

**MEGROUP LTD.**

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

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**Condensed Interim Financial Statements  
For The Six Months Ended 30 September 2021**

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

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

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

	<b>Group</b>		Increase/ (Decrease) %
	<b>Six Months Ended</b>		
	<b>30-Sep-21</b>	<b>30-Sep-20</b>	
	<b>RM</b>	<b>RM</b>	
Revenue	80,270,386	87,809,246	(8.6)
Cost of sales	<u>(74,534,461)</u>	<u>(77,335,176)</u>	(3.6)
<b>Gross profit</b>	<b>5,735,925</b>	<b>10,474,070</b>	(45.2)
Other income	726,317	615,662	18.0
Other gains and losses, net	78,226	46,586	67.9
Expenses			
– Selling and distribution	(1,881,701)	(1,905,087)	(1.2)
– Administrative	(7,826,255)	(6,692,178)	16.9
– Finance	(1,179,959)	(1,140,482)	3.5
<b>(Loss)/ Profit before tax</b>	<b>(4,347,447)</b>	<b>1,398,571</b>	N.M
Income tax expense	<u>(791,095)</u>	<u>(477,445)</u>	65.7
<b>Total comprehensive (loss)/ income, representing net profit for the financial period</b>	<b><u>(5,138,542)</u></b>	<b><u>921,126</u></b>	N.M
<b>Total comprehensive (loss)/ income, representing net (loss)/ profit attributable to:</b>			
Equity holders of the Company	(4,934,637)	785,668	N.M
Non-controlling interests	<u>(203,905)</u>	<u>135,458</u>	N.M
	<b><u>(5,138,542)</u></b>	<b><u>921,126</u></b>	N.M
<b>Earnings per share for (loss)/ profit attributable to equity holders of the company (Sen)</b>			
Basic and diluted	<u>(4.13)</u>	<u>0.66</u>	N.M

N.M denotes Not Meaningful.

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

	Group		Company	
	As at		As at	
	30-Sep-21	31-Mar-21	30-Sep-21	31-Mar-21
	RM	RM	RM	RM
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	10,882,307	10,931,084	306,973	382,232
Trade and other receivables	14,290,538	17,942,878	4,027,584	5,478,511
Tax recoverable	1,445,221	1,911,124	-	-
Inventories	16,224,198	12,014,816	-	-
<b>Total current assets</b>	<b>42,842,264</b>	<b>42,799,902</b>	<b>4,334,557</b>	<b>5,860,743</b>
<b>Non-current assets</b>				
Property, plant and equipment	29,835,306	28,639,737	-	-
Right-of-use assets	41,769,474	35,583,857	-	-
Investment in subsidiaries	-	-	26,094,134	26,094,134
Intangible assets	1,647,117	1,978,571	-	-
<b>Total non-current assets</b>	<b>73,251,897</b>	<b>66,202,165</b>	<b>26,094,134</b>	<b>26,094,134</b>
<b>Total assets</b>	<b>116,094,161</b>	<b>109,002,067</b>	<b>30,428,691</b>	<b>31,954,877</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	11,534,463	14,206,603	155,256	230,268
Current income tax liabilities	37,436	37,436	-	-
Borrowings	8,280,170	6,211,280	1,554,550	-
Lease liabilities	3,483,095	3,361,495	-	-
<b>Total current liabilities</b>	<b>23,335,164</b>	<b>23,816,814</b>	<b>1,709,806</b>	<b>230,268</b>
<b>Non-current liabilities</b>				
Borrowings	27,208,698	18,857,732	-	-
Lease liabilities	25,386,153	18,554,818	-	-
Deferred income tax liabilities	2,534,461	2,614,010	-	-
<b>Total non-current liabilities</b>	<b>55,129,312</b>	<b>40,026,560</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>78,464,476</b>	<b>63,843,374</b>	<b>1,709,806</b>	<b>230,268</b>
<b>NET ASSETS</b>	<b>37,629,685</b>	<b>45,158,693</b>	<b>28,718,885</b>	<b>31,724,609</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 earnings / (accumulated losses)	23,619,160	30,944,263	(8,637,497)	(5,631,773)
Other reserves	(24,360,992)	(24,360,992)	-	-
<b>Total equity attributable to equity holders of the Company</b>	<b>36,614,550</b>	<b>43,939,653</b>	<b>28,718,885</b>	<b>31,724,609</b>
Non-controlling interests	1,015,135	1,219,040	-	-
<b>Total equity</b>	<b>37,629,685</b>	<b>45,158,693</b>	<b>28,718,885</b>	<b>31,724,609</b>

## CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Group						
	Share capital	Merger reserve	Capital reserve	Retained profits	Attributable to equity holders of the Company	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM
<b>As at 1 April 2021</b>	37,356,382	(24,594,282)	233,290	30,944,263	43,939,653	1,219,040	45,158,693
Total comprehensive loss for the 6 months	-	-	-	(4,934,637)	(4,934,637)	(203,905)	(5,138,542)
Dividend paid	-	-	-	(2,390,466)	(2,390,466)	-	(2,390,466)
<b>As at 30 September 2021</b>	<b>37,356,382</b>	<b>(24,594,282)</b>	<b>233,290</b>	<b>23,619,160</b>	<b>36,614,550</b>	<b>1,015,135</b>	<b>37,629,685</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 6 months	-	-	-	785,668	785,668	135,458	921,126
<b>As at 30 September 2020</b>	<b>37,356,382</b>	<b>(24,594,282)</b>	<b>233,290</b>	<b>31,168,938</b>	<b>44,164,328</b>	<b>1,148,752</b>	<b>45,313,080</b>

	Company		
	Share capital	Accumulated losses	Total equity
	RM	RM	RM
<b>As at 1 April 2021</b>	37,356,382	(5,631,773)	31,724,609
Total comprehensive loss for the 6 months	-	(615,258)	(615,258)
Dividend paid	-	(2,390,466)	(2,390,466)
<b>As at 30 September 2021</b>	<b>37,356,382</b>	<b>(8,637,497)</b>	<b>28,718,885</b>
<b>As at 1 April 2020</b>	37,356,382	(4,677,218)	32,679,164
Total comprehensive loss for the 6 months	-	(454,040)	(454,040)
<b>As at 30 September 2020</b>	<b>37,356,382</b>	<b>(5,131,258)</b>	<b>32,225,124</b>

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	Six Months Ended	
	30-Sep-21 RM	30-Sep-20 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/ profit before income tax	(4,347,447)	1,398,571
Adjustments for:		
Amortisation of intangible assets	331,454	331,454
Depreciation of property, plant and equipment	1,773,028	1,641,536
Depreciation of right-of-use assets	2,127,068	1,799,025
Gain on disposal of property, plant and equipment	-	(3,960)
Gain on disposal of right-of-use assets	(70,941)	(61,136)
Interest income	(33,886)	(25,869)
Interest expense	1,179,959	1,140,482
	<u>959,235</u>	<u>6,220,103</u>
Trade and other receivables	3,652,340	(1,425,356)
Inventories	(4,209,382)	5,073,135
Trade and other payables	<u>(2,672,140)</u>	<u>(4,105,499)</u>
Cash (used in)/ generated from operations	(2,269,947)	5,762,383
Income tax paid	<u>(404,741)</u>	<u>(1,037,471)</u>
<b>NET CASH (USED IN)/ PROVIDED BY OPERATING ACTIVITIES</b>	<u>(2,674,688)</u>	<u>4,724,912</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	33,886	25,869
Purchase of property, plant and equipment	(2,972,497)	(749,658)
Purchase of right-of-use assets	-	(39,570)
Proceeds from disposal of property, plant & equipment	3,900	55,000
Proceeds from disposal of right-of-use assets	<u>283,281</u>	<u>194,200</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(2,651,430)</u>	<u>(514,159)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Fixed deposits pledged to licensed banks	(302,521)	(1,236,574)
Proceeds from bank borrowings	12,551,249	-
Repayment of bank borrowings	(1,117,444)	(3,034,872)
Dividend paid	(2,390,466)	-
Repayment to lease liabilities	(1,635,617)	(1,522,756)
Interest paid	<u>(977,604)</u>	<u>(650,480)</u>
<b>NET CASH PROVIDED BY/ (USED IN) FINANCING ACTIVITIES</b>	<u>6,127,597</u>	<u>(6,444,682)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	801,479	(2,233,929)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of financial year	<u>6,545,078</u>	<u>11,334,948</u>
End of the financial period	<u>7,346,557</u>	<u>9,101,019</u>

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

**Note:**

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

	<b>Group</b>	
	<b>Six Months Ended</b>	
	<b>30-Sep-21</b>	<b>30-Sep-20</b>
	<b>RM</b>	<b>RM</b>
Cash and bank balances	10,882,307	11,967,511
Less: Short-term bank deposits pledged	(2,751,891)	(2,079,359)
Less: Bank overdraft	(783,859)	(787,133)
	<u>7,346,557</u>	<u>9,101,019</u>

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 1. Corporate Information

The Company is listed on Catalist, the sponsor-supervised listing platform in SGX-ST and incorporated and domiciled in Singapore. The address of the Company's registered office is located at 3 Temasek Avenue, #21-21 Centennial Tower, Singapore 039190. These condensed interim consolidated financial statements as at and for the six months ended 30 September 2021 comprise the Company and its subsidiaries (collectively, the "Group").

