

**MEGROUP LTD.**

(Incorporated in the Republic of Singapore on 7 February 2018)  
(Company Registration Number: 201804996H)

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**Full Year Financial Statements and Related Announcement  
For the Financial Year Ended 31 March 2021**

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch ("**Sponsor**") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

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

*The contact person for the Sponsor is Mr Eric Wong, Director, Investment Banking, Singapore. The contact particulars are 50 Raffles Place, #09-01, Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.*

MeGroup Ltd. (the "**Company**") was incorporated in Singapore on 7 February 2018 under the Companies Act (Chapter 50) of Singapore as a private limited company. The Company was admitted to Catalist on 31 October 2018.

**PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

1(a)(i). An income statement and statement of comprehensive income, or statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<b>Group</b>		Increase/ (Decrease) %
	<b>Financial Year Ended</b>		
	<b>31-Mar-21</b>	<b>31-Mar-20</b>	
	<b>RM</b>	<b>RM</b>	
Revenue	208,933,512	245,811,290	(15.0)
Cost of sales	<u>(186,758,021)</u>	<u>(219,315,411)</u>	(14.8)
<b>Gross profit</b>	<b>22,175,491</b>	<b>26,495,879</b>	(16.3)
Other income	1,218,923	602,332	102.4
Other gains and losses, net	201,013	(207,926)	(196.7)
Expenses			
– Selling and distribution	(4,156,798)	(4,542,664)	(8.5)
– Administrative	(15,374,281)	(17,159,263)	(10.4)
– Finance	(2,041,197)	(2,878,037)	(29.1)
<b>Profit before tax</b>	<b>2,023,151</b>	<b>2,310,321</b>	(12.4)
Income tax expense	<u>(1,256,912)</u>	<u>(1,113,864)</u>	12.8
<b>Net profit, representing total comprehensive income for the financial year</b>	<b><u>766,239</u></b>	<b><u>1,196,457</u></b>	(36.0)
<b>Net profit, representing total comprehensive income attributable to:</b>			
Equity holders of the Company	561,871	1,249,736	(55.0)
Non-controlling interests	<u>204,368</u>	<u>(53,279)</u>	(483.6)
	<b><u>766,239</u></b>	<b><u>1,196,457</u></b>	(36.0)
<b>Earnings per share for profit attributable to equity holders of the company (Sen)</b>			
Basic and diluted	<u>0.47</u>	<u>1.05</u>	(55.0)

**1(a)(ii). Notes to the Consolidated Statements of Comprehensive Income**

The Group's profit before tax is arrived at after crediting / (charging) the following:

	<b>Group</b>		Increase/ (Decrease) %
	<b>31-Mar-21</b>	<b>31-Mar-20</b>	
	<b>RM</b>	<b>RM</b>	
Interest income	54,413	51,455	5.7
Commission received	328,342	191,103	71.8
Dividend received from short-term money market fund	-	23,675	(100.0)
Fees from Yatta Group Sdn. Bhd.	50,010	126,500	(60.5)
Currency exchange (loss)/gain – net	115,406	(245,510)	(147.0)
Gain on disposal of property, plant and equipment	13,897	109,288	(87.3)
Gain on disposal of right-of-use assets	222,210	-	NM
Sales commission	(2,982,826)	(2,769,844)	7.7
Rental expenses	(280,448)	(199,250)	40.8
Salary, wages, allowances & bonus	(8,172,634)	(8,991,984)	(9.1)
Directors' remuneration	(2,519,491)	(3,089,532)	(18.5)
Entertainment expenses	(300,455)	(664,773)	(54.8)
Security charges	(465,987)	(482,001)	(3.3)
Depreciation of property, plant and equipment	(3,339,052)	(3,440,483)	(2.9)
Depreciation of right-of-use assets	(3,640,622)	(2,938,677)	23.9
Amortisation expense	(662,909)	(662,909)	0.0
Interest on borrowings	(1,228,666)	(1,866,739)	(34.2)
Interest on lease liabilities	(812,531)	(1,011,298)	(19.7)

NM Denotes not meaningful.

