



SUSTAINABLE, SCALABLE,  
STABLE



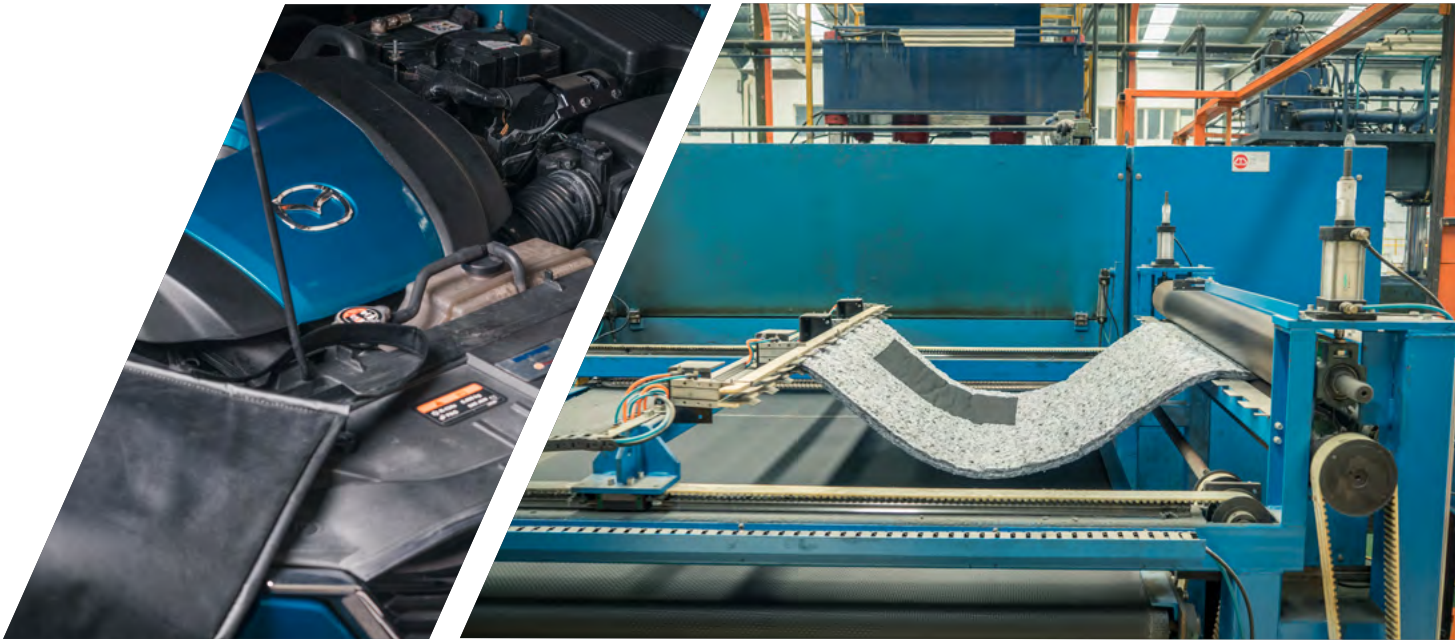


# CONTENTS

<b>01</b>	Corporate Profile
<b>02</b>	Chairman’s Message
<b>04</b>	Business Segments
<b>08</b>	Corporate Structure
<b>09</b>	Corporate Milestones
<b>10</b>	Board of Directors
<b>13</b>	Management Team
<b>14</b>	Operations Review
<b>17</b>	Corporate Governance Report
<b>41</b>	Financial Statements

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

# CORPORATE PROFILE



MeGroup Ltd. (“MeGroup” or the “Company”, and together with its subsidiaries, the “Group”) is a Malaysian-based automotive company involved in the manufacturing of noise, vibration and harshness (“NVH”) and non-NVH components for the automotive industry, and the operation of automobile dealerships in Malaysia. The Manufacturing business segment specialises in manufacturing NVH components such as headliners and engine outers which are incorporated into various parts of automobiles, including the ceiling, dashboard, hood and boot, as well as non-NVH components such as parcel trays and board assembly decks. The Dealership business comprises several 3S and 4S automobile dealerships for the sale of new automobiles with brands such as Ford, Honda, Hyundai, Mazda, Mitsubishi, Peugeot, and Proton. These Dealerships are owned and operated by MeGroup.



## MANUFACTURING



## DEALERSHIP





# CHAIRMAN'S MESSAGE

## Dear Shareholders,

I am pleased to present MeGroup Ltd.'s annual report for the financial year ended 31 March 2021 ("FY2021").

It was a unique and challenging year that we had to face. COVID-19 struck the global economy almost to a standstill. We were not spared, as the Malaysian government implemented several Movement Control Orders (MCO) to battle the pandemic and curb local infection rates. With every MCO issued, all non-essential businesses and operations had to halt, which meant our Manufacturing and Dealership businesses could not operate during those periods.

However, we persevered through, and achieved several positive developments.

## Manufacturing

On top of obtaining new manufacturing projects from existing customers, we have also secured three new customers, all of which are globally renowned automotive brands. The new manufacturing contracts will see MeGroup produce and supply NVH components to these carmakers from calendar year 2021 until the end of each of the car model's production lifecycle.

Additionally, we began producing and supplying a mattress protection layer to a major mattress maker. Though small, this showcases our ability in leveraging on our capabilities and technical knowledge on insulation products, to successfully expand our product offering and customer base beyond the automotive sector.