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

The principal activities of the subsidiaries comprise:

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

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

As at 30 September 2021, JCWW owns 51.23% of the issued and paid-up ordinary shares in the Company.

### 2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 September 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 March 2021.

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

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

#### 2.1 New and amended standards adopted by the Group

The Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to its operations and effective for annual periods beginning or after 1 April 2021. The adoption of these new or revised SFRS(I) and SFRS(I) INT did not result in changes to the Group's accounting policies and had no material impact on the financial results of the Group for the current reporting period.

## **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

### **2. Basis of Preparation (Continued)**

#### **2.2 Use of Estimates, Assumptions and Judgements**

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2021.

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

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

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

There were no significant changes in critical judgements, estimates and assumptions as compared to the consolidated financial statements as at and for the year ended 31 March 2021.

### **3. Seasonal Operations**

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



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 4. Segment and Revenue Information

The Group is organised into the following main business segments:

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

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

#### 4.1 Reportable Segments

By business segment:

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Segment and Revenue Information (Continued)

4.1 Reportable Segments (Continued)

By business segment:

	Manufacturing Business (RM)	Dealership Business (RM)	Other (RM)	Total (RM)
<b>6 months ended 30 September 2020:</b>				
<b>Total segment sales, representing sales to external parties</b>	<u>11,706,656</u>	<u>76,102,590</u>	<u>-</u>	<u>87,809,246</u>
<b>Adjusted EBITDA</b>	1,845,921	4,938,570	(499,292)	6,285,199
Depreciation expense	(1,150,683)	(2,289,878)	-	(3,440,561)
Amortisation expense	-	(331,454)	-	(331,454)
Interest expense	(313,609)	(826,873)	-	(1,140,482)
Interest income	22,448	3,421	-	25,869
<b>Profit/ (Loss) before tax</b>	<u>404,077</u>	<u>1,493,786</u>	<u>(499,292)</u>	<u>1,398,571</u>
<b>Segment assets</b>	40,428,154	55,791,207	1,091,271	97,310,632
Tax recoverable				<u>1,728,371</u>
<b>Total assets per statement of financial position</b>				<u>99,039,003</u>
<b>Segment liabilities</b>	2,439,687	5,209,397	222,420	7,871,504
Borrowings				21,197,095
Current income tax liabilities				37,240
Deferred tax liabilities				2,518,115
Lease liabilities				<u>22,101,969</u>
<b>Total liabilities per statement of financial position</b>				<u>53,725,923</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Segment and Revenue Information (Continued)

4.2 Disaggregation of Revenue

	Manufacturing Business (RM)	Dealership Business (RM)	Other (RM)	Total (RM)
<b>6 months ended 30 September 2021:</b>				
<b>Types of goods or services:</b>				
Sales of NVH components and other non-NVH components	9,478,231	-	-	9,478,231
Sales of automobiles	-	64,841,273	-	64,841,273
After-sales automobile services	-	4,975,631	-	4,975,631
Incentives received from distributors	-	429,195	-	429,195
Handling fees	-	337,475	-	337,475
Agency fee income	-	208,581	-	208,581
<b>Total revenue</b>	<u>9,478,231</u>	<u>70,792,155</u>	<u>-</u>	<u>80,270,386</u>
<b>Timing of revenue recognition:</b>				
At a point in time	9,478,231	70,792,155	-	80,270,386
<b>Total revenue</b>	<u>9,478,231</u>	<u>70,792,155</u>	<u>-</u>	<u>80,270,386</u>
<b>6 months ended 30 September 2020:</b>				
<b>Types of goods or services:</b>				
Sales of NVH components and other non-NVH components	11,706,656	-	-	11,706,656
Sales of automobiles	-	59,913,900	-	59,913,900
After-sales automobile services	-	15,010,677	-	15,010,677
Incentives received from distributors	-	723,817	-	723,817
Handling fees	-	273,600	-	273,600
Agency fee income	-	180,596	-	180,596
<b>Total revenue</b>	<u>11,706,656</u>	<u>76,102,590</u>	<u>-</u>	<u>87,809,246</u>
<b>Timing of revenue recognition:</b>				
At a point in time	11,706,656	76,102,590	-	87,809,246
<b>Total revenue</b>	<u>11,706,656</u>	<u>76,102,590</u>	<u>-</u>	<u>87,809,246</u>

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Financial Assets and Financial Liabilities