**1(b)(i). A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company	
	As at		As at	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	RM	RM	RM	RM
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	10,988,920	12,484,291	382,232	2,063,970
Trade and other receivables	16,981,384	14,036,565	5,461,443	4,654,346
Tax recoverable	1,908,213	1,319,724	-	-
Inventories	12,010,778	15,379,084	-	-
<b>Total current assets</b>	<b>41,889,295</b>	<b>43,219,664</b>	<b>5,843,675</b>	<b>6,718,316</b>
<b>Non-current assets</b>				
Property, plant and equipment	38,435,994	38,472,020	-	-
Right-of-use assets	25,792,333	21,263,796	-	-
Investment in subsidiaries	-	-	26,094,134	26,094,134
Intangible assets	1,978,571	2,641,480	-	-
<b>Total non-current assets</b>	<b>66,206,898</b>	<b>62,377,296</b>	<b>26,094,134</b>	<b>26,094,134</b>
<b>Total assets</b>	<b>108,096,193</b>	<b>105,596,960</b>	<b>31,937,809</b>	<b>32,812,450</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	13,303,282	11,977,003	213,200	133,286
Current income tax liabilities	35,015	109,070	-	-
Borrowings	6,211,280	7,276,752	-	-
Lease liabilities	3,361,682	3,507,554	-	-
<b>Total current liabilities</b>	<b>22,911,259</b>	<b>22,870,379</b>	<b>213,200</b>	<b>133,286</b>
<b>Non-current liabilities</b>				
Borrowings	18,857,732	16,474,640	-	-
Lease liabilities	18,555,081	19,262,323	-	-
Deferred income tax liabilities	2,613,928	2,597,664	-	-
<b>Total non-current liabilities</b>	<b>40,026,741</b>	<b>38,334,627</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>62,938,000</b>	<b>61,205,006</b>	<b>213,200</b>	<b>133,286</b>
<b>NET ASSETS</b>	<b>45,158,193</b>	<b>44,391,954</b>	<b>31,724,609</b>	<b>32,679,164</b>
<b>EQUITY</b>				
<b>Equity attributable to equity holders of the Company</b>				
Share capital	37,356,382	37,356,382	37,356,382	37,356,382
Retained profits/(accumulated losses)	30,945,141	30,383,270	(5,631,773)	(4,677,218)
Other reserves	(24,360,992)	(24,360,992)	-	-
<b>Total equity attributable to equity holders of the Company</b>	<b>43,940,531</b>	<b>43,378,660</b>	<b>31,724,609</b>	<b>32,679,164</b>
Non-controlling interests	1,217,662	1,013,294	-	-
<b>Total equity</b>	<b>45,158,193</b>	<b>44,391,954</b>	<b>31,724,609</b>	<b>32,679,164</b>

**1(b)(ii). In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year: (A) the amount repayable in one year or less, or on demand; (B) the amount repayable after one year; (C) whether the amounts are secured or unsecured; and (D) details of any collaterals.**

	As at 31-Mar-21			As at 31-Mar-20		
	Secured RM	Unsecured RM	Total RM	Secured RM	Unsecured RM	Total RM
Amount repayable in one year or less, or on demand	5,685,797	525,483	6,211,280	6,767,643	509,109	7,276,752
Amount repayable after one year	17,978,072	879,660	18,857,732	15,379,145	1,095,495	16,474,640
Total Borrowings	<u>23,663,869</u>	<u>1,405,143</u>	<u>25,069,012</u>	<u>22,146,788</u>	<u>1,604,604</u>	<u>23,751,392</u>

### Details of Collaterals

As at 31 March 2021, the Group's borrowings are secured by:

- Joint and Several Guarantee by the following directors and executive officers of the Company in their personal capacity:
  1. Wong Cheong Chee
  2. Wong Sai Hou
  3. Abdul Razak Bin Montel
- Corporate Guarantee by Menang Nusantara Sdn Bhd for facilities of Menang Nusantara Auto Sdn Bhd, MN Otomobil Sdn Bhd, MJN Motors Sdn Bhd and MJN Auto Sdn Bhd.
- 1<sup>st</sup> party 1<sup>st</sup> legal charge over the land and building at Bukit Beruntung for facilities of Menang Nusantara Sdn Bhd.
- 1<sup>st</sup> party 2<sup>nd</sup> legal charge over the land and building at Bukit Beruntung for facilities of Menang Nusantara Sdn Bhd.
- Debenture on fixed and floating assets of Menang Nusantara Sdn Bhd.
- Specific debenture on the toolings and related equipment of Menang Nusantara Sdn Bhd.
- Specific debenture on machines of Menang Nusantara Sdn Bhd.
- Debenture in a form of floating charge over all company's stock of Motor Vehicles purchased utilizing floor stock facilities under Menang Nusantara Auto Sdn Bhd, MN Otomobil Sdn Bhd and MJN Motors Sdn Bhd.
- Half-year sinking fund bank deposits of RM75,000 as collateral for facility of MJN Motors Sdn Bhd.
- 1<sup>st</sup> party all monies legal charge over the property at Lot 1, Jalan 5, Cheras Jaya for facility of Menang Nusantara Sdn Bhd.
- 1<sup>st</sup> party all monies legal charge over the property at Lot 14, Jalan CJ 1/7, Cheras Jaya for facility of Menang Nusantara Sdn Bhd.
- Corporate Guarantee by MeGroup Ltd for facilities of MJN Motors Sdn Bhd.
- Half year sinking fund bank deposit of RM91,000 as collateral for facility of MJN Auto Sdn Bhd.
- Debenture on building and equipment of MJN Motors Sdn Bhd.
- Working Capital Guarantee by Syarikat Jaminan Perniagaan Berhad ("SJPP") for facility for MJN Auto Sdn Bhd.
- 20 quarterly placement sinking fund bank deposits of RM1,400,000 as collateral for facility for MJN Auto Sdn Bhd.