In August 2020, we completed the move of our Mazda assembly plant from Batu Kawan in Pulau Pinang to Kulim Hi-tech Park in Kedah. The shift has allowed us to be closer to our customers and achieve some cost savings at the same time. We have also embarked on a green initiative and are in the midst of installing solar panels in our main manufacturing plant. By tapping on solar energy, we are effectively reducing our carbon footprint and overhead expenses. We are committed to manufacture components in a sustainable and environmentally friendly manner.



**MR WONG CHEONG CHEE**  
Executive Chairman and CEO

**"MOST RECENTLY, WE SECURED PROTON AS A NEW BRAND PRINCIPAL TO ADD TO OUR GROWING DEALERSHIP PORTFOLIO. THIS IS OUR FIRST PROTON DEALERSHIP OUTLET AND WE ARE EXPECTING IT TO COMMENCE OPERATIONS BY DECEMBER 2021. THIS LATEST AWARD INCREASES THE NUMBER OF BRANDS WE REPRESENT TO SEVEN, AND THE NUMBER OF DEALERSHIP OUTLETS TO 11"**



## Dealership

In November 2020, we completed the acquisition of MJN Motors Sdn Bhd ("MJN Motors") and now hold 80% interest in the subsidiary. MJN Motors operates the Group's Honda dealerships in Cheras and Kuala Selangor, Malaysia.

Over the course of the year, our first Mitsubishi outlet commenced showroom operations in August 2020 and began offering after-sales services in April 2021. Through the success of our first Mitsubishi dealership, we were subsequently awarded operating rights for a second Mitsubishi outlet. Located at Bandar Bukit Raja, it is expected to commence operations in 1QFY2022.

Though construction activities were delayed due to the MCO, we are pleased to have finally completed construction of the new 3S facility for our Honda Kuala Selangor dealership outlet. Business operations have commenced, and with the new and bigger facility, we are now able to receive more customers for after-sales services, transforming it into a 'one-stop shop' for automobile retail and service centre.

Most recently, we secured Proton as a new brand principal to add to our growing Dealership portfolio. This is our first Proton Dealership outlet and we are expecting it to commence operations by December 2021. This latest award increases the number of

brands we represent to seven, and the number of dealership outlets to 11 under the Ford, Honda, Hyundai, Mazda, Mitsubishi, Peugeot and Proton brands.

## Dividend

In appreciation of the support and faith our shareholders have in us, we declared an interim dividend of RM0.012 or 1.2 Sen, and a special dividend of RM0.008 or 0.8 Sen per ordinary share to all our shareholders for FY2021. The interim and special dividends have been distributed to shareholders on 30 June 2021.

## Words of Appreciation

Despite the headwinds faced in the past year, we have remained resilient and profitable.

We would like to express our gratitude to the Board for their wise counsel, providing valued guidance to MeGroup as we navigate in the current challenging business environment. We would also like to welcome Mr Chong Kwea Seng to our Board as an Independent Non-Executive Director. With his prior working experiences at Sime Darby, MeGroup will continue to benefit from his contributions to our Board.

The MeGroup team has worked hard and will continue to push forward to grind through this difficult period. I believe in our creative and innovative team, and trust that they will

be able to steer the Company on the path of sustainable growth. We are always on the lookout for opportunities, be it within the automotive sector or outside it, to create recurring income streams for the Group.

We are unable to predict how long this pandemic will last and what its full impact will be on the Group, however, we are optimistic that the automotive sector will remain in demand as it is considered a necessity in Malaysia.

I would like to take this opportunity to extend my sincere appreciation to the Group's shareholders, as we would not have made it here without your trust in us. I would also like to thank our business partners and associates, professional advisers, and above all, the entire MeGroup team. Your dedication has not gone unnoticed, and together, we will be able to see through this pandemic.

Yours sincerely,

**Wong Cheong Chee**  
Executive Chairman and CEO



# BUSINESS SEGMENTS

## Manufacturing



The Group operates two plants comprising the Main Manufacturing Plant and the Thermobonded Felt Plant, in the Balakong area in Klang Valley of central Selangor, Malaysia. It also has an Assembly Line where it assembles automobile components for Mazda. This Assembly Line was shifted from Pulau Pinang to Kulim Hi-tech Park in Kedah so that it could be closer to its customer and achieve cost savings at the same time.

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

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

The Group's products are developed and tailored to each customer's car marque and are usually supplied for the entire lifecycle of the car model. Today, MeGroup is an Approved Supplier for Honda Malaysia, Perodua Manufacturing Sdn. Bhd., Perodua Global Manufacturing Sdn. Bhd., Mazda Malaysia Sdn. Bhd., Perusahaan Otomobil Nasional Sdn. Bhd., Toyota Malaysia, Mitsubishi Motors Malaysia, Peugeot Malaysia, and Isuzu Malaysia.

It is also an Approved Supplier to Johnson Controls Hitachi, a Heating, Ventilation and Air-conditioning (HVAC) customer, whom the Group began supplying products to since January 2019. In addition to supplying materials to Johnson Controls Hitachi, MeGroup also produces and supplies a mattress protection layer to a renowned mattress maker. Though these project sizes are small, it showcases MeGroup's ability in successfully expanding its product offering and customer base beyond the automotive industry.

Apart from securing new projects from existing customers, the Manufacturing business was also able to secure several new project wins from other well-known automobile brands during the year.





## Sound Test Lab



On delivering on its IPO promise, the Group set up its sound test lab in February 2020. MeGroup is still currently the only NVH supplier in Malaysia to have built its own research and development (R&D) lab to enhance and ensure quality control for all its product offering.