	Group		Company	
	As at		As at	
	30-Sep-21	30-Mar-21	30-Sep-21	30-Mar-21
	RM	RM	RM	RM
<b>Financial Assets</b>				
Cash and cash equivalents	10,882,307	10,931,084	306,973	382,232
Trade and other receivables	12,935,323	16,999,863	3,988,790	5,414,858
	<u>23,817,630</u>	<u>27,930,947</u>	<u>4,295,763</u>	<u>5,797,090</u>
<b>Financial Liabilities</b>				
Trade and other payables	(10,808,875)	(13,611,052)	(155,256)	(230,268)
Borrowings	(35,488,868)	(25,069,012)	-	-
Lease liabilities	(28,869,248)	(21,916,313)	-	-
	<u>(75,166,991)</u>	<u>(60,596,377)</u>	<u>(155,256)</u>	<u>(230,268)</u>

6. (Loss)/ Profit Before Taxation

6.1 Significant Items

	Group		Increase/ (Decrease) %
	Six Months Ended		
	30-Sep-21	30-Sep-20	
	RM	RM	
Interest income	33,886	25,869	31.0
Commission received	105,619	51,623	104.6
Fees from Yatta Group Sdn. Bhd.	-	28,010	(100.0)
Realised currency exchange loss – net	(7,293)	(18,510)	(60.6)
Gain on disposal of property, plant and equipment	-	3,960	(100.0)
Gain on disposal of right-of-use assets	70,941	61,136	16.0
Sales commission	(1,193,676)	(1,351,294)	(11.7)
Rental of premises	(196,434)	(96,870)	102.8
Salary, wages, allowances and bonus	(3,688,931)	(3,408,511)	8.2
Directors' remuneration	(1,377,452)	(1,068,440)	28.9
Entertainment expenses	(137,587)	(111,456)	23.4
Security charges	(215,788)	(245,833)	(12.2)
Depreciation of property, plant and equipment	(1,773,028)	(1,641,536)	8.0
Depreciation of right-of-use assets	(2,127,068)	(1,799,025)	18.2
Amortisation expense	(331,454)	(331,454)	-
Interest on borrowings	(742,239)	(650,480)	14.1
Interest on lease liabilities	(437,720)	(490,002)	(10.7)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**7. Related Party Transactions**

	<b>Group</b>		Increase/ (Decrease) %
	<b>Six Months Ended</b>		
	<b>30-Sep-21</b>	<b>30-Sep-20</b>	
	RM	RM	
Management fee received from a related party	<u>-</u>	<u>28,010</u>	(100.0)

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

**8. Taxation**

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

	<b>Group</b>	
	<b>Six Months Ended</b>	
	<b>30-Sep-21</b>	<b>30-Sep-20</b>
	RM	RM
<b>Current Income Tax</b>		
- Current financial period	-	556,994
- Prior financial year	870,644	-
	870,644	556,994
<b>Deferred Income Tax</b>		
- Current financial period	(79,549)	(79,549)
- Prior financial year	-	-
	(79,549)	(79,549)
	<u>791,095</u>	<u>477,445</u>

**9. Dividends**

	<b>Group</b>	
	<b>Six Months Ended</b>	
	<b>30-Sep-21</b>	<b>30-Sep-20</b>
	RM	RM
<b>Ordinary dividends declared and paid</b>		
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	-
	<u>2,390,466</u>	<u>-</u>
Dividend per share (net of tax)	<u>0.02</u>	<u>-</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Intangible Assets

	Group			
	Goodwill RM	Customer Relationship RM	License RM	Total RM
<b>At 31 March 2021</b>				
Cost	376,541	98,909	3,878,545	4,353,995
Accumulated amortisation	-	(59,071)	(2,316,353)	(2,375,424)
Net book value	<u>376,541</u>	<u>39,838</u>	<u>1,562,192</u>	<u>1,978,571</u>
<b>Six Months Ended 30 September 2021</b>				
Opening net book amount	376,541	39,838	1,562,192	1,978,571
Amortisation charge	-	(8,242)	(323,212)	(331,454)
Closing net book amount	<u>376,541</u>	<u>31,596</u>	<u>1,238,980</u>	<u>1,647,117</u>
<b>At 30 September 2021</b>				
Cost	376,541	98,909	3,878,545	4,353,995
Accumulated amortisation	-	(67,313)	(2,639,565)	(2,706,878)
Net book value	<u>376,541</u>	<u>31,596</u>	<u>1,238,980</u>	<u>1,647,117</u>

10.1 Goodwill Impairment

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

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

	Dealership business	
	30-Sep-21 %	31-Mar-21 %
Growth rate <sup>(1)</sup>	5.0 - 10.0	5.0 - 10.0
Discount rate <sup>(2)</sup>	15.6	15.6