**1(c). A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>Group</b>	
	<b>Financial Year Ended</b>	
	<b>31-Mar-21</b>	<b>31-Mar-20</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	2,023,151	2,310,321
Adjustments for:		
Amortisation of intangible assets	662,909	662,909
Depreciation of property, plant and equipment	3,339,052	2,781,649
Gain on disposal of property, plant and equipment	(13,897)	1,379
Gain on disposal of right-of-use assets	(222,210)	(110,667)
Depreciation of right-of-use assets	3,640,622	3,597,511
Interest income	(54,413)	(51,455)
Interest expense	2,041,197	2,878,037
<b>Operating profit before working capital changes</b>	<b>11,416,411</b>	<b>12,069,684</b>
Changes in working capital:		
Trade and other receivables	(3,844,819)	8,693,834
Inventories	3,368,306	821,839
Trade and other payables	(1,673,721)	(1,867,502)
<b>Cash generated from operations</b>	<b>9,266,177</b>	<b>19,717,855</b>
Income tax paid	(2,093,192)	(2,738,815)
Income tax refunded	190,000	-
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>7,362,985</b>	<b>16,979,040</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	54,413	51,455
Additions to property, plant and equipment	(3,503,442)	(10,401,221)
Additions to right-of-use assets	(2,100,000)	(60,245)
Proceeds from disposal of property, plant and equipment	113,000	-
Proceeds from disposal of right-of-use assets	441,200	173,200
Acquisition of additional interest in a subsidiary	-	(158,588)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(4,994,829)</b>	<b>(10,395,399)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Fixed deposits pledged to licensed banks	(1,606,585)	44,116
Proceeds from bank borrowings	3,285,000	8,755,907
Repayment of bank borrowings	(3,597,458)	(10,856,713)
Repayment of lease liabilities	(3,139,950)	(3,004,773)
Interest paid	(2,041,197)	(2,878,037)
Dividends paid	-	(1,111,564)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(7,100,190)</b>	<b>(9,051,064)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(4,732,034)</b>	<b>(2,467,423)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of financial year	11,334,948	13,802,371
<b>End of the financial year</b>	<b>6,602,914</b>	<b>11,334,948</b>

**1(c). A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (Continued)**

**Note:**

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

	<b>Group</b>	
	<b>Financial Year Ended</b>	
	<b>31-Mar-21</b>	<b>31-Mar-20</b>
	<b>RM</b>	<b>RM</b>
Cash and bank balances	10,988,920	12,484,291
Less: Short-term bank deposits pledged	(2,449,370)	(842,785)
Less: Bank overdraft	(1,936,636)	(306,558)
	<b>6,602,914</b>	<b>11,334,948</b>