## Solar Powered Manufacturing Plant



Upon conclusion of a pilot testing project to assess suitability and potential cost savings through the use of solar energy, the Group has embarked on its green initiative and began installing solar panels in the Main Manufacturing Plant. Tapping on solar energy will reduce the Manufacturing business' carbon footprint and overall overhead expenses at the same time.



## Thermobonded Felt



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

## NVH Components and non-NVH Components

### 1. Engine compartment insulation

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

### 2. Under-body shielding systems

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



### 3. Interior system insulation

Interior system insulation components such as inner dash systems are incorporated into the dashboard of automobiles to insulate the cabin from NVH emitted from the engine compartment.

### 4. Headliners

Its Assembly Line located at Kulim Hi-tech Park in Kedah, assembles headliners for Mazda.

### 5. Trunk systems

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

# BUSINESS SEGMENTS

## Dealership

MeGroup commenced operations of its first Mitsubishi dealership outlet in August 2020, with after-sales services following later, in April 2021. Through the success of the first Mitsubishi outlet, the Dealership business subsequently secured operating rights for a second outlet located in Bandar Bukit Raja. The new outlet is expected to commence operations in the first quarter of financial year 2022.

Construction of the new 3S facility for the Group's Honda Kuala Selangor dealership outlet completed in December 2020, transforming it into a one-stop shop for automobile retail and service centre.

The Dealership business continues its steady expansion and adds a new brand principal to its growing portfolio. It was awarded its first Proton dealership in June 2021, and it is expected to commence 3S operations in December 2021, with 4S services to begin in June 2022. The Proton outlet will be the Group's largest automobile facility, located on a two-acre plot of land in Telok Panglima Garang, Selangor.

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

During Malaysia's MCO, MeGroup improved its online footprint through social media platforms and other digital marketing strategies. It has also implemented an online appointment booking system for customers to make forward appointments to visit showrooms, in order to maintain and comply with proper safe distancing measures among customers in its premises.





A 3S dealership:

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

A 4S dealership:

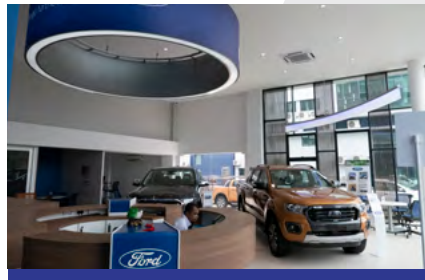
- 4S** Automobile body paintwork and collision repair services