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

<sup>(2)</sup> Pre-tax discount rate applied to pre-tax cash flow projection

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

Based on the five-year projected cash flow, the recoverable amount of the CGU exceed its carrying amount. If the management’s estimated growth rate used in the value-in-use calculation for this CGU had declined by 1%, or the estimated pre-tax discount rate applied to the discounted cash flows for this CGU had been raised to 19% (31 March 2021: 19%), the recoverable amount of the CGU would equal to the carrying amount.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 11. Property, Plant and Equipment

During the six months period ended 30 September 2021, the Group acquired assets amounting to RM2,972,497 (30 September 2020: RM749,658) and disposed of assets amounting to RM3,900 (30 September 2020: RM51,040).

### 12. Borrowings

	As at 30-Sep-21			As at 31-Mar-21		
	Secured RM	Unsecured RM	Total RM	Secured RM	Unsecured RM	Total RM
Amount repayable in one year or less, or on demand	7,735,697	544,473	8,280,170	5,685,797	525,483	6,211,280
Amount repayable after one year	26,610,462	598,236	27,208,698	17,978,072	879,660	18,857,732
Total Borrowings	34,346,159	1,142,709	35,488,868	23,663,869	1,405,143	25,069,012

#### Details of Collaterals

As at 30 September 2021, the Group's borrowings were secured by:

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Trade and Other Receivables

	Group		Company	
	As at		As at	
	30-Sep-21	31-Mar-21	30-Sep-21	31-Mar-21
	RM	RM	RM	RM
Trade receivables – non-related parties	9,482,633	13,480,037	-	-
Other receivables				
- Non-related parties	548,609	984,723	-	-
- Related party	574,897	574,638	-	-
- Holding corporation	25,220	15,020	25,220	15,020
- Subsidiary corporations	-	-	3,963,570	5,399,838
- GST receivable	20,491	48,379	20,491	17,069
- Staff loans	189,485	245,623	-	-
	1,358,702	1,868,383	4,009,281	5,431,927
Advance payments to suppliers	-	470,290	-	-
Deposits	2,114,479	1,699,822	-	-
Prepayments	1,334,724	424,346	18,303	46,584
	<b>14,290,538</b>	<b>17,942,878</b>	<b>4,027,584</b>	<b>5,478,511</b>

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

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

13.1 Trade Receivables Aging

	Group	
	As at	
	30-Sep-21	31-Mar-21
	RM	RM
Current	8,618,286	11,520,090
<i>Trade receivables days past due:</i>		
1 – 30 days	150,305	1,084,047
31 – 60 days	160,916	510,855
61 – 90 days	337,283	65,119
91 – 120 days	14,895	299,926
121 – 150 days	165,380	-
More than 150 days	35,568	-
	<b>9,482,633</b>	<b>13,480,037</b>



**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**14. Trade and Other Payables**

	<b>Group</b>		<b>Company</b>	
	<b>As at</b>		<b>As at</b>	
	<b>30-Sep-21</b>	<b>31-Mar-21</b>	<b>30-Sep-21</b>	<b>31-Mar-21</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Trade payables – non-related parties	8,190,192	8,062,574	-	-
Other payables				
- Non-related parties	381,164	3,569,364	23,888	90,157
- Directors	556,879	556,879	-	-
	938,043	4,126,243	23,888	90,157
Accruals for operating expenses	1,680,640	1,422,235	131,368	140,111
Advances from customers	460,588	330,551	-	-
Deferred income	265,000	265,000	-	-
	<b>11,534,463</b>	<b>14,206,603</b>	<b>155,256</b>	<b>230,268</b>

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

Deferred income of RM265,000 (31 March 2021: RM265,000) refers to a Business Development Fund received from non-related party for the purpose of workshop establishment and fund for marketing and sales effort.

**15. Share Capital**

	<b>Group</b>		<b>Company</b>	
	<b>No. of ordinary shares</b>	<b>Amount</b>	<b>No. of ordinary shares</b>	<b>Amount</b>
	<b>Unit</b>	<b>RM</b>	<b>Unit</b>	<b>RM</b>
<b>At 30 September 2021</b>				
Beginning and end of financial period	119,523,315	37,356,382	119,523,315	37,356,382
<b>At 31 March 2021</b>				
Beginning and end of financial year	119,523,315	37,356,382	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.