**1(d)(i). A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>Group</b>						<b>Total equity</b>
	<b>Share capital</b>	<b>Merger reserve</b>	<b>Capital reserve</b>	<b>Retained profits</b>	<b>Attributable to equity holders of the Company</b>	<b>Non-controlling interests</b>	
					<b>RM</b>	<b>RM</b>	
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	
<b>As at 1 April 2020</b>	37,356,382	(24,594,282)	233,290	30,383,270	43,378,660	1,013,294	44,391,954
Total comprehensive income for the financial year	-	-	-	561,871	561,871	204,368	766,239
Dividend paid	-	-	-	-	-	-	-
<b>As at 31 March 2021</b>	<b>37,356,382</b>	<b>(24,594,282)</b>	<b>233,290</b>	<b>30,945,141</b>	<b>43,940,531</b>	<b>1,271,662</b>	<b>45,158,193</b>
<b>As at 1 April 2019</b>	36,722,029	(24,594,282)	-	30,245,098	42,372,845	2,399,724	44,772,569
Total comprehensive income for the financial year	-	-	-	1,249,736	1,249,736	(53,279)	1,196,457
Dividends paid	-	-	-	(1,111,564)	(1,111,564)	-	(1,111,564)
Issuance of new shares	634,353	-	-	-	634,353	-	634,353
Acquisition of additional interest in a subsidiary	-	-	233,290	-	233,290	(1,333,151)	(1,099,861)
<b>As at 31 March 2020</b>	<b>37,356,382</b>	<b>(24,594,282)</b>	<b>233,290</b>	<b>30,383,270</b>	<b>43,378,660</b>	<b>1,013,294</b>	<b>44,391,954</b>

**1(d)(i). A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Continued)**

	Company		
	Share capital	Accumulated losses	Total equity
	RM	RM	RM
<b>As at 1 April 2020</b>	37,356,382	(4,677,218)	32,679,164
Total comprehensive loss for the financial year	-	(954,555)	(954,555)
Dividend paid	-	-	-
<b>As at 31 March 2021</b>	<b>37,356,382</b>	<b>(5,631,773)</b>	<b>31,724,609</b>
<b>As at 1 April 2019</b>	36,722,029	(3,736,285)	32,985,744
Total comprehensive income for the financial year	-	170,631	170,631
Dividend paid	-	(1,111,564)	(1,111,564)
Issuance of new shares	634,353	-	634,353
<b>As at 31 March 2020</b>	<b>37,356,382</b>	<b>(4,677,218)</b>	<b>32,679,164</b>



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

	<b>Number of Ordinary Shares</b>
As at 31 March 2020 / 31 March 2021	<u>119,523,315</u>

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

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

	<u>Number of Ordinary Shares</u>	
	As at	
	<b>31-Mar-21</b>	<b>31-Mar-20</b>
Total number of issued shares excluding treasury shares	119,523,315	119,523,315

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

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

Not applicable as the Company did not have any treasury shares as at 31 March 2020 and 31 March 2021.

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

Not applicable as the Company did not hold any subsidiary holdings as at 31 March 2020 and 31 March 2021.

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

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

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

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the Group's financial statement for the current financial year as those applied for the audited consolidated financial statements for the financial year ended 31 March 2020 as set out in the Annual Report.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends: (a) Based on the weighted average number of ordinary shares on issue; and (b) On a fully diluted basis (detailing any adjustments made to the earnings).**

	<b>Group</b>	
	<b>Financial year ended</b>	
	<b>31-Mar-21</b>	<b>31-Mar-20</b>
Total comprehensive income, representing net profit attributable to equity holders of the Company (RM)	561,871	1,249,736
Weighted average number of Shares	119,523,315	118,886,897
Earnings per Share - basic and diluted (Sen)	0.47	1.05

**Note:**

<sup>(1)</sup> The basic and diluted EPS of the Group for the respective periods was calculated based on the weighted average number of ordinary shares in issue for the respective period.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the: (a) current financial period reported on; and (b) immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	<b>As at</b>		<b>As at</b>	
	<b>31-Mar-21</b>	<b>31-Mar-20</b>	<b>31-Mar-21</b>	<b>31-Mar-20</b>
NAV per Share (Sen)	36.76	36.29	26.54	27.34
Equity Attributable to Owners of the Company (RM)	43,940,531	43,378,660	31,724,609	32,679,164
Number of Shares used in computation of NAV per Share	119,523,315	119,523,315	119,523,315	119,523,315

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

**(a) Review of Group's Performance**

**Revenue**

Revenue decreased by approximately RM36.88 million or 15.0% from RM245.81 million in FY2020 to RM208.93 million in FY2021.

*Manufacturing Business*

Revenue from manufacturing business decreased by RM9.13 million or 23.12% from RM39.52 million in FY2020 to RM30.38 million in FY2021. The significant decrease was due to the temporary production halt for one and a half month due to the Covid-19 pandemic which had resulted in no business activity within the period.

*Dealership Business*

Revenue from dealership business decreased by RM27.74 million or 13.45%, from RM206.30 million in FY2020 to RM178.55 million in FY2021. The decrease was mainly due to the closure of all showroom and service centres during Movement Control Order ("MCO") in Malaysia. Sales had been adversely affected as the demand for new cars and services during this period declined significantly due to the outbreak of Covid-19.

