisation of deferred tax asset previously not recognised	(308,770)	(55,206)
- (Over)/under provision in prior financial years	(1,695,614)	752,958
- Others	17,100	-
Tax charge	1,365,359	1,507,794

The Group has unutilised tax losses and unabsorbed capital allowance of approximately RM844,691 (2022: RM1,385,831) and RM200,300 (2022: RM945,700) 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	
	2023 RM	2022 RM
Beginning of financial year	(1,366,005)	(1,873,688)
Income tax paid	(2,160,541)	(884,534)
Income tax refunded	769,103	301,337
Tax expense	2,201,356	723,860
Real property gain tax	-	13,300
(Over)/under provision in prior financial year	(182,911)	353,720
End of financial year	(738,998)	(1,366,005)
Presented as:		
Tax recoverable	(1,154,236)	(1,591,238)
Current income tax liabilities	415,238	225,233
	(738,998)	(1,366,005)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

11. EARNINGS/(LOSSES) PER SHARE

Basic and diluted earnings/(losses) per share is calculated by dividing the net profit/(loss) 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 2023 and 2022 respectively.

	GROUP	
	2023	2022
Net profit/(loss) attributable to equity holders of the Company (RM)	6,192,858	(3,125,455)
Weighted average number of ordinary shares outstanding for basic and diluted earnings/(losses) per share	119,523,315	119,523,315
Basic and diluted earnings/(losses) per share (RM cents per share)	5.18	(2.61)

12. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash and bank balances	7,890,524	8,685,310	17,868	195,338
Fixed deposits	4,015,296	3,149,058	–	–
	11,905,820	11,834,368	17,868	195,338

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

	GROUP	
	2023	2022
	RM	RM
Cash and bank balances (as above)	11,905,820	11,834,368
Less: Bank overdrafts (Note 23)	(537,331)	(4,622,394)
Less: Fixed deposits pledged (Note 23)	(3,812,796)	(3,033,486)
Cash and cash equivalents per consolidated statement of cash flows	7,555,693	4,178,488

Fixed deposits are pledged in relation to the security granted for certain borrowings (Note 23).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables				
- Non-related parties	19,327,865	17,082,185	-	-
Other receivables				
- Non-related parties	505,116	312,100	-	31,063
- Related party	-	97,070	-	-
- Subsidiary corporations	-	-	1,569,820	5,132,153
- GST receivable	10,785	9,625	10,785	9,625
- Staff loans	86,015	180,727	-	-
	601,916	599,522	1,580,605	5,172,841
Advance payments to suppliers	4,493,567	2,300,100	-	-
Deposits	4,006,538	2,888,810	1,794	-
Prepayments	1,521,574	884,515	50,016	47,792
	29,951,460	23,755,132	1,632,415	5,220,633

The other receivables from related party, 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	
	2023 RM	2022 RM
Raw materials	3,812,463	3,529,633
Finished goods:		
- Automobiles	18,014,997	6,876,244
- Automobile parts and accessories	4,989,139	3,312,884
	23,004,136	10,189,128
	26,816,599	13,718,761

The cost of inventories recognised as an expense and included in "Cost of sales" amounted to RM358,631,728 (2022: RM219,619,007).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

16. FINANCIAL ASSET, AT FVPL

	GROUP			
	CARRYING VALUE		FAIR VALUE	
	2023	2022	2023	2022
	RM	RM	RM	RM
<i>Financial assets at FVPL:</i>				
Call options – Hanamaru Auto Trading (Malaysia) Sdn. Bhd. (Notes 8 and 21)	566,320	–	566,320	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

17. PROPERTY, PLANT AND EQUIPMENT

Group 2023	COMPUTERS AND OFFICE EQUIPMENT		TOOLS AND MACHINERY		FURNITURE, ELECTRICAL AND FITTINGS		RENOVATION AND SIGNBOARD		FREEHOLD LAND		TOTAL
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
<i>Cost</i>											
Beginning of financial year	2,454,561	26,247,316	2,816,944	14,344,304	606,828	2,344,120					48,814,073
Additions	222,619	9,831,214	159,325	305,461	-	-					10,518,619
Disposals	(1,593)	(1,420,858)	-	(35,750)	-	-					(1,458,201)
Reclassified from right-of-use assets (Note 18)	-	-	-	-	229,051	-					229,051
End of financial year	2,675,587	34,657,672	2,976,269	14,614,015	835,879	2,344,120					58,103,542
<i>Accumulated depreciation</i>											
Beginning of financial year	869,160	9,105,799	1,171,037	2,811,815	580,541	-					14,538,352
Depreciation charge (Note 5)	270,319	2,533,966	288,002	1,169,021	30,752	-					4,292,060
Disposals	(889)	(192,619)	-	(4,171)	-	-					(197,679)
Reclassified from right-of-use assets (Note 18)	-	-	-	-	224,582	-					224,582
End of financial year	1,138,590	11,447,146	1,459,039	3,976,665	835,875	-					18,857,315
Net book value											
End of financial year	1,536,997	23,210,526	1,517,230	10,637,350	4	2,344,120					39,246,227

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	COMPUTERS AND OFFICE EQUIPMENT		TOOLS AND MACHINERY		FURNITURE, ELECTRICAL AND FITTINGS		RENOVATION AND SIGNBOARD		FREEHOLD LAND		CONSTRUCTION-IN-PROGRESS		TOTAL
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group													
2022													
<i>Cost</i>													
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					

(a) Right-of-use assets acquired under leasing arrangement are reclassified and presented in Note 18 to the financial statements.