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**16. Earnings Per Share**

	<u>Group</u>	
	<b>Six Months Ended</b>	
	<b>30-Sep-21</b>	<b>30-Sep-20</b>
Total comprehensive income, representing net profit attributable to equity holders of the Company (RM)	(4,934,637)	785,668
Weighted average number of Shares	119,523,315	119,523,315
Earnings per Share (“EPS”) - basic and diluted (Sen)	(4.13)	0.66

**Note:**

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

**17. Net Asset Value**

	<u>Group</u>		<u>Company</u>	
	<b>As at</b>		<b>As at</b>	
	<b>30-Sep-21</b>	<b>31-Mar-21</b>	<b>30-Sep-21</b>	<b>31-Mar-21</b>
Net Asset Value (“NAV”) per Share (Sen)	30.63	36.76	24.03	26.54
Equity Attributable to Owners of the Company (RM)	36,614,550	43,939,653	28,718,885	31,724,609
Number of Shares used in computation of NAV per Share	119,523,315	119,523,315	119,523,315	119,523,315

**18. Subsequent Events**

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

**OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES**

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

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

	<b>Number of Ordinary Shares</b>
As at 31 March 2021 / 30 September 2021	119,523,315

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

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

	<b>Number of Ordinary Shares</b>	
	<b>As at</b>	
	<b>30-Sep-21</b>	<b>31-Mar-21</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.

(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 2021 and 30 September 2021.

(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 2021 and 30 September 2021.

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

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

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

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

Not applicable.

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

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

Not applicable.

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

Not applicable.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
(b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

### **Review of Group's Financial Performance**

#### **Revenue**

Revenue decreased by approximately RM7.54 million or 8.6% from RM87.81 million in the first half-year period ended 30 September 2021 ("1H2021") to RM80.27 million in the first half-year period ended 30 September 2022 ("1H2022").

#### *Manufacturing Business*

Revenue from manufacturing business decreased by RM2.23 million from RM11.71 million in 1H2021 to RM9.48 million in 1H2022. The decrease was mainly due to the full lockdown imposed under MCO 3.0 ("FMCO") throughout the country where only selected essential economic sectors are allowed to operate. This has significantly reduced the sales order by our customers particularly in automotive industry which is not classified as essential sector.

#### *Dealership Business*

Revenue from dealership business decreased by RM5.31 million or 7.0% from RM76.10 million in 1H2021 to RM70.79 million in 1H2022. The decrease is mainly due to the FMCO where all showroom and service centres are not allowed to operate for 3 months since the beginning of June 2021. The demand of after sales automobile services had also decreased significantly due to the travel restriction imposed during the FMCO.

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

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

### Review of Group's Financial Performance (Continued)

#### **Cost of Sales**

Cost of sales decreased by approximately RM2.81 million or 3.6% from RM77.34 million in 1H2021 to RM74.53 million in 1H2022.

#### *Manufacturing Business*

Cost of sales from manufacturing business decreased by RM0.31 million from RM8.68 million in 1H2021 to RM8.37 million in 1H2022. The decrease is attributable to the decrease in revenue as mentioned above.

#### *Dealership Business*

Cost of sales from dealership business decreased by RM2.50 million from RM68.66 million in 1H2021 to RM66.16 million in 1H2022. The decrease is attributable to the decrease in revenue as mentioned above.

#### **Gross Profit and Gross Profit Margin**

For the reasons discussed above, gross profit decreased by approximately RM4.73 million or 45.2% from RM10.47 million in 1H2021 to RM5.74 million in 1H2022. The decrease was due to a decrease in gross profit from manufacturing business of approximately RM1.92 million from RM3.03 million in 1H2021 to RM1.11 million in 1H2022. Gross profit from dealership business had also decreased by approximately RM2.81 million from RM7.44 million in 1H2021 to RM4.63 million in 1H2022.

Overall gross profit margin decreased by approximately 4.7 percentage points from 11.9% in 1H2021 to 7.2% in 1H2022. The gross profit margin of dealership business decreased by 3.3 percentage points from 9.8% in 1H2021 to 6.5% in 1H2022 mainly due to the significant decrease in revenue from after-sales automobile services from RM15.01 million in 1H2021 to RM4.98 million in 1H2022 which generally command higher gross profit margin as compared to the sales of automobiles. The gross profit margin of manufacturing business decreased by 14.2 percentage points from 25.9% in 1H2021 to 11.7% in 1H2022 mainly due to higher cost of sales as a result of low production output during the FMCO period and higher labour cost in 1H2022 with no salary reduction for production employees as compared with the corresponding period with salary reduction.

#### **Other Income**

Other income increased by approximately RM0.11 million or 18.0% from RM0.62 million in 1H2021 to RM0.73 million in 1H2022. The increase was mainly due to subsidy income received from the Wage Subsidy Program 3.0 and 4.0 introduced by government of Malaysia to ease the financial burden of the employers who are badly affected during FMCO and assist the business to sustain through the Covid-19 pandemic.