**HONDA 4S DEALERSHIP**  
Cheras



**HONDA 3S DEALERSHIP**  
Kuala Selangor



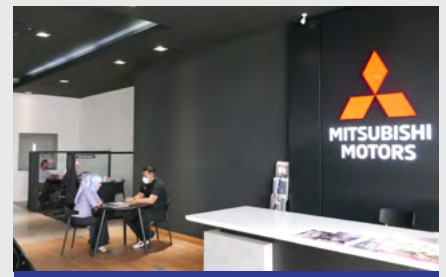
**FORD 3S DEALERSHIP**  
Shah Alam



**HYUNDAI 3S DEALERSHIP**  
Bukit Bandar Raja



**PEUGEOT 4S DEALERSHIP**  
Seremban, Kajang, Setia Alam



**MITSUBISHI 3S DEALERSHIP**  
Kuala Selangor, Bukit Bandar Raja

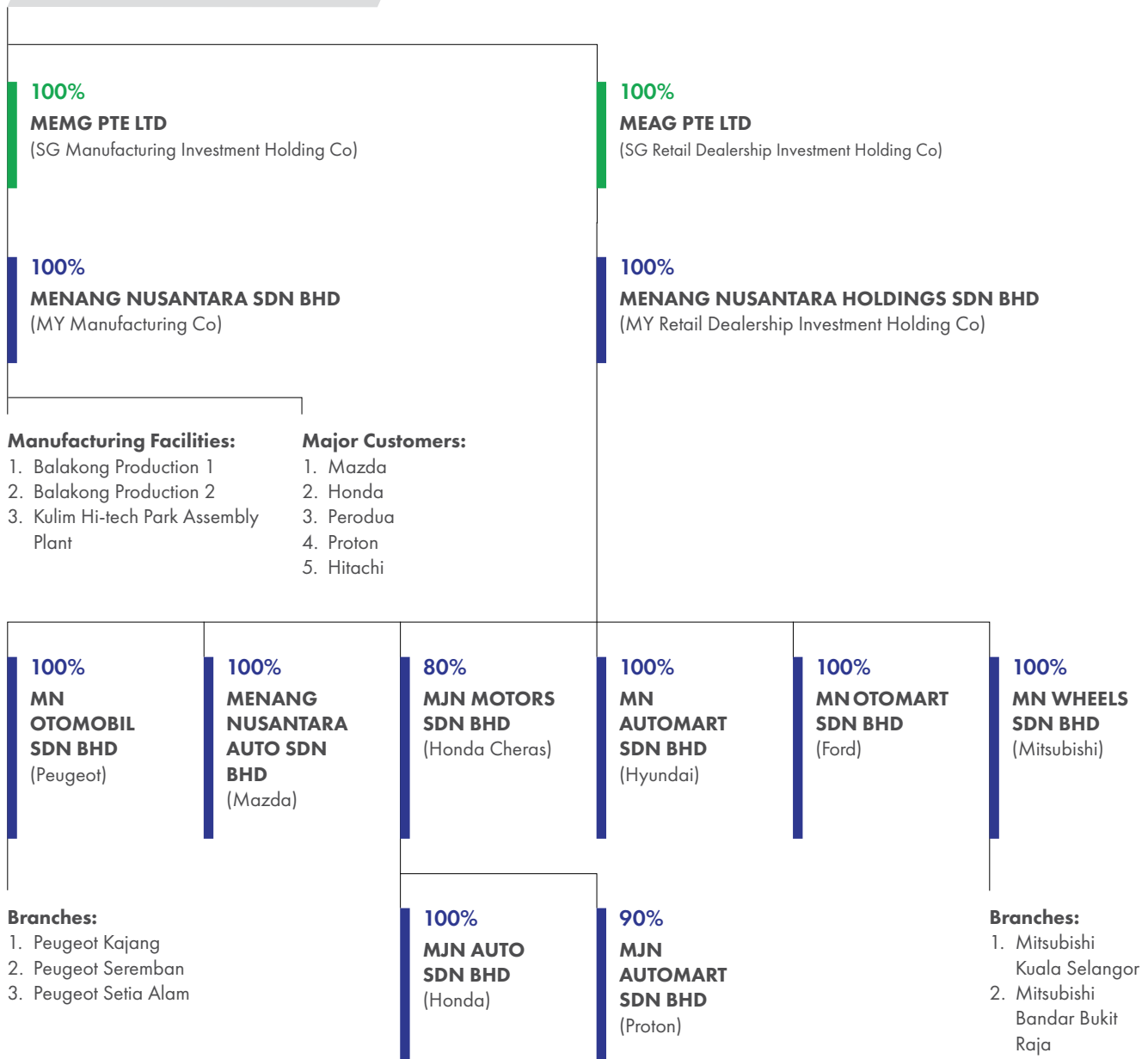


**PROTON 3S/4S DEALERSHIP**  
Telok Panglima Garang



# CORPORATE STRUCTURE

Updated as at 1 June 2021





# CORPORATE MILESTONES

- 2019**
- Completed acquisition of MJNMSB
  - Secured new manufacturing project with a major carmaker
  - Began supplying NVH components to Johnson Controls Hitachi
  - Awarded 1<sup>st</sup> Hyundai dealership
  - Awarded 1<sup>st</sup> Ford dealership

- 2017**
- Re-located Thermobonded Felt line to avoid disruption risk
  - Launched 2<sup>nd</sup> 4S Peugeot dealership at Seremban
  - Launched 1<sup>st</sup> 3S Honda dealership at Cheras

- 2015**
- Launched 1<sup>st</sup> Peugeot 4S dealership
  - Approved Supplier for Mazda - began supplying parts to them
  - Accredited with ISO 14001:2004 certification for environmental management systems

- 2013**
- Established Thermobonded Felt line at Main Manufacturing Plant

- 2011**
- Enrolled into Kaizen programme to further improve manufacturing process

- 2004**
- Approved Supplier of Ford, Mazda and Nissan
  - Group's first foray into international export market

- 2000**
- Qualified as an Approved Supplier of Perodua began supplying NVH and non-NVH parts for their vehicles

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

- 2021**
- Awarded 2<sup>nd</sup> Mitsubishi dealership
  - Awarded 1<sup>st</sup> Proton dealership
  - Embarked on solar power integration in manufacturing plant

- 2020**
- Awarded 1<sup>st</sup> Mitsubishi dealership
  - Completed construction of sound test lab
  - Secured new manufacturing projects with Mitsubishi, Peugeot and Toyota

- 2018**
- Received approval to upgrade 3S Honda dealership at Cheras to offer 4S services
  - Launched 2<sup>nd</sup> 3S Honda dealership at Kuala Selangor
  - Approved Supplier for Johnson Controls Hitachi
  - Listed on the Singapore Exchange on 31 Oct
  - Awarded 3<sup>rd</sup> Peugeot dealership at Setia Alam

- 2016**
- Fire at Main Manufacturing Plant in August - successfully returned to full capacity in Q4

- 2014**
- ISO/TS 16949:2009 certification for quality management system
  - Entered into Technical Assistance Agreement with Hirofani Co Ltd

- 2012**
- Launched 1<sup>st</sup> Mazda 3S dealership at Sungei Besi

- 2008**
- Re-located to current facility to keep up with growing demands of the Group's products

- 2001**
- ISO 9002 certification for manufacturing interior parts for NVH insulations

- 1999**
- Expanded manufacturing capacity with increased demand of
  - NVH and non-NVH components
  - Re-located to a larger facility
  - Executive Chairman and CEO, Mr Wong Cheong Chee, became majority shareholder

# BOARD OF DIRECTORS



**MR WONG CHEONG CHEE**  
Executive Chairman and CEO  
and Non-Independent Director

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

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



**MS WONG KEAT YEE**  
Executive Director

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

She was appointed to our Board on 26 September 2018. She is responsible for the overall operations of our Manufacturing Business, including overseeing the Group's human resources, purchasing and procurement departments. Ms Wong is also responsible for our Manufacturing Business' supply chain strategy. Ms Wong has been with our Group since 2001, and joined as an executive in the production and planning department of the Manufacturing Business. During her time with the Group, Ms Wong spearheaded the Group's efforts to obtain the ISO 9002 accreditation in 2001 and the ISO/TS 16949:2009 accreditation in 2014 and oversaw the revamp of the Group's purchasing department and the Group's production department. She also pioneered the Group's Kaizen initiatives and is the chairperson of the Group's Kaizen and 5S practice committees. She has 17 years' experience in the industry and is a graduate from the South Australian Matriculation pre-university program conducted by Taylor's College, Malaysia in 1998.