**Cost of sales**

Cost of sales decreased by approximately RM32.56 million or 14.85% from RM219.32 million in FY2020 to RM186.76 million in FY2021.

*Manufacturing Business*

Cost of sales from manufacturing business decreased by RM6.00 million from RM28.41 million in FY2020 to RM22.40 million in FY2021. The decrease was in line with the decrease in revenue trend as mentioned above.

*Dealership Business*

Cost of sales from dealership business decreased by RM26.55 million from RM190.91 million in FY2020 to RM164.36 million in FY2021. The decrease was in line with the decrease in revenue trend mentioned above.

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

**(a) Review of Group's Performance (Continued)**

**Gross profit and Gross Profit Margin**

Gross profit decreased by approximately RM4.32 million or 16.31% from RM26.50 million in FY2020 to RM22.18 million in FY2021. The decrease was due to a decrease in gross profit from dealership business of approximately RM1.19 million from RM15.39 million in FY2020 to RM14.20 million in FY2021 and decrease in gross profit from manufacturing business of approximately RM3.13 million from RM11.11 million in FY2020 to RM7.98 million in FY2021.

Overall gross profit margin decreased by approximately 0.17 percentage points from 10.78% in FY2020 to 10.61% in FY2021. The gross profit margin of manufacturing business decreased by 1.84 percentage points from 28.11% in FY2020 to 26.27% in FY2021, which was due to increase in raw material cost and oversea shipping cost during Covid-19 pandemic. The gross profit margin of dealership business increased by 0.49 percentage points from 7.46% in FY2020 to 7.95% in FY2021. The slight increase was largely due to the increase in revenue from after-sales automobile services, which was greater than the increase in revenue contributed from the sales of automobiles, where the sales of automobiles generally have a lower gross profit margin compared to after-sales automobile services.

**Other income**

Other income increased from approximately RM0.62 million from RM0.60 million in FY2020 to RM1.22 million in FY2021. This was mainly due to the entitlement of the Wage Subsidy Program from May 2020 amounting to RM0.80 million introduced by the government of Malaysia to assist employers who are economically impacted by the Covid-19 pandemic to make sure that companies continue to operate and prevent job losses. The increase was partially offset by a decrease in interest income generated of approximate RM0.20 million from manufacturing business in the financial year.

**Other gains and losses, net**

Other gains and losses were reversed from a net loss of RM0.21 million in FY2020 to a net gain of RM0.20 million in FY2021 due to gain in disposal of motor vehicles in dealership business amounting to RM0.09 million and realised foreign exchange gains for payment made to suppliers in the manufacturing business amounting to RM0.11 million.

**Selling and distribution expenses**

Selling and distribution expenses decreased by approximately RM0.39 million or 8.49% from RM4.54 million in FY2020 to RM4.16 million in FY2021. The decrease in selling and distribution expenses were mainly due to the decrease in staff remunerations, advertising and promotional expenses amounting to RM0.26 million and RM0.13 million respectively.

**Administrative expenses**

Administrative expenses decreased by approximately RM1.78 million or 10.40% from RM17.16 million in FY2020 to RM15.37 million in FY2021. This was mainly due to the decrease in (i) directors remuneration amounting to RM0.57 million, (ii) staff costs amounting to RM0.82 million, and (iii) entertainment expenses of RM0.36 million.

**Finance expenses**

Finance expenses decreased by approximately RM0.84 million or 29.08% from RM2.88 million in FY2020 to RM2.04 million in FY2021. This was largely due to the decrease in (i) RM0.21 million of interest expenses on lease liabilities, (ii) floor stock interest of RM0.33 million, (iii) bank overdraft interest of RM0.10 million, and (iv) term loan interest of RM0.20 million.

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

**(a) Review of Group's Performance (Continued)**

**Profit before tax**

As a result of the aforementioned, the Group recorded a lower profit before tax of approximately RM2.02 million in FY2021, compared to RM2.31 million in FY2020, a decrease of RM0.29 million or 12.43% as compared to FY2020.

**(b) Review of Group's Financial Position**

**Current assets**

Current assets decreased by approximately RM1.33 million or 3.08% from RM43.22 million as at 31 March 2020 to RM41.89 million as at 31 March 2021. This was mainly due to the decrease in cash and cash equivalents from RM12.48 million as at 31 March 2020 to RM10.99 million as at 31 March 2021 for capital expenditures and decrease in inventories by approximately RM3.37 million due to the sales nearing the end of 31 March 2021. The decrease was partially offset by an increase in trade and other receivables amounting to RM2.94 million due to the sales made in the end of March 2021 where payment will be received subsequent to the reporting period and increase in tax recoverable amounting to RM0.59 million arising from the tax instalments paid.