(b) Bank borrowings are secured on property, plant and equipment of the Group with carrying amounts of RM18,172,025 (2022: RM15,054,987) (Note 23(a)(ii)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

18. RIGHT-OF-USE ASSETS

	LEASEHOLD				TOTAL RM
	PREMISES RM	BUILDINGS RM	LAND RM	AUTOMOBILES RM	
Group					
2023					
<i>Cost</i>					
Beginning of financial year	30,260,949	7,134,368	11,570,186	4,788,770	53,754,273
Lease modification	(17,573)	–	–	–	(17,573)
Additions	2,029,740	–	159,153	2,957,976	5,146,869
Disposals	–	–	–	(1,130,223)	(1,130,223)
Reclassified to property, plant and equipment (Note 17)	–	–	–	(229,051)	(229,051)
End of financial year	32,273,116	7,134,368	11,729,339	6,387,472	57,524,295
<i>Accumulated depreciation</i>					
Beginning of financial year	7,853,119	832,869	559,834	1,888,614	11,134,436
Disposals	–	–	–	(707,942)	(707,942)
Depreciation charge (Note 5)	3,207,357	142,688	406,648	1,162,508	4,919,201
Reclassification	(15,792)	–	15,792	–	–
Reclassified to property, plant and equipment (Note 17)	–	–	–	(224,582)	(224,582)
End of financial year	11,044,684	975,557	982,274	2,118,598	15,121,113
Net book value					
End of financial year	21,228,432	6,158,811	10,747,065	4,268,874	42,403,182
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

Bank borrowings are secured on leasehold land and buildings of the Group with carrying amounts of RM16,891,522 (2022: RM17,297,179) (Note 23(a)(ii)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

18. RIGHT-OF-USE ASSETS (CONTINUED)

The Group as a lessee

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	
	2023 RM	2022 RM
Interest expense on lease liabilities (Note 9)	1,046,310	952,197

(b) Cash flows

	GROUP	
	2023 RM	2022 RM
Total cash outflows for all the leases	6,263,160	5,426,366

(c) Lease expense not capitalised in lease liabilities

	GROUP	
	2023 RM	2022 RM
Lease expense – short-term leases (Note 5)	736,250	464,212

(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 2023

18. RIGHT-OF-USE ASSETS (CONTINUED)

The Group as an intermediate lessor

Sub-leases – classified as operating leases

The Group acts as an intermediate lessor under arrangements in which it sub-leases out premise to third party for monthly lease payment. The sub-lease periods do not form a major part of the remaining lease terms under the head leases and accordingly, the sub-leases are classified as operating leases.

Rental income from sub-leasing the premise recognised during the financial year ended 31 March 2023 was RM138,725 (2022: RM Nil).

Maturity analysis of lease payments – Group as an intermediate lessor

The table below discloses the undiscounted lease payments to be received by the Group for its sub-leases after the reporting date as follows:

	GROUP	
	2023	2022
	RM	RM
Less than one year	318,000	–
One to two years	450,500	–
Total undiscounted lease payments	768,500	–

19. INTANGIBLE ASSETS

	GROUP	
	2023	2022
	RM	RM
Composition:		
Goodwill (Note (a))	376,541	376,541
Customer relationship (Note (b))	6,868	23,353
Licence (Note (c))	269,344	915,768
	652,753	1,315,662

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

19. INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill

	GROUP	
	2023	2022
	RM	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	
	2023	2022
	%	%
Growth rate ⁽¹⁾	5.0 - 10.0	5.0 - 10.0
Discount rate ⁽²⁾	15.4	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 exceeds 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 17% (2022: 18%), the recoverable amount of the CGU would equal to the carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

19. INTANGIBLE ASSETS (CONTINUED)

(b) Customer relationship

	GROUP	
	2023	2022
	RM	RM
Cost		
Beginning and end of financial year	98,909	98,909
Accumulated amortisation		
Beginning of financial year	75,556	59,071
Amortisation charge (Note 5)	16,485	16,485
End of financial year	92,041	75,556
Net book value		
End of financial year	6,868	23,353

(c) Licence

	GROUP	
	2023	2022
	RM	RM
Cost		
Beginning and end of financial year	3,878,545	3,878,545
Accumulated amortisation		
Beginning of financial year	2,962,777	2,316,353
Amortisation charge (Note 5)	646,424	646,424
End of financial year	3,609,201	2,962,777
Net book value		
End of financial year	269,344	915,768

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

20. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	COMPANY	
	2023	2022
	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 2023 and 2022:

NAME	COUNTRY OF BUSINESS/ INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF ORDINARY SHARES HELD BY THE GROUP		PROPORTION OF ORDINARY SHARES HELD BY NON-CONTROLLING INTERESTS	
			2023	2022	2023	2022
			%	%	%	%
<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	–	–
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	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

20. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

The Group has the following subsidiary corporations as at 31 March 2023 and 2022: (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	
			2023	2022	2023	2022
			%	%	%	%
<u>Held by Menang Nusantara Holdings Sdn. Bhd. (continued)</u>						
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. ("MJNAMS") ⁽²⁾⁽³⁾	Malaysia	Trading of motor vehicles and providing support services relating to the business	72	72	28	28

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

(2) Audited by Morison LC 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. ("MJNAMS") 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 Audit Committees and the Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiary corporations and associated company would not compromise the standard and effectiveness of the audit of the consolidated financial statements.

Carrying value of non-controlling interests

	GROUP	
	2023	2022
	RM	RM
MJN Motors Sdn. Bhd.	670,675	519,545
MJN Auto Sdn. Bhd.	582,871	451,782
MJN Automart Sdn. Bhd.	291,102	223,071
	1,544,648	1,194,398

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

20. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

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.	
	2023	2022	2023	2022	2023	2022
	RM	RM	RM	RM	RM	RM
Current						
Assets	7,657,900	5,714,203	6,624,697	8,880,780	8,959,038	2,747,960
Liabilities	(5,033,449)	(4,154,591)	(3,992,167)	(14,154,199)	(7,097,770)	(4,849,720)
Total current net assets/ (liabilities)	2,624,451	1,559,612	2,632,530	(5,273,419)	1,861,268	(2,101,760)
Non-current						
Assets	12,318,361	13,558,083	7,568,942	7,871,657	10,107,599	10,751,884
Liabilities	(11,589,439)	(12,519,969)	(7,287,116)	(339,330)	(10,929,216)	(7,853,442)
Total non-current net assets	728,922	1,038,114	281,826	7,532,327	(821,617)	2,898,442
Net assets	3,353,373	2,597,726	2,914,356	2,258,908	1,039,651	796,682