**MR CHEE TECK KWONG PATRICK**  
Lead Independent Director

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

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

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

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

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

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

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



**MR EDMUND LAI SOU WEI**  
Independent Director



**MR BENJAMIN CHOO**  
Independent Director

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

After graduating from the National University of Singapore in 2001, Mr Choo started pupillage with the financial services department of Allen & Gledhill. In 2003, he joined Edmond Pereira & Partners, where his main focus was on white-collar criminal litigation and general regulatory and corporate advisory work. In 2005, Mr Choo joined the corporate team of TSMP Law Corporation and was appointed as director in 2009. He started his second stint with Edmond Pereira & Partners (now corporatised as Edmond Pereira Law Corporation) in April 2012 to helm the Corporate and Transactions practice.

Mr Choo is currently a Director at Genesis Law Corporation and his current practice includes mergers & acquisitions, joint ventures, fintech advisory and securities regulations. His work has been recognised by The Asia Pacific Legal 500 (2007/2008 Ed, 2008, 2009 Ed & 2009/2010 Ed). He is also listed in Chambers Asia Pacific 2011 as a Leading Individual – Investment Funds: Domestic Firms. He has also been a member of the Inquiry Panel constituted under the Legal Profession Act since 2011, and the Complaints and Disciplinary Panel constituted under the Accountants Act from 2010 to 2014.

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

He has more than 39 years of working experience, having been Managing Director of Sime Darby Industrial prior to assuming various Directorships with a variety of companies in Malaysia. During his tenure at Sime Darby Industrial, Mr Chong successfully led the company to being accorded the prestigious Caterpillar Global Dealer Excellence Award in 2015.

Graduating with First Class Honours in Mechanical Engineering from Watts University, UK, Mr Chong started his career specialising in the automotive sector. He rose through the ranks over the years, and ultimately became a leader within the sector in Southeast Asia, contributing growth and profitability towards the companies he oversaw.

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



**MR CHONG KWEA SENG**  
Independent Director

# DIRECTORS PROFILE OTHER LISTED COMPANY DIRECTORSHIPS AND PRINCIPAL COMMITMENTS

Name of Directors	WONG CHEONG CHEE	WONG KEAT YEE
	<ul style="list-style-type: none"> <li>• Menang Nusantara Sdn. Bhd.</li> <li>• Menang Nusantara Holdings Sdn. Bhd.</li> <li>• MJN Motors Sdn. Bhd.</li> <li>• MJN Auto Sdn. Bhd.</li> <li>• MeAG Pte. Ltd.</li> <li>• MeMG Pte. Ltd.</li> <li>• JCWW Holdings Pte. Ltd.</li> <li>• MJN Automart Sdn. Bhd.</li> </ul>	<ul style="list-style-type: none"> <li>• Menang Nusantara Sdn. Bhd.</li> <li>• MN Otomobil Sdn. Bhd.</li> <li>• MeAG Pte. Ltd.</li> <li>• MeMG Pte. Ltd.</li> <li>• Yatta Group Sdn. Bhd.</li> <li>• MN Automart Sdn. Bhd.</li> <li>• MN Otomart Sdn. Bhd.</li> <li>• MN Wheels Sdn. Bhd.</li> </ul>

Name of Directors	PATRICK CHEE TECK KWONG	EDMUND LAI SOU WEI	BENJAMIN CHOO CHIH CHIEN	CHONG KWEA SENG
	<ul style="list-style-type: none"> <li>• China International Holdings Limited</li> <li>• OneApex Limited</li> <li>• QAF Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Polaris Corporate Solutions Sdn. Bhd.</li> <li>• MSA Restructuring Sdn. Bhd.</li> </ul>	<ul style="list-style-type: none"> <li>• Genesis Law Corporation</li> <li>• PT Property Gama Investment Pte. Ltd.</li> <li>• Global Beacon Pte. Ltd.</li> <li>• Bloom Technologies Pte. Ltd.</li> <li>• Talent Beacon Student Care Limited</li> <li>• Trendzon Holdings Group Ltd. (formerly known as Pipeline Engineering Holdings Limited)</li> <li>• Bongloy Holdings Pte. Ltd.</li> <li>• Tasmine Ventures Pte. Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Hap Seng Plantation Berhad</li> <li>• Subur Tiasa Holdings Berhad</li> </ul>



# MANAGEMENT TEAM



**MR WONG SAI HOU**

Head, Group Expansion & Strategy,  
and Head, Dealership

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

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

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

Thermobonded Felts. Mr Wong also works closely with our Head of Sales, Manufacturing, to maintain and grow the Group's strategic relationships with our customers, principals and suppliers, primarily with a focus on customers, principals and suppliers who are located outside of Malaysia. Mr Wong graduated from the University of Melbourne with a degree in Computer Science in 2003 and has 14 years of experience in the industry.



**MR WONG SAI KEAT**

Head of Engineering  
and R&D, Manufacturing



**MR ABDUL RAZAK BIN MONTEL**

Head of Sales, Manufacturing

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

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

Mr Felix Cheah Yao Jian is our Group Financial Controller. He joined in June 2019 and is responsible for overseeing the Group's financial reporting, accounting, as well as corporate and treasury functions. He has more than 12 years' experience in auditing, financial reporting, accounting and corporate finance related roles in various organisations. Prior to joining MeGroup, Mr Cheah was a Senior Manager in the Corporate Finance and Investment - Equities Division with the Securities Commission Malaysia. He started his career with Baker Tilly Malaysia where he was

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



**MR FELIX CHEAH YAO JIAN**

Group Financial Controller

# OPERATIONS REVIEW



For FY2021, the Group's revenue decreased by 15.0% to RM208.9 million as compared to the preceding year (FY2020). The decrease in revenue was largely due to the implementation of Malaysia's MCO for one and a half months, to curb the COVID-19 infection rates in the country. During the MCO period, all non-essential businesses had to stop work, which meant the Group halted manufacturing processes and closed all its dealership showrooms and service centres.