**Non-current assets**

Non-current assets increased by approximately RM3.83 million or 6.14% from RM62.38 million as at 31 March 2020 to RM66.21 million as at 31 March 2021. This was mainly due to the increase in net Right-Of-Use ("ROU") assets amounting to RM4.53 million from the addition during the year partially offset by amortisation of intangible assets during the year.

**Current liabilities**

Current liabilities increased slightly by approximately RM0.04 million or 0.18% from RM22.87 million as at 31 March 2020 to RM22.91 million as at 31 March 2021. This was largely due to the increase in trade and other payables from RM11.98 million as at 31 March 2020 to RM13.30 million as at 31 March 2021 as a result of purchases made from the automobile principals in the dealership business and raw material supplier in manufacturing business; partially offset by a decrease in current borrowings from RM7.28 million as at 31 March 2020 to RM6.21 million as at 31 March 2021 due to repayment of borrowings.

**Non-current liabilities**

Non-current liabilities increased by approximately RM1.69 million or 4.41% from RM38.33 million as at 31 March 2020 to RM40.03 million as at 31 March 2021. This was mainly due to the drawdown of new term loans in the dealership and manufacturing businesses during the financial year.

**Equity**

The increase in equity by approximately RM0.77 million from RM44.39 million as at 31 March 2020 to RM45.16 million as at 31 March 2021 was mainly due to net profit of RM0.77 million during the financial year.

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

**(c) Review of Group's Cash Flows**

The Group recorded net cash generated from operating activities of approximately of RM7.36 million mainly from the operating profit before working capital changes amounting to RM11.42 million and decrease in inventories amounting to RM3.37 million, partially offset by the increase in trade and other receivables of RM3.84 million arising from the sales to customers, increase in trade and other payables of RM1.67 million arising from the trading inventories purchases from the suppliers and income tax paid amounting to RM2.09 million.

The Group recorded net cash used in investing activities of approximately of RM4.99 million mainly due to the purchase of new tools and machinery and renovation works for the manufacturing business as well as acquisition of leasehold land classified as ROU asset and capital expenditure for Honda Kuala Selangor 3S and Mitsubishi Kuala Selangor 3S for the dealership business.

The Group recorded net cash used in financing activities of approximately RM7.10 million mainly due to the repayment of bank borrowings of approximately RM3.60 million and payment of lease liabilities of approximately RM3.14 million.

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

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

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

The outbreak of the Covid-19 pandemic has continued to adversely affect many businesses including the automotive sector. Based on the press release published by the Malaysian Automotive Association (MAA), there was an increase of 80.2% in the production of passenger vehicles calendar year-to-date April 2021 (198,476 units) as compared to the same corresponding period calendar year-to-date April 2020 (101,747 units). The sales of passenger vehicles had also increased by 86.8% with total sales unit for calendar year-to-date April 2021 (176,096 units) as compared to the same corresponding period calendar year-to-date April 2020 (95,876 units).

The impact of the Covid-19 pandemic has been partially mitigated with the initiative and support by the government of Malaysia including but not limited to the moratorium on repayment of bank borrowings for 6 months ending 30 September 2020, sales tax exemption of up to 100% for completely-knocked down passenger vehicles and 50% on completely build up cars from 15 June 2020 to 30 June 2021 and the Wage Subsidy Programs. The Group has also prepared contingent plans and strategies to minimise the impact should it be adversely affected.

The outlook of the automotive sector remains challenging and uncertain due to the prolonged effect of the Covid-19 pandemic. The Group is cautiously optimistic about its business performance with the existing and new projects awarded in the manufacturing segment and the existing and new models launching by the brand principals in the dealership segment. The Group is continuously looking at opportunities to expand its product offerings in the automotive sector.

**Manufacturing Business**

The Group has started its sustainable production cost optimisation project to enter into renewable energy mainly in the area of electricity consumption within the production plant. The adoption of solar energy in our main production plant is expected to complement the sustainable production with lower production overhead costs.

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

Dealership Business

The Group currently has a line-up of 10 automobile dealerships under the brands of Ford, Honda, Hyundai, Mazda, Mitsubishi and Peugeot. The change of distributorship of Peugeot brand in Malaysia is still in the transition period and had caused a drop in revenue in FY2021. The transition is more challenging with the current Covid-19 pandemic.