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

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

### **Review of Group's Financial Performance (Continued)**

#### **Other Gains and Losses, Net**

Other gains and losses increased by approximately RM0.03 million or 67.9% from RM0.05 million in 1H2021 to RM0.08 million in 1H2022. This was mainly due to realised forex gain from payment to suppliers.

#### **Selling and Distribution Expenses**

Selling and distribution expenses decreased by approximately RM0.03 million or 1.2% from RM1.91 million in 1H2021 to RM1.88 million in 1H2022. This was mainly due to the decrease in commission and incentive expenses amounting to RM0.14 million, offset by showroom maintenance expenses amounting to RM0.12 million.

#### **Administrative Expenses**

Administrative expenses increased by approximately RM1.14 million from RM6.69 million in 1H2021 to RM7.83 million in 1H2022. This was mainly due to the increase in (i) directors' remuneration amounting to RM0.31 million and staff remuneration amounting to RM0.23 million as there was no salary reduction in 1H2022 as compared to 1H2021, (ii) medical fees amounting to RM0.05 million, (iii) depreciation expense amounting to RM0.35 million and professional fees amounting to RM0.20 million.

#### **Finance Expenses**

Finance expenses increased by approximately RM0.04 million or 3.5% from RM1.14 million in 1H2021 to RM1.18 million in 1H2022. This was mainly due to the increase in term loan interest amounting to RM0.09 million, offset by decrease in floor stock interests amounting to RM0.05 million arising from the floor stock financing in the dealership business.

#### **Loss Before Tax**

As a result of the aforementioned, the Group recorded a loss before tax of RM4.35 million in 1H2022, compared to profit before tax of RM1.40 million in 1H2022.

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

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

### **Review of Group's Financial Position**

#### **Current assets**

Current assets had increased slightly by approximately RM0.04 million or 0.10% from RM42.80 million as at 31 March 2021 to RM42.84 million as at 30 September 2021. This was due to the increase in inventories by approximately RM4.21 million, from RM12.01 million as at 31 March 2021 to RM16.22 million as at 30 September 2021 to stock up inventories for the purpose of full run production and operation once FMCO lifted. The increase is offset by the decrease in trade and other receivable amounting RM3.65 million due to drop in revenue and decrease in tax recoverable amounting to RM0.47 million as a result of tax adjustments for the prior financial years.

#### **Non-current assets**

Non-current assets increased by approximately RM7.05 million or 10.65% from RM66.20 million as at 31 March 2021 to RM73.25 million as at 30 September 2021. This was mainly due to recognition of right-of-use asset for new lease of the Proton dealership at Telok Panglima Garang, Selangor in 1H2022.

#### **Current liabilities**

Current liabilities decreased by approximately RM0.48 million or 2.02% from RM23.82 million as at 31 March 2021 to RM23.34 million as at 30 September 2021. This was largely due to decrease in trade and other payable by approximately RM2.68 million or 18.8% from RM14.21 million as at 31 March 2021 to RM11.53 million as at 30 September 2021 mainly due to repayment to the automotive principals in the dealership business and raw materials supplier in the manufacturing business. The decrease is offset by an increase in current bank borrowings amounting to RM2.07 million mainly from the drawdown of short-term revolving credit facility amounting to RM1.55 million in the investment holding (other) segment.

#### **Non-current liabilities**

Non-current liabilities increased significantly by approximately RM15.10 million or 37.7% from RM40.03 million as at 31 March 2021 to RM55.13 million as at 30 September 2021. This was mainly due to the drawdown of term loan facilities and recognition of lease liabilities for new lease of the Proton dealership at Telok Panglima Garang, Selangor during the financial period.

#### **Equity**

The decrease in equity of approximately RM7.53 million from RM45.16 million as at 31 March 2021 to RM37.63 million as at 30 September 2021 was mainly due to net loss of RM5.14 million during the financial period and interim and special dividend for the financial year ended 31 March 2021 declared and paid amounting to RM2.39 million.

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

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

### **Review of Group's Cash Flows**

The Group recorded net cash used in operating activities of approximately RM2.67 million mainly with higher inventories purchased to stock up for the purpose of full run production and sales of automobiles amounting to RM4.21 million, repayment of trade and other creditors in 1H2022 amounting to RM2.67 million and income tax paid amounting to RM0.40 million based on the estimated tax payable on for monthly instalments submitted to the Inland Revenue Board in Malaysia. These were partially off-set by the decrease in trade and other receivables of RM3.65 million arising from the repayment from customers in 1H2022.