In tandem with the decrease in revenue, gross profit for FY2021 decreased by 16.3%, from RM26.5 million in FY2020 to RM22.2 million in FY2021.

Gross profit margin for the manufacturing business reduced slightly from 28.1% in FY2020 to 25.7% in FY2021 due to an increase in raw material costs and overseas shipping costs during the pandemic. On the other hand, gross profit margin for the dealership business marginally increased from 7.5% in FY2020 to 8.0% in FY2021, mainly due to the increase in revenue from after-sales services. Overall, the Group's gross profit margin for FY2021 decreased marginally to 10.5%, as compared to 10.8% in FY2020.

Other income increased from RM0.6 million in FY2020 to RM1.3 million in FY2021 mainly due to the Malaysian government's Wage Subsidy Program, to assist companies who are impacted by the pandemic, to continue operations and keep their workforce employed.

The Group also reported a net gain of RM0.4 million in FY2021 mainly due to the gain on disposal of right-of-use assets and automobiles in the dealership business and realised foreign exchange gains.

Selling and distribution expenses decreased approximately RM0.4 million or 8.5% to RM4.2 million in FY2021 mainly due to a decrease in staff remunerations, advertising, and promotional expenses. Similarly, administrative expenses also decreased by approximately RM1.8 million or 10.3% to RM15.4 million in FY2021 mainly due to a decrease in staff costs, entertainment, travelling and accommodation expenses. Finance expenses decreased approximately RM0.8 million or 28.9% largely due to the decrease in interest expenses on lease liabilities and bank borrowings interest.





# OPERATIONS REVIEW



Revenue FY2021

**RM208.9 MIL**

Gross Profit FY2021

**RM22.0 MIL**

Net Profit FY2021

**RM0.8 MIL**



Earnings before interest, tax, depreciation and amortisation (EBITDA) was RM11.7 million. Profit before income tax was RM2.0 million in FY2021 compared to RM2.3 million in FY2020. The 12.4% decrease was mainly due to the lower revenue recorded as a result of the MCO.

As at 31 March 2021, the Group's total assets stood at RM109.0 million as compared to RM105.6 million as at 31 March 2020. The increase was mainly due to an increase in right-of-use assets of approximately RM14.3 million.

The Group's total liabilities increased by 4.3% to RM63.8 million and was most attributed to an increase in trade and other payables as well as non-current borrowings.

The Group's total equity increased slightly to RM45.2 million as at 31 March 2021 as compared to RM44.4 million a year ago.

In FY2021, MeGroup's net cash generated from operating activities amounted to RM7.3 million as compared to RM17.0 million in FY2020. Net cash used in investing activities reduced from RM10.4 million in FY2020 to RM5.0 million in FY2021, while net cash used in financing activities in FY2021 was reported at RM7.1 million as compared to RM9.1 million in FY2020.

Net asset value (NAV) per share increased for FY2021 to 36.76 Sen as compared to 36.29 Sen per share in FY2020.

The net profit attributable to equity holders of the Company for FY2021 stood at RM0.6 million, a 55.1% decrease from RM1.2 million in FY2020.

The Group also declared an interim dividend of 1.2 Sen and a special dividend of 0.8 Sen per ordinary share. The interim and special dividends have been distributed to all shareholders on 30 June 2021.



# CONTENTS

<b>17</b>	Corporate Governance Report
<b>41</b>	Directors' Statement
<b>46</b>	Independent Auditor's Report
<b>51</b>	Consolidated Statement of Comprehensive Income
<b>52</b>	Statements of Financial Position
<b>53</b>	Consolidated Statement of Changes in Equity
<b>54</b>	Consolidated Statement of Cash Flows
<b>56</b>	Notes to the Financial Statements
<b>114</b>	Statistics of Shareholdings
<b>116</b>	Notice of Annual General Meeting
<b>125</b>	Additional Information on Directors Seeking Re-election Proxy Form

# CORPORATE GOVERNANCE REPORT

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

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

In accordance with Rule 710 of the Catalist Rules, this Corporate Governance Report dated 7 July 2021 (the “**Report**”) sets out the Company’s corporate governance practices with specific reference to the principles and the provisions of the Code, which have been adopted based on the Code.

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

The Code is divided into five main sections, namely:

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

## A. BOARD MATTERS

### THE BOARD’S CONDUCT OF AFFAIRS

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

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

The Company has policies and procedures for dealing with conflict of interest. Where a Director faces a conflict of interest, he or she would recuse himself and herself from discussions and decision involving the issues of conflict.

All Directors objectively discharge their duties and responsibilities as fiduciaries and take decisions in the best interest of the Group at all times.

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

- (a) providing entrepreneurial leadership and setting strategic directions;
- (b) reviewing and approving key business and financial strategies and objectives for the Group;
- (c) reviewing and approving major corporate and/or financial restructuring and/or share issuance;

# CORPORATE GOVERNANCE REPORT

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

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

The Board's approval is required for all major matters such as corporate restructuring, mergers and acquisitions, investments, acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's half yearly and full year annual results, interested person transactions of a material nature, and declaration of dividend. All other matters are delegated to Board Committees whose actions are reported to and monitored by the Board.

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

The matters delegated are listed out in the TOR of each of the Board Committees.