The construction of the new 3S facilities for MJN Auto Sdn Bhd (Honda) at Kuala Selangor has been completed on 1 March 2021. Business operations have commenced in the new facility with bigger service capacity to take on customers intake services and be a one stop centre for car showroom and vehicle service centre.

MN Wheels Sdn Bhd (Mitsubishi) had started its car showroom operation in August 2020 and after-sales operation in April 2021. MN Wheels Sdn Bhd was also awarded its second Mitsubishi Motors dealership 3S outlet located at Bandar Bukit Raja, Selangor. The new outlet is expected to commence operations in 1<sup>st</sup> quarter FY2022 and with a gestation period of around 2 years for new dealerships, the new outlet is not expected to contribute positively until Year 3.

The launching of new models by the respective brands in 2021 are expected to contribute positively to the sales of the retail dealership segment.

**11. If a decision regarding dividend has been made: (a) Whether an interim (final) ordinary dividend has been declared (recommended); (b) (i) Amount per share, cents (ii) Previous corresponding period, cents; (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

**(a) Dividend Declared (Recommended) for the Current Financial Period Reported On**

Yes

Name of dividend	Interim dividend	Special dividend
Dividend type	Cash	Cash
Dividend amount per share (in Malaysian Sen)	1.2 Sen per ordinary share	0.8 Sen per ordinary share
Tax rate	Tax exempt (one tier)	Tax exempt (one tier)

**(b) Dividend Declared (Recommended) for Corresponding Period of the Immediately Preceding Financial Year**

None.

**(c) Date payable**

30 June 2021.

**(d) Books closure date**

7 June 2021.

**12. If no dividend has been declared (recommended), a statement to that effect.**

Not applicable.

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

The Company has not obtained an IPT mandate.

**14. Acquisition or realisation of shares pursuant to Rule 706A**

Not applicable.

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

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

**16. Update on use of IPO proceeds**

The Company was listed on Catalist of the SGX-ST on 31 October 2018. The initial public offering of the Company raised gross proceeds and net proceeds of approximately S\$3.80 million and approximately S\$2.38 million respectively.

	<b>Amount allocated as stated in the offer document (S\$' million)</b>	<b>Amount utilised as at the date of this announcement (S\$' million)</b>	<b>Balance of net proceeds as at the date of this announcement (S\$' million)</b>
Business expansion (including organic expansion and mergers and acquisitions)	1.80	1.22 <sup>(1)(2)(3)(4)</sup>	0.58
General working capital purposes	0.58	0.58 <sup>(5)</sup>	-
	<b>2.38</b>	<b>1.80</b>	<b>0.58</b>

Notes:

- (1) An amount of S\$0.33 million was utilised on 16 April 2019 for the issued and paid-up capital of MN Automart Sdn Bhd.
- (2) An amount of S\$0.33 million was utilised on 8 July 2019 for the issued and paid-up capital of MN Otomart Sdn Bhd.
- (3) An amount of S\$0.33 million was utilised on 2 January 2020 for the issued and paid-up capital of MN Wheels Sdn Bhd.
- (4) An amount of S\$0.23 million was utilised on 3 May 2021 for capital expenditure in connection with the set up and establishment of the Second Mitsubishi Dealership at Bandar Bukit Raja and conducting certain addition and alteration works to expand the facilities at its existing Mitsubishi Dealership at Kuala Selangor of MN Wheels Sdn Bhd.
- (5) General working capital includes payment to the principals in the dealership business to purchase additional car inventories and to the raw materials suppliers in the manufacturing business.

The uses of the IPO proceeds as at the date of this announcement are in accordance with the intended uses as stated in the Company's Offer Document.



PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

17. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

By business segment:

	Manufacturing Business (RM)	Dealership Business (RM)	Other (RM)	Total (RM)
<b>For the financial year ended 31 March 2021:</b>				
<b>Total segment sales, representing sales to external parties</b>	<u>30,381,009</u>	<u>178,552,503</u>	<u>-</u>	<u>208,933,512</u>
<b>Adjusted EBITDA</b>	5,164,397	7,529,741	(1,041,620)	11,652,518
Depreciation expense	(2,689,758)	(4,289,916)	-	(6,979,674)
Amortisation expense	-	(662,909)	-	(662,909)
Interest expense	(571,188)	(1,470,009)	-	(2,041,197)
Interest income	<u>50,032</u>	<u>4,014</u>	<u>367</u>	<u>54,413</u>
<b>Profit before tax</b>	<u>1,953,483</u>	<u>1,110,921</u>	<u>(1,041,253)</u>	<u>2,023,151</u>
<b>Segment assets</b>	<u>43,699,356</u>	<u>61,848,149</u>	<u>640,475</u>	<u>106,187,980</u>
<b>Segment liabilities</b>	<u>(4,328,463)</u>	<u>(8,692,684)</u>	<u>(282,135)</u>	<u>(13,303,282)</u>
<b>For the financial year ended 31 March 2020:</b>				
<b>Total segment sales, representing sales to external parties</b>	<u>39,515,966</u>	<u>206,295,324</u>	<u>-</u>	<u>245,811,290</u>
<b>Adjusted EBITDA</b>	5,457,412	7,866,980	(1,145,420)	12,178,972
Depreciation expense	(2,637,877)	(3,741,283)	-	(6,379,160)
Amortisation expense	-	(662,909)	-	(662,909)
Interest expense	(829,467)	(2,048,570)	-	(2,878,037)
Interest income	<u>49,941</u>	<u>1,514</u>	<u>-</u>	<u>51,455</u>
<b>Profit before tax</b>	<u>2,040,009</u>	<u>1,415,732</u>	<u>(1,145,420)</u>	<u>2,310,321</u>
<b>Segment assets</b>	<u>43,469,553</u>	<u>58,249,721</u>	<u>2,557,962</u>	<u>104,277,236</u>
<b>Segment liabilities</b>	<u>(5,158,716)</u>	<u>(6,316,005)</u>	<u>(502,282)</u>	<u>(11,977,003)</u>

By geographical segment:

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

**18. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please refer to section 8 of this announcement for the review of the performance of the Group.

**19. A breakdown of sales as follows:**

	<b>Group</b>		<b>Increase/ (Decrease) %</b>
	<b>Financial year ended 31-Mar-21 RM</b>	<b>31- Mar-20 RM</b>	
Revenue reported for first half year	87,809,246	144,483,489	(39.2)
Profit after tax before deducting non-controlling interests reported for first half year	921,126	2,099,344	(56.1)
Revenue reported for second half year	121,124,266	101,327,801	19.5
Profit after tax before deducting non-controlling interests reported for second half year	(154,887)	(902,887)	(82.8)

**20. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:**

	<b>Financial year ended</b>	
	<b>31-Mar-21 RM</b>	<b>31-Mar-20 RM</b>
Interim dividend	1,434,280	203,189
Special dividend	956,187	908,375
<b>Total</b>	<b>2,390,467</b>	<b>1,111,564</b>

**21. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10). If there are no such persons, the issuer must make an appropriate negative statement.**

<b>Name</b>	<b>Age</b>	<b>Family relation with any director and / or substantial shareholder</b>	<b>Current position and duties, and the year the position was first held</b>	<b>Details of changes in duties and position held, if any during the year</b>
Wong Sai Hou	45	Mr Wong Sai Hou is the son of our Executive Chairman and CEO, Mr Wong Cheong Chee, and the brother of our Executive Director, Ms Wong Keat Yee.	Head, Group Expansion & Strategy and Head, Dealership since 2018.  As Head, Group Expansion & Strategy, Mr Wong Sai Hou is currently responsible for overseeing and settling the growth and expansion strategy of our Group's Manufacturing Business and Dealership Business. As Head, Dealership, Mr Wong Sai Hou also oversees the operation and management of our Group's dealerships.	There is no change during the year.

Name	Age	Family relation with any director and / or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any during the year
Wong Sai Keat	38	Mr Wong Sai Keat is the son of our Executive Chairman and CEO, Mr Wong Cheong Chee, and the brother of our Executive Director, Ms Wong Keat Yee.	<p>Head of Engineering and R&amp;D, Manufacturing since 2018.</p> <p>As Head of Engineering and R&amp;D, Manufacturing, Mr Wong Sai Keat currently oversees the engineering function of our Manufacturing Business, and is responsible for our product development department, ensuring that the physical properties of our thermobonded felt products meet the requirements of our customers as well as developing new applications for our thermobonded felts. Mr Wong Sai Keat also works closely with our Head of Sales, Manufacturing, Mr Abdul Razak Bin Montel, to maintain and grow the Group's strategic relationship with our customers, principals and suppliers, primarily with a focus on customer, principals and suppliers who are located outside of Malaysia.</p>	There is no change during the year.

**BY ORDER OF THE BOARD**

**Wong Cheong Chee**  
**Executive Chairman and Chief Executive Officer**

**Date: 28 May 2021**