Summarised statement of comprehensive income

	MJN MOTORS SDN. BHD.		MJN AUTO SDN. BHD.		MJN AUTOMART SDN. BHD.	
	2023	2022	2023	2022	2023	2022
	RM	RM	RM	RM	RM	RM
Revenue	84,591,609	61,158,926	89,425,096	74,619,370	49,932,874	5,891,016
Profit/(loss) before income tax	1,268,025	(251,603)	1,011,807	735,472	243,422	(703,318)
Income tax expense	(512,378)	(31,474)	(356,359)	(340,962)	(453)	–
Profit/(loss) for the financial year	755,647	(283,077)	655,448	394,510	242,969	(703,318)
Total comprehensive income/(loss) allocated to non-controlling interests	151,130	(56,615)	131,089	78,902	68,031	(196,929)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

20. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Summarised statement of cash flows

	MJN MOTORS SDN. BHD.		MJN AUTO SDN. BHD.		MJN AUTOMART SDN. BHD.	
	2023	2022	2023	2022	2023	2022
	RM	RM	RM	RM	RM	RM
Net cash provided by/(used in) operating activities	2,607,148	2,057,821	4,473,786	(4,859,062)	(4,160,126)	(1,383,713)
Net cash (used in)/provided by investing activities	(1,481,883)	(1,119,068)	(959,708)	(1,282,546)	65,166	(2,798,977)
Net cash (used in)/provided by financing activities	(890,915)	(1,516,999)	(1,493,779)	5,881,522	3,975,030	4,635,054

21. INVESTMENT IN AN ASSOCIATED COMPANY

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM	RM	RM	RM
Beginning of financial year	-	-	-	-
Additions ⁽¹⁾	919,248	-	919,248	-
Share of profit	16,158	-	-	-
End of financial year	935,406	-	919,248	-

(1) On 19 August 2022, the Company entered into an investment agreement with Hanamaru Co., Ltd. (the "Vendor") and the Vendor's wholly owned subsidiary corporation, Hanamaru Auto Trading (Malaysia) Sdn. Bhd. ("Hanamaru"), to acquire 20% equity interests in Hanamaru (the "Proposed Transaction"). The aggregate consideration for the Proposed Transaction is RM919,248.

On 8 September 2022, the Proposed Transaction had been completed and the Company is the legal and beneficial owner of 20% of the enlarged issued and paid up share capital of Hanamaru which comprises 222,222 ordinary shares in Hanamaru.

Apart from the investment above, the Vendor and Hanamaru have agreed to grant the Company two call options over Hanamaru Shares to give the Company a right to subscribe for and/or acquire additional Hanamaru shares to increase its equity stake in Hanamaru to 34.5% and 49% respectively, should the call options be exercised (see Note 16). The call options are not expected to be exercised within the next 12 months.

There are no contingent liabilities relating to the Group's interest in the associated company.

Details of the associated company are as follows:

NAME	COUNTRY OF BUSINESS/ INCORPORATION	PRINCIPAL ACTIVITIES	% OF OWNERSHIP INTEREST	
			2023	2022
			%	%
Hanamaru Auto Trading (Malaysia) Sdn. Bhd. ^(a)	Malaysia	Online sales of used and salvage motor vehicles	20	-

(a) Audited by Roy WC & Co, Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

21. INVESTMENT IN AN ASSOCIATED COMPANY (CONTINUED)

Summarised financial information for associate company

Summarised statement of financial position

Hanamaru Auto Trading (Malaysia) Sdn. Bhd.

	2023
	RM
Current	
Assets	2,231,426
Liabilities	(729,472)
Total current net assets	1,501,954
Non-current	
Assets	229,530
Liabilities	–
Total non-current net assets	229,530
Net assets	1,731,484

Summarised statement of comprehensive income

Hanamaru Auto Trading (Malaysia) Sdn. Bhd.

	FOR THE FINANCIAL PERIOD FROM 8 SEPTEMBER 2022 TO 31 MARCH 2023
	RM
Revenue	1,495,346
Profit before income tax	127,527
Income tax expenses	(21,339)
Net profit, representing total comprehensive income	106,188

The information above reflects the amounts presented in the financial statements of the associated company (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associate company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

21. INVESTMENT IN AN ASSOCIATED COMPANY (CONTINUED)

Summarised financial information for associate company (continued)

Reconciliation of summarised financial information

Reconciliation of the summaries financial information presented to the carrying amount of the Group's interest in the associated company, is as follows:

Hanamaru Auto Trading (Malaysia) Sdn. Bhd.

	2023 RM
Net tangible assets at the acquisition date	1,701,615
Net intangible asset at the acquisition date	217,715
Total net assets at the acquisition date	1,919,330
Group's equity interest	20%
Group's share of net asset at the acquisition date	383,866
Goodwill on acquisition	535,382
Share of profit	21,238
Less: Amortisation of intangible asset	(5,080)
Share of post-acquisition profit, net	16,158
Carrying value	935,406

22. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade payables				
- Non-related parties	18,037,829	6,622,727	-	-
Other payables				
- Non-related parties	1,542,556	2,485,572	15,104	3,175
- Directors	470,699	757,856	-	-
	2,013,255	3,243,428	15,104	3,175
Accruals for operating expenses	3,481,113	2,663,106	139,905	138,780
Deposits from customers	1,445,269	2,106,077	-	-
Deferred income ⁽¹⁾	4,563,401	1,515,763	-	-
	29,540,867	16,151,101	155,009	141,955

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 (2022: RM265,000) for 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 at reporting date will be recognised as revenue according to the future automotive parts to be delivered to the customers. Revenue recognised in current financial year that was included in the deferred income balance at the beginning of the financial year amounted to RM1,250,763 (2022: RM Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

23. BORROWINGS

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM	RM	RM	RM
<i>Current</i>				
Bank overdrafts (Note 12)	537,331	4,622,394	–	–
Bill payables	7,658,270	3,585,993	–	–
Term loans	5,191,832	14,304,803	1,634,250	3,099,500
	13,387,433	22,513,190	1,634,250	3,099,500
<i>Non-current</i>				
Term loans	35,398,823	20,020,914	–	–
Total borrowings	48,786,256	42,534,104	1,634,250	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.