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

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

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



# CORPORATE GOVERNANCE REPORT

The attendance of the Directors at meetings of the Board and Board Committees and the Annual General Meeting ("AGM") during the financial year ended 31 March 2021 ("FY2021") is as follows:

Name of Director	Board	AC	NC	RC	AGM
Number of Meetings Held					
	2	2	1	1	1
Number of Meetings Attended					
Wong Cheong Chee	2	*2	*1	*1	1
Wong Keat Yee	2	*2	*1	*1	1
Chee Teck Kwong Patrick	2	2	1	1	1
Benjamin Choo Chih Chien	2	2	1	1	1
Edmund Lai Sou Wei	2	2	1	1	1
Chong Kwea Seng	NA	NA	NA	NA	NA

(appointed on 2 January 2021)

\* By invitation

NA – Not applicable

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

The Company also has in place orientation programmes for newly-appointed Directors to ensure that they are familiar with the Group's structure, the Group's business, and its operations. New Director(s) will be expected to undergo orientation with the Company which includes meeting with the Executive Chairman & Chief Executive Officer and/or the Executive Director for an introduction to the business of the Company.

Newly appointed Directors are encouraged to attend formal courses to familiarise themselves with the regulatory environment in Singapore and the roles and responsibilities as a director of a listed company.

The Company will arrange Mr Chong Kwea Seng, who was appointed as an Independent Non-Executive Director of the Company on 2 January 2021, to attend the relevant training courses as prescribed by the SGX-ST within one year from his appointment date.

Below is the list of training courses attended by Mr Chee Teck Kwong Patrick and Mr Benjamin Choo Chih Chien in FY2021:

*Attended by Mr Chee Teck Kwong Patrick*

S/No	Type of trainings	Date of attendance
1	China in the post Covid-19 World – Is it Business As Usual?	9 July 2020
2	Understanding Forensic Expert reports : Forensic Analysis in IP Infringement Cases	13 July 2020
3	Public International Law : After Covid-19	20 July 2020
4	Singapore's Role as an International Trade and Wealth Management Centre – A Tax and Trust Perspective Confirmation	9 March 2021

# CORPORATE GOVERNANCE REPORT

Attended by Mr Benjamin Choo Chih Chien

<b>S/No</b>	<b>Type of trainings</b>	<b>Date of attendance</b>
1	Corporate/ Commercial – Specialist Insight Series: Contracting during a Pandemic: Force Majeure and Other Clauses	14 April 2020
2	International Law – China in the Post Covid-19 World, Is It Business as Usual?	9 July 2020
3	Professional Skills – Practical Aspects of Valuation in the Court Room	24 November 2020
4	Ethics and Professional Responsibility – ACRA's Prescribed Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT)	24 March 2021
5	Ethics and Professional Responsibility – Anti-Money Laundering for Lawyers – An Introduction	13 April 2021

Save for the above, the other Directors had postponed their training in FY2021 due to challenging circumstances after the outbreak of COVID-19.

The independent auditor also briefed the AC members on the developments in accounting standards (where applicable) during AC meetings whilst the Company Secretary periodically updates the Board on any changes in the requirements of the Companies Act, Cap. 50, Catalist Rules and corporate governance in Singapore as well as those pertaining to the roles and responsibilities of a director of a listed company.

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

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

The Directors have separate and independent access to the Management of the Company, including the Executive Chairman & Chief Executive Officer ("**Mr Wong**" or "**Executive Chairman & CEO**"), and Group Financial Controller ("**Group FC**") and Company Secretary of the Company.

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

The Company Secretary also advises the Board on governance matters and ensures that the procedures for such meetings are in accordance with the Constitution and Terms of Reference and all applicable rules and regulations (including the requirements of the Singapore Companies Act, Cap. 50 and the Catalist Rules) are complied with. Further to the above, the Company Secretary helps to facilitate communications within the Board and the Board Committees and between Management and the Directors. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

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

# CORPORATE GOVERNANCE REPORT

## BOARD COMPOSITION AND GUIDANCE

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

### Board of Directors

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

<b>Name</b>	<b>Designation</b>
Mr Wong Cheong Chee	Executive Chairman & CEO
Ms Wong Keat Yee	Executive Director
Mr Chee Teck Kwong Patrick	Lead Independent Non-Executive Director
Mr Benjamin Choo Chih Chien	Independent Non-Executive Director
Mr Edmund Lai Sou Wei	Independent Non-Executive Director
Mr Chong Kwea Seng (appointed on 2 January 2021)	Independent Non-Executive Director

The Independent Non-Executive Directors also set aside time to meet with internal and independent auditors without the presence of Management at least once a year.

As the Executive Chairman and CEO is not independent, it is a requirement for the Independent Non-Executive Directors to make up majority of the Board pursuant to Provision 2.2 of the Code. Nevertheless, the current composition of the Board complies with Provisions 2.2 and 2.3 of the Code where the Independent Non-Executive Directors make up majority of the Board.

The Board and the NC are also of the view that the Board can exercise independent judgement on corporate affairs and that no one individual or group(s) of individuals dominates any decision-making process. There is currently no Independent Non-Executive Director who has served on the Board for more than nine years.

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

The Company has a Board Diversity Policy in place. With a view to achieving a sustainable and balanced development, the Company sees diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. No specific diversity targets have been set. The Board agreed that diversity is a wide-ranging concept and covers aspects ranging from gender, age, nationalities, cultural background, educational background, experience and skills among others on Board composition. While all director appointments will be based on meritocracy, and the NC will consider all aspects of diversity to achieve an optimal composition for the Board for the benefits and needs of the Company. The Board is satisfied with the diversity aspects of the Board.

Key information on each Director is set in the Profile of Directors on pages 10 to 12 of the Annual Report.