The Group recorded net cash used in investing activities of approximately RM2.65 million mainly due to the purchase of new tools and machineries from the manufacturing business and dealership business (Mitsubishi Kuala Selangor) amounting to RM1.20 million, renovation cost from the dealership business (Honda Kuala Selangor) amounting to RM1.50 million and purchase of computers & software amounting to RM0.27 million, partially offset by the proceeds from the disposal of right-of-use assets amounting to RM0.28 million and interest received from financial institutions amounting to RM0.03 million.

The Group recorded net cash provided by financing activities amounting to RM6.13 million due to drawdown of bank borrowings amounting to RM12.55 million, off-set by (i) fixed deposit pledged amounting to RM0.30 million, (ii) repayment of bank borrowings of approximately RM1.12 million, (iii) repayment of lease liabilities including finance lease of approximately RM1.64 million, (iv) dividend paid amounting to RM2.39 million and (v) interest paid of approximately RM0.98 million during the financial period.



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

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

The Company had on 3 November 2021 issued a profit guidance announcement and the results for the 1H2022 is consistent with the guidance issued.

**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 Covid-19 pandemic had resulted in unprecedented preventive measures of varying degrees of global population lockdown to curb the outbreak. The lockdown had caused the temporary closure of almost all businesses in many countries. However, some countries are seeing signs of recovery and are gradually opening up their economies and imposing less stringent preventive measures.

As for Malaysia, to curb the Covid-19 pandemic, the Malaysian Government had since March 2020 imposed various measures such as the Movement Control Order ("MCO") 1.0, 2.0 and 3.0, Conditional Movement Control Order ("CMCO"), Recovery Movement Control Order ("RMCO") and Full Movement Control Order ("FMCO") under Phase 1 of the National Recovery Plan ("NRP") on the entire nation. During this period, restrictions were imposed on the economic activities depending on the severity of the Covid-19 cases in the relevant states, including temporary closure of almost all businesses except for those involved in the provision of essential services and products. In addition, Enhanced Movement Control Order ("EMCO"), which has stricter restrictions compared to Phase 1 of the NRP, was imposed in specific areas or localities to curb the sudden surge in Covid-19 cases.

The Malaysian Automotive Association (MAA) reported in its press release on 18 October 2021, the 9 months September 2021 calendar year-to-date total registration of new passenger and commercial vehicles in Malaysia was 318,874 units as compared to the 9 months September 2020 calendar year-to-date totalling 344,019 units. MAA also reported on the total passenger and commercial vehicles produced and assembled in Malaysia for the 9 months September 2021 calendar year-to-date was 303,996 units as compared to the 9 months September 2020 calendar year-to-date totalling 315,863 units.

The automotive sector remains challenging due to shortage of computer chips and disruption in supply chain which had affected sales of certain makes and certain makes faced some cancellation of orders due to low consumers' sentiment. However, as business operations have been restored nationwide and vehicle makers are ramping up production and deliveries of vehicles, the production and registration of new vehicles in Malaysia for the last quarter of calendar year 2021 are expected to further improve with the sales tax exemption of up to 100% for completely-knocked down passenger vehicles and 50% on completely build up cars being further extended for another six-month extension with deadline for registration before 31 December 2021.

Premised on the foregoing, the Group is cautiously optimistic about its business performance with the current 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.

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

**11. If a decision regarding dividend has been made:**

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

No.

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

None.

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

Not applicable.

**(d) The date the dividend is payable;**

Not applicable.

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

Not applicable.

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

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

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

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

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

We, Wong Cheong Chee and Wong Keat Yee, being directors of the Company ("Directors"), hereby confirm on behalf of the board of Directors that, to the best of the Directors' knowledge, nothing has come to the attention of the board of Directors which may render the unaudited consolidated financial statements of the Group for the six months ended 30 September 2021 to be false or misleading in any material aspect.

On behalf of the board of Directors,

Wong Cheong Chee  
Executive Chairman and CEO

Wong Keat Yee  
Executive Director

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

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

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

**16. Changes in the composition of the Group**

On 31 May 2021, the Group had through its subsidiary, MJN Motors Sdn. Bhd., incorporated a 90%-owned subsidiary in Malaysia, MJN Automart Sdn. Bhd. ("**MJNAM**") to hold the new Proton dealership awarded to the Group, with an issued and paid-up capital of RM100.

Please refer to the Company's announcement dated 7 June 2021 for the details with regards to the Proton Dealership.

The incorporation of MJNAM is not expected to have any material impact on the earnings per share or net tangible assets per share of the Group for the current financial year ending 31 March 2022.

Save as disclosed above, there is no other acquisition and/or sale of shares in any subsidiaries or associated companies of the Group during 1H2022 which is required to be reported under Rule 706A of the Catalist Rules.

**BY ORDER OF THE BOARD**

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

**11 November 2021**