(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 (Note 18);
- First party, first and second legal charge over the Group's freehold land (Note 17);
- 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 17(b)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

23. BORROWINGS (CONTINUED)

(b) Fair value of non-current borrowings

	GROUP	
	2023	2022
	RM	RM
Term loans	31,063,231	19,780,047

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	
	2023	2022
	%	%
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. As at 31 March 2023, the subsidiary corporation had fulfilled the bank financial covenants and the bank has also agreed to renew and to grant the facility accordingly.

24. LEASE LIABILITIES

The Group as a lessee

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

	GROUP	
	2023	2022
	RM	RM
Current	4,085,915	3,719,104
Non-current	23,698,931	23,832,123
Total	27,784,846	27,551,227

Lease liabilities of the Group were effectively secured over the automobiles (Note 18) of RM4,268,874 (2022: RM2,900,156) and inventories (Note 15) of RM322,209 (2022: RM322,209), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

25. 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	
	2023	2022
	RM	RM
Deferred income tax liabilities		
- To be settled within one year	2,311,546	2,805,534
- To be settled after one year	66,292	225,390
	2,377,838	3,030,924

Movement in deferred income tax accounts is as follows:

	GROUP	
	2023	2022
	RM	RM
Beginning of financial year	3,030,924	2,614,010
(Over)/under provisions in prior financial year (Note 10(a))	(1,512,703)	399,238
Tax charged to profit or loss (Note 10(a))	859,617	17,676
End of financial year	2,377,838	3,030,924

The movement in deferred income tax liabilities is as follows:

	GROUP	
	2023	2022
	RM	RM
Accelerated tax depreciation/amortisation		
Beginning of financial year	3,030,924	2,614,010
Tax (credited)/charged to profit or loss	(653,086)	416,914
End of financial year	2,377,838	3,030,924

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

26. SHARE CAPITAL

	GROUP AND COMPANY	
	NO. OF ORDINARY SHARES	AMOUNT RM
2023		
Beginning and end of financial year	119,523,315	37,356,382
2022		
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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

26. SHARE CAPITAL (CONTINUED)

Performance share plan (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

26. SHARE CAPITAL (CONTINUED)

Share options (continued)

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.

27. RETAINED PROFITS/(ACCUMULATED LOSSES)

- (a) Retained profits of the Group are distributable except for retained profit of an associated company amounting to RM16,158.
- (b) Movement in accumulated losses for the Company is as follows:

	COMPANY	
	2023	2022
	RM	RM
Beginning of financial year	(9,087,732)	(5,631,773)
Net profit/(loss) for the financial year	40,036	(1,065,493)
Dividends paid (Note 29)	(1,434,280)	(2,390,466)
End of financial year	(10,481,976)	(9,087,732)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

28. OTHER RESERVES

	GROUP	
	2023 RM	2022 RM
<i>Composition:</i>		
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	
	2023 RM	2022 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.

(b) Capital reserve

	GROUP	
	2023 RM	2022 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.

29. DIVIDENDS

	GROUP	
	2023 RM	2022 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 2023	1,434,280	–
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
	1,434,280	2,390,466

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

30. CONTINGENCIES

The Company has issued a corporate guarantee amounting to RM43,980,000 (2022: RM23,330,000) 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.

31. 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 2023

31. 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:

Group	MYR		USD		JPY		THB		SGD		TOTAL	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 31 March 2023												
Financial assets												
Cash and cash equivalents	11,878,731	9,215	-	-	-	-	-	-	-	17,874	-	11,905,820
Trade and other receivables	23,923,740	-	-	-	-	-	-	-	-	1,794	-	23,925,534
Receivables from subsidiary corporations	1,569,820	-	-	-	-	-	-	-	-	-	-	1,569,820
Financial assets, at FVPL	566,320	-	-	-	-	-	-	-	-	-	-	566,320
	37,938,611	9,215	-	-	-	-	-	-	-	19,668	-	37,967,494
Financial liabilities												
Trade and other payables	(21,052,568)	(687,882)	(1,178,264)	(422,034)	(191,449)	(23,532,197)						
Borrowings	(47,152,006)	-	-	-	(1,634,250)	(48,786,256)						
Lease liabilities	(27,784,846)	-	-	-	-	(27,784,846)						
Payables to subsidiary corporations	(1,569,820)	-	-	-	-	(1,569,820)						
	(97,559,240)	(687,882)	(1,178,264)	(422,034)	(1,825,699)	(101,673,119)						
Net financial liabilities												
Less: Net financial liabilities denominated in functional currencies of respective entities	(59,620,629)	(678,667)	(1,178,264)	(422,034)	(1,806,031)	(63,705,625)						
Currency exposure	59,620,629	-	-	-	-	59,620,629						
	-	(678,667)	(1,178,264)	(422,034)	(1,806,031)	(4,084,996)						

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

31. 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)

Group	MYR		USD		JPY		THB		SGD		TOTAL	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
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)/assets	(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 2023

31. 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 2023			
Financial assets			
Cash and cash equivalents	–	17,868	17,868
Trade and other receivables	1,569,820	1,794	1,571,614
	1,569,820	19,662	1,589,482
Financial liabilities			
Trade and other payables	–	(155,009)	(155,009)
Borrowings	–	(1,634,250)	(1,634,250)
	–	(1,789,259)	(1,789,259)
Net financial assets/(liabilities)	1,569,820	(1,769,597)	(199,777)
Less: Net financial assets denominated in the Company's functional currency	(1,569,820)	–	(1,569,820)
Currency exposure	–	(1,769,597)	(1,769,597)
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	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)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD, JPY, THB and SGD change against the RM by 5%, 4%, 2% and 7% (2022: 1%, 8%, 5% and 1%) 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	
	2023	2022	2023	2022
	RM	RM	RM	RM
USD against MYR				
- Strengthened	(25,789)	(1,288)	-	-
- Weakened	25,789	1,288	-	-
JPY against MYR				
- Strengthened	(35,819)	(58,824)	-	-
- Weakened	35,819	58,824	-	-
THB against MYR				
- Strengthened	(6,415)	(6,776)	-	-
- Weakened	6,415	6,776	-	-
SGD against MYR				
- Strengthened	(96,081)	(23,319)	(94,143)	(22,914)
- Weakened	96,081	23,319	94,143	22,914

(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% (2022: 0.50%) with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by RM185,388 (2022: RM161,630) and RM6,210 (2022: RM11,778) 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 2023

31. 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	
	2023	2022
	RM	RM
Corporate guarantee provided to banks on certain subsidiary corporations' borrowings	44,380,000	23,330,000

The trade receivables of the Group comprise 3 debtors (2022: 3 debtors) that individually represented 8% - 10% (2022: 5% - 6%) of total 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 2023

31. 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 2023 and 2022 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 DAYS	31 - 60 DAYS	61 - 90 DAYS	91 - 120 DAYS	121 - 150 DAYS	MORE THAN 150 DAYS	
	RM	RM	RM	RM	RM	RM	RM	RM
2023								
Trade receivables	19,021,734	107,390	3,555	5,799	70,324	651	118,412	19,327,865
2022								
Trade receivables	16,043,814	570,784	206,291	79,933	29,580	48,146	103,637	17,082,185

Cash and cash equivalents are subject to immaterial credit loss.

Non-trade amount due from related party and subsidiary corporations

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

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 2023

31. 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 2023			
Trade and other payables	23,532,197	–	–
Borrowings	16,331,370	20,655,695	21,650,813
Lease liabilities	5,079,265	14,955,751	13,001,939
	44,942,832	35,611,446	34,652,752
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
Company			
At 31 March 2023			
Trade and other payables	155,009	–	–
Borrowings	1,634,250	–	–
Financial guarantee	43,980,000	–	–
	45,769,259	–	–
At 31 March 2022			
Trade and other payables	141,955	–	–
Borrowings	3,099,500	–	–
Financial guarantee	23,330,000	–	–
	26,571,455	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

31. 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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Net debt	94,206,149	74,402,064	1,771,391	3,046,117
Total equity	44,726,958	39,618,130	26,874,406	28,268,650
Total capital	138,933,107	114,020,194	28,645,797	31,314,767
Gearing ratio	68%	65%	6%	10%

The Group and the Company is in compliance with all externally imposed capital requirements for the financial year ended 31 March 2023.

The Group and the Company is in compliance with all externally imposed capital requirements for the financial year ended 31 March 2022 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 for the financial year ended 31 March 2022. The impact has been disclosed in Note 23(c) to the financial statements.

(e) Fair value measurements

The table below presents assets and liabilities recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Fair value measurement disclosure of financial assets that are recognised or measured at fair value, can be found, Note 16 to the financial statements.

There were no transfers between the levels of fair value measurements during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurements (continued)

	LEVEL 3 RM
Group	
At 31 March 2023	
<i>Financial assets, at FVPL</i>	
Call options – Hanamaru Auto Trading (Malaysia) Sdn. Bhd.	566,320

The following table shows an analysis of each class of assets measured at fair value by level at the end of the reporting period:

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. These investments are classified as Level 2 and comprise debt investments and derivative financial instruments. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

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

The following table presents the changes in Level 3 instruments:

	CALL OPTIONS – HANAMARU AUTO TRADING (MALAYSIA) SDN. BHD. RM
Group	
At 31 March 2023	
Beginning of financial year	–
Additions	–
Fair value gain recognised in profit or loss	566,320
End of financial year	566,320

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurements (continued)

Valuation techniques and inputs used in Level 3 fair value measurements

DESCRIPTION	VALUATION TECHNIQUES	UNOBSERVABLE INPUTS	RANGE OF UNOBSERVABLE INPUTS
Call options – Hanamaru Auto Trading (Malaysia) Sdn. Bhd.	Binomial Method	Risk-free rate	3.64% - 4.00%
		Volatility rate	41.85% - 42.56%

Relationship of unobservable inputs to fair value

An increase/decrease in risk-free rate and volatility rate would result in an increase/decrease in fair value of the asset.

(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 2023		
Financial assets at fair value through profit or loss	566,320	–
Financial assets at amortised cost	35,831,354	1,589,482
Financial liabilities at amortised cost	100,103,299	1,789,259
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

32. 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	
	2023 RM	2022 RM
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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

32. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management personnel compensation

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

	GROUP	
	2023 RM	2022 RM
Wages and salaries	3,099,113	2,486,590
Directors' fees	480,694	424,950
Employer's contribution to defined contribution plan	194,496	148,187
Other short-term benefits	6,091	3,684
	3,780,394	3,063,411
Comprised amounts paid to:		
Directors of the Company	1,817,922	1,555,265

33. 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 2023 and 2022, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

33. SEGMENT INFORMATION (CONTINUED)

(c) Other

Other included investment holding.

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
2023				
Sales				
Total segment sales, representing sales to external parties	53,804,140	367,687,090	–	421,491,230
Adjusted EBITDA	7,500,717	14,561,913	(830,018)	21,232,612
Depreciation of property, plant and equipment	2,648,602	1,643,458	–	4,292,060
Depreciation of right-of-use assets	607,026	4,312,175	–	4,919,201
Amortisation of intangible assets	–	662,909	–	662,909
Finance expenses	1,129,854	2,287,713	93,167	3,510,734
Interest income	(34,096)	(25,881)	(782)	(60,759)
Share of profit from investment in an associated company	–	–	16,158	16,158
Segment assets	65,322,891	85,143,739	2,011,137	152,477,767
Segment assets includes:				
Additions to property, plant and equipment	10,264,613	254,006	–	10,518,619
Additions to right-of-use assets	1,623,691	3,523,178	–	5,146,869
Investment in an associated company	–	–	935,406	935,406
Segment liabilities	13,093,719	16,231,691	215,457	29,540,867

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

33. 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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

33. 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:

	2023	2022
	RM	RM
Adjusted EBITDA for reportable segments	22,062,630	10,748,072
Adjusted LBITDA for other segments	(830,018)	(1,121,324)
Amortisation of intangible assets	(662,909)	(662,909)
Depreciation of property, plant and equipment	(4,292,060)	(3,739,657)
Depreciation of right-of-use assets	(4,919,201)	(4,349,764)
Finance expenses	(3,510,734)	(2,720,781)
Interest income	60,759	54,060
Profit/(loss) before income tax	7,908,467	(1,792,303)

(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:

	2023	2022
	RM	RM
Segment assets for reportable segments	150,466,630	127,118,046
Other segments assets	2,011,137	401,435
Unallocated:		
- Tax recoverable	1,154,236	1,591,238
	153,632,003	129,110,719

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

33. 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:

	2023 RM	2022 RM
Segment liabilities for reportable segments	29,325,410	15,965,286
Other segment liabilities	215,457	185,815
Unallocated:		
- Current income tax liabilities	415,238	225,233
- Borrowings	48,786,256	42,534,104
- Lease liabilities	27,784,846	27,551,227
- Deferred income tax liabilities	2,377,838	3,030,924
	<u>108,905,045</u>	<u>89,492,589</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:

	2023 RM	2022 RM
Manufacturing		
Sales of NVH components and other non-NVH components	53,804,140	29,891,844
Dealership		
Sales of automobiles	341,470,554	210,416,117
After-sales automobile services	20,258,800	11,565,103
Incentives received from distributors	3,058,790	1,725,193
Handling fees	1,915,089	1,144,166
Agency fee income	983,857	621,249
	<u>367,687,090</u>	<u>225,471,828</u>
	<u>421,491,230</u>	<u>255,363,672</u>

Revenue of RM14,775,176 (2022: RM9,978,098) 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 2023

34. EVENT OCCURRING AFTER REPORTING DATE

On 18 April 2023, the Group through its subsidiary corporation, MJN Motors Sdn. Bhd., entered into a sales of share agreement to acquire an additional 10% of the issued share capital of MJN Automart Sdn. Bhd. ("MJNAMSB") for a purchase consideration of RM150,000. As a result, the Group holds 80% effective shareholding interests in MJNAMSB.

The above event is not expected to have a material effect to the Group for the financial year ending 31 March 2024.

35. 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 2023 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) 1-12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023)

The amendments to SFRS(I) 1-12 *Income Taxes* require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

35. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

SFRS(I) 1-12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

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

36. 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 7 July 2023.

STATISTIC OF SHAREHOLDING

As at 30 June 2023

SHARE CAPITAL

Issued and fully paid up capital	:	S\$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 SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0	0.00	0
100 - 1,000	24	25.26	22,300	0.02
1,001 - 10,000	39	41.05	171,300	0.14
10,001 - 1,000,000	26	27.37	4,164,822	3.49
1,000,001 AND ABOVE	6	6.32	115,164,893	96.35
TOTAL	95	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:

- (1) 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.
- (2) 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.
- (3) Mr Lee Khoon Chuan is the nephew of Mdm Lee. All of his shares are held under Philip Securities Pte. Ltd.

STATISTIC OF SHAREHOLDING

As at 30 June 2023

TWENTY LARGEST SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	NUMBER OF SHARES	%
1.	PHILLIP SECURITIES PTE LTD	92,913,361	77.74
2.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	11,966,315	10.01
3.	ANG KIM HAA	3,514,906	2.94
4.	NG BEE ENG	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	956,800	0.80
8.	SEAW WEI TAT	543,500	0.45
9.	KHONG TUCK WENG	434,000	0.36
10.	LEE CHOON LAN	434,000	0.36
11.	OCBC SECURITIES PRIVATE LIMITED	405,000	0.34
12.	AHMAD IZZUDDIN BIN MD. ISA	338,722	0.28
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	71,700	0.06
18.	UOB KAY HIAN PRIVATE LIMITED	67,700	0.06
19.	MAYBANK SECURITIES PTE. LTD.	53,600	0.04
20.	CHEE SWEE SENG SEBASTIAN	50,000	0.04
	Total:	118,980,915	99.52

PERCENTAGE OF SHAREHOLDING HELD IN PUBLIC'S HANDS

Based on the information made available to the Company as at 30 June 2023, approximately 21.40% 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 Fifth Annual General Meeting (“**AGM**”) of MeGroup Ltd. (the “**Company**”) will be convened and held at Room Kyoto, 137 Cecil Street, #04-01 Cecil Building, Singapore 069537 on Friday, 28 July 2023 at 9.30 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 2023 together with the Independent Auditor’s Report thereon. **Resolution 1**
2. To re-elect Mr Chee Teck Kwong Patrick as a Director, retiring pursuant to Regulation 94 of the Company’s Constitution.
[See Explanatory Note (i)] **Resolution 2**
3. To re-elect Mr Edmund Lai Sou Wei as a Director, retiring pursuant to Regulation 94 of the Company’s Constitution.
[See Explanatory Note (ii)] **Resolution 3**
4. To approve the payment of Directors’ fees of S\$150,000.00 for the financial year ended 31 March 2023. (FY2022: S\$138,750.00) **Resolution 4**
5. To re-appoint Messrs CLA Global 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

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

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

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

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, 13 July 2023

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

- (i) Mr Chee Teck Kwong Patrick (“**Mr Chee**”) will, upon re-election as a Director of the Company, remain as the Lead Independent Non-Executive Director, the Chairman of the Nominating Committee, and a member of the Audit Committee and Remuneration Committee. The Board considers Mr Chee 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 Chee pursuant to Rule 720(5) and Appendix 7F of the Catalist Rules.
- (ii) Mr Edmund Lai Sou Wei (“**Mr Lai**”) will, upon re-election as a Director of the Company, remain as the Independent Non-Executive Director, the Chairman of the Audit Committee, and a member of the Remuneration Committee and Nominating Committee. The Board considers Mr Lai 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 Lai 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.
- (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 13 July 2023. 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.

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT NOTICE FOR SHAREHOLDERS:

The Company's AGM is being convened, and will be held physically at Room Kyoto, 137 Cecil Street, #04-01 Cecil Building, Singapore 069537 on Friday, 28 July 2023 at 9.30 a.m. (Singapore Time). There will be no option for shareholders to participate virtually.

The Notice of AGM, proxy form and the Annual Report 2023 request form ("**Request Form**") have been made available by electronic means via publication on Company's corporate website at the URL <https://me-grp.com/> and on the SGX-ST website at the URL <https://www.sgx.com/securities/company-announcements> as well as printed copies be circulated by post to their registered address. The Notice of AGM will also be published in the print edition of the Business Times on 13 July 2023 (Thursday).

The Annual Report 2023 and the Appendix to Shareholders in relation to the Proposed Renewal of the Share Buy-Back Mandate dated 13 July 2023 may be accessed at the SGXNet and the Company's corporate website at the URL <https://me-grp.com/>.

Shareholders who wish to receive a printed copy of the Annual Report 2023 and the Appendix to Shareholders in relation to the Proposed Renewal of the Share Buy-Back Mandate dated 13 July 2023 may do so by completing the Request Form and sending it to the Company by 20 July 2023 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 should take note of the following arrangements for the AGM:

(a) Participation in the AGM

Shareholders, including CPF and SRS investors, may participate in the AGM by:

- (i) Attending the AGM in person;
- (ii) Submitting questions in relation to any agenda item in this Notice of AGM in advance of, or at the AGM; and/or
- (iii) voting at the AGM by (i) themselves; or (ii) through duly appointed proxy(ies).

Details of the steps for registration, asking of questions and voting at the AGM by shareholders, are set out in notes (b) to (f) below.

(b) Register in person to attend the AGM

Shareholders, including CPF and SRS investors can attend the AGM in person.

To do so, they will need to register in person at the registration counter(s) outside the AGM venue on the day of the event. Please bring along your NRIC/passport to enable the Company to verify your identity. The Company reserves the right to refuse admittance to the AGM if the attendee's identity cannot be verified accurately.

Investors who hold shares through a relevant intermediary (as defined in Section 181 of the Companies Act 1967 of Singapore ("**Act**"))(the "**Relevant Intermediary**"), and who wish to attend the AGM should approach their Relevant Intermediary as soon as possible in order for the Relevant Intermediary to make the necessary arrangements for their attendance.

NOTICE OF ANNUAL GENERAL MEETING

(c) Asking Questions

Shareholders and investor who have questions in relation to any agenda items in this Notice of AGM can ask questions during the AGM physically or can submit their questions to the Company in advance (“**Advanced Questions**”), by **21 July 2023 (Friday), 5.00 p.m.**, through any of the following means:

- (iii) via email to accounts@mnsb.me-grp.com; or
- (iv) in hard copy by sending personally or by post to the Company’s Registered Office at 133 Cecil Street #14-01 Keck Seng Tower, Singapore 069535.

Shareholders and investor 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).

The Company will address all substantial and relevant Advanced Questions through announcement on the Company’s corporate website at the URL <https://me-grp.com/> and on the SGX-ST website at the URL <https://www.sgx.com/securities/company-announcements> by 23 July 2023, 9.30 a.m.

Follow up questions which are submitted after 21 July 2023, 5.00 p.m. 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.

(d) Voting at the AGM

For investors who hold shares through relevant intermediaries please refer to note (e) for the procedures to vote at the AGM.

For CPF/SRS investors please refer to note (f) for the procedures to vote at the AGM.

Shareholders will be able to vote at the AGM in person, or by appointing proxy(ies) to vote on their behalf.

A shareholder (other than relevant intermediary) of the Company entitled to attend and vote at the AGM is entitled to appoint one (1) or two (2) proxies to attend and vote in his/her stead.

A shareholder who is a relevant intermediary entitled to attend the AGM and vote is entitled to appoint more than one (1) proxy to attend and vote instead of the shareholder, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such shareholder. Where such shareholder appoints more than one (1) proxy, the appointments shall be invalid unless the shareholder specifies the number of Shares in relation to which each proxy has been appointed.

“**Relevant intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

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 2023**

NOTICE OF ANNUAL GENERAL MEETING

(Tuesday), 9.30 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/>.

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

(e) Voting at the AGM by Relevant Intermediary Investors

Relevant Intermediary Investors who wish to attend the AGM, or to appoint proxy(ies) 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 for the proxy(ies) appointment.

(f) Voting at the AGM by CPF/SRS Investors

CPF/SRS investors who wish to vote at the AGM may attend the AGM in person physically, or may appoint the Chairman of the Meeting as their proxy to vote. The CPF/SRS investors who wish to appoint the Chairman of the Meeting as their proxy should not make use of the Proxy Form. They should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **19 July 2023, 9.30 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.

Personal Data Privacy:

"Personal data" has the same meaning ascribed to it in the Personal Data Protection Act 2012 of Singapore, which includes name, address, NRIC/passport number of a Member and proxy(ies) and/or representative(s) of a Member.

By submitting an instrument appointing proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, or submitting any question prior to the AGM in accordance with this Notice of AGM, a Member (i) consents to the collection, use and disclosure of the Member's personal data by the Company (or its agents or, service providers) for the purposes of (a) processing, administration and analysis by the Company (or its agents or, service providers) of Proxy Forms/instruments appointing proxy(ies) and/or representative(s) for the AGM (including any adjournment thereof); (b) addressing substantial and relevant questions from Members received before the AGM and if necessary, following up with the relevant Members in relation to such questions; and (c) preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and (d) in order for the Company (or its agents or, service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the Member discloses the personal data of the Member's proxy(ies) and/or representative(s) to the Company (or its agents or, service providers), the Member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or, service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees to indemnify the Company in respect of any penalties, liabilities, claims, losses and damages as a result of the Member's breach of warranty.

In the case of a Member who is a Relevant Intermediary, by submitting the consolidated list of participants, such Member represents and warrants that it has obtained the prior consent of the individuals for the collection, use and disclosure by the Company (or its agents or, service providers) of the personal data of such individuals by the Company (or its agents or, service providers) for any of the Purposes.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Chee Teck Kwong Patrick (“**Mr Chee**”) and Mr Edmund Lai Sou Wei (“**Mr Lai**”), 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 Friday, 28 July 2023 under Resolutions 2 and 3 as set out in the Notice of AGM dated 13 July 2023.

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	CHEE TECK KWONG PATRICK	LAI SOU WEI EDMUND
Date of Appointment	26 September 2018	26 September 2018
Date of last re-appointment (if applicable)	28 July 2021	23 September 2020
Age	68	48
Country of principal residence	Singapore	Malaysia
The Board’s comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process).	After assessing Mr Chee’s expertise, experience and overall contribution, as well as the overall size, composition and diversity of skillsets of the Board, the Nominating Committee and the Board is satisfied that Mr Chee will continue to contribute to the Board, and to the combination of knowledge, skills, experience and diversity required on the Board in order to serve the needs and plans of the Company and the Group, and has recommended that Mr Chee be re-elected as Director of the Company.	After assessing Mr Lai’s expertise, experience and overall contribution, as well as the overall size, composition and diversity of skillsets of the Board, the Nominating Committee and the Board is satisfied that Mr Lai will continue to contribute to the Board, and to the combination of knowledge, skills, experience and diversity required on the Board in order to serve the needs and plans of the Company and the Group, and has recommended that Mr Lai be re-elected as Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive.	Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	<ul style="list-style-type: none"> • Lead Independent Non-Executive Director • Chairman of Nominating Committee • Member of Remuneration Committee • Member of Audit Committee 	<ul style="list-style-type: none"> • Independent Non-Executive Director • Chairman of Audit Committee • Member of Nominating Committee • Member of Remuneration Committee

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

NAME OF DIRECTOR	CHEE TECK KWONG PATRICK	LAI SOU WEI EDMUND
Professional qualifications	<ul style="list-style-type: none"> University of Singapore - Bachelor of Law (Hons) Degree Advocate and Solicitor of the Supreme Court of Singapore Solicitor of the senior courts of England and Wales Notary Public Commissioner for Oaths 	<ul style="list-style-type: none"> Monash University - Bachelor of Commerce in Accounting & Finance
Working experience and occupation(s) during the past 10 years	<ul style="list-style-type: none"> 2007 to 2017 – Senior Consultant, KhattarWong LLP 2017 to Present - Senior Consultant, WithersKhattarWong LLP 	<ul style="list-style-type: none"> 2000 to 2017 – Deloitte Corporate Solutions Sdn Bhd – Senior Manager 2017 to Current - Polaris Corporate Solutions Sdn. Bhd. - Director
Shareholding interest in the listed issuer and its subsidiaries	Nil	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	Nil	Nil
Conflict of interest (including any competing business)	Nil	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)	<ul style="list-style-type: none"> Hai Leck Holdings Limited Ramba Energy Limited (now known as Eneco Energy Limited) CSC Holdings Limited 	Nil
Present	<ul style="list-style-type: none"> China International Holdings Limited OneApex Limited QAF Limited Sheng Siong Group Ltd Noel Gifts International Ltd 	<ul style="list-style-type: none"> MSA Restructuring Sdn. Bhd. Idris Hydraulic (Malaysia) Berhad

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

NAME OF DIRECTOR	CHEE TECK KWONG PATRICK	LAI SOU WEI EDMUND
Information required		
(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
(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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

NAME OF DIRECTOR	CHEE TECK KWONG PATRICK	LAI SOU WEI EDMUND
(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
(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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

NAME OF DIRECTOR	CHEE TECK KWONG PATRICK	LAI SOU WEI EDMUND
(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
(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,	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

NAME OF DIRECTOR	CHEE TECK KWONG PATRICK	LAI SOU WEI EDMUND
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in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?

(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
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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
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MEGROUP LTD.

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

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

- 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 2023, 9.30 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.
- By submitting an instrument appointing proxy/proxies, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 July 2023.
- 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:

NAME	*NRIC/PASSPORT	PROPORTION OF SHAREHOLDINGS	
		NO. OF SHARES	%
ADDRESS			

*and/or

NAME	*NRIC/PASSPORT	PROPORTION OF SHAREHOLDINGS	
		NO. OF SHARES	%
ADDRESS			

or failing him/her*, the Chairman of the Annual General Meeting (“**AGM**” or the “**Meeting**”) of the Company as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the AGM of the Company to be held at Room Kyoto, 137 Cecil Street, #04-01 Cecil Building, Singapore 069537 on Friday, 28 July 2023 at 9.30 a.m. (Singapore Time) and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion.

NO.	ORDINARY 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 2023			
2.	Re-election of Mr Chee Teck Kwong Patrick as a Director			
3.	Re-election of Mr Edmund Lai Sou Wei as a Director			
4.	Approval of Directors’ fees of S\$150,000.00 for the financial year ended 31 March 2023			
5.	Re-appointment of Messrs CLA Global 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 2023

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

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

* Delete where inapplicable



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 of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) or two (2) proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company. Where a shareholder appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- (3) A shareholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than one (1) proxy to attend and vote instead of the shareholder, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such shareholder. Where such shareholder appoints more than one (1) proxy, the appointments shall be invalid unless the shareholder specifies the number of Shares in relation to which each proxy has been appointed. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.
- (4) A corporation which is a shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967 of Singapore.
- (5) The instrument appointing proxy/proxies 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.
- (6) Where this instrument appointing proxy/proxies 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.
- (7) The instrument appointing a proxy/proxies, duly executed, must be submitted through any of the following means by **25 July 2023 at 9.30 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.

Shareholders are strongly encouraged to submit their completed proxy forms via email to shareregistry@incorp.asia.

- (8) Completion and return of the proxy form shall not preclude a shareholder from attending and voting in person at the AGM. Any appointment of a proxy or proxies will be revoked if a shareholder attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the proxy form, to the AGM.
- (9) The Company shall be entitled to reject the instrument appointing proxy/proxies 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. In addition, in the case of shares entered in the Depository Register, the Company may reject any lodged if the shareholder being the appointor, is not shown to have shares entered against his/her/its name in the Depositor 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 proxy/ proxies, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 July 2023.

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

CLA Global 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

EXPANDING
OFFERINGS
INCREASING
OPPORTUNITIES



MEGROUP LTD.

Company Registration Number:
201804996H

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