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



# CORPORATE GOVERNANCE REPORT

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

The positions of Chairman and Chief Executive Officer are held by Mr Wong. Although the roles and responsibilities for the Executive Chairman & CEO are vested in Mr Wong, major decisions are made in consultation with the Board which comprises a majority of Independent Non-Executive Directors. The Board believes that there are adequate measures in place against any uneven concentration of power and authority in one individual.

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

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

The Lead Independent Non-Executive Director is Mr Chee Teck Kwong Patrick. The role the Lead Independent Non-Executive Director is to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The Lead Independent Non-Executive Director is available to shareholders of the Company where they have concerns for which contact through normal channels of communications with the Executive Chairman & CEO and Management are inappropriate or inadequate.

The Board is of the view that the roles of the Executive Chairman & CEO, Executive Director and four Independent Non-Executive Directors are separate, thereby ensuring an appropriate balance of power between them and creating increased accountability in both the Board and Management, as well as enabling greater capacity of the Board for independent decision-making, without any concentration of power or influence residing in any individual.

## BOARD MEMBERSHIP

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

### Nominating Committee

The NC comprises the following members:

<b>Name</b>	<b>Designation</b>
Mr Chee Teck Kwong Patrick (Chairman)	Lead Independent Non-Executive Director
Mr Benjamin Choo Chih Chien	Independent Non-Executive Director
Mr Edmund Lai Sou Wei	Independent Non-Executive Director
Mr Chong Kwea Seng (appointed on 2 January 2021)	Independent Non-Executive Director

# CORPORATE GOVERNANCE REPORT

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

The responsibilities of the NC include the following:

- (a) making recommendations to the Board on board appointments, including the appointment of alternate directors and re-nominations of existing directors for re-election in accordance with the Constitution, taking into account the director's contribution and performance;
- (b) reviewing and approving any new employment of related persons (related to the Directors, key management personnel or substantial shareholders) and proposed terms of their employment;
- (c) determining annually whether or not a director is independent;
- (d) in respect of a director who has multiple board representations in various companies, deciding whether or not such director is able to and has been adequately carrying out his/her duties as director, having regard to the competing time commitments that are faced when serving on multiple boards;
- (e) reviewing and approving any new employment of related persons and the proposed terms of their employment;
- (f) reviewing our directors' mix of skills, experience, core competencies and knowledge of the Company and its subsidiaries that our Board requires to function competently and efficiently;
- (g) reviewing succession plans for the Executive Directors and key management personnel;
- (h) reviewing the training and professional development programs for the Board;
- (i) deciding whether or not a Director of the Company is able to and has been adequately carrying out his duties as a Director;
- (j) developing a process for evaluation of the performance of the Board, its committees and the Directors and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and addresses how the Board has enhanced long-term shareholders' value;
- (k) regularly reviewing the Board structure, size and composition having regard to the scope and nature of the operations, the requirements of the business, the diversity of skills, experience, gender, age and knowledge of the Company and the core competencies of the directors as a group. The NC shall make recommendations to the Board with regards to any adjustments that may be deemed necessary;
- (l) determining and recommending to the Board the maximum number of listed company board representations which any director may hold and disclosing this in the Company's annual report;
- (m) deciding how the performance of Board and Board Committees and individual directors are to be evaluated and proposing objective performance criteria, subject to the approval by the Board, which address how the Board has enhanced long term shareholders' value;
- (n) assessing the effectiveness of the Board as a whole, and Board Committees and the contribution of each individual Director to the effectiveness of the Board; and
- (o) recommending to the Board comprehensive induction training programmes for new directors.

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

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

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

# CORPORATE GOVERNANCE REPORT

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

<b>Name of Director</b>	<b>Designation</b>	<b>Date of First Appointment</b>	<b>Date of last re-election</b>
Mr Wong Cheong Chee	Executive Chairman & CEO	26 September 2018	30 July 2019
Ms Wong Keat Yee	Executive Director	26 September 2018	30 July 2019
Mr Chee Teck Kwong Patrick	Lead Independent Non-Executive Director	26 September 2018	30 July 2019
Mr Benjamin Choo Chih Chien	Independent Non-Executive Director	26 September 2018	23 September 2020
Mr Edmund Lai Sou Wei	Independent Non-Executive Director	26 September 2018	23 September 2020
Mr Chong Kwea Seng	Independent Non-Executive Director	2 January 2021	Not applicable

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

If a Director is on the board of other companies, the NC shall consider whether adequate time and attention have been devoted to the affairs of the Company. In the event there are sufficient grounds for complaint, the Chairman of the Board will discuss the issue with the Director, and if necessary, remind him of the consequences of failure to rectify the situation within the period required.

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

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

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

Pursuant to Regulation 94 of the Company's Constitution, at each AGM one-third of the Directors for the time being, selected in accordance with Regulation 95, shall retire from office by rotation. Regulation 95 of the Company's Constitution provides that the Directors to retire in every year shall be those subject to retirement by rotation who have been longest in office since their last re-election or appointment and a retiring Director shall be eligible for re-election. In addition, pursuant to Regulation 100, any newly appointed Director shall hold office only until the next AGM and he shall then be eligible for re-election.

Accordingly, the following Directors are due for retirement pursuant to Regulation 94 and Regulation 100 of the Company's Constitution and subject to re-election at the forthcoming AGM of the Company:

- Mr Chee Teck Kwong Patrick (retiring pursuant to Regulation 94);
- Ms Wong Keat Yee (retiring pursuant to Regulation 94); and
- Mr Chong Kwea Seng (retiring pursuant to Regulation 100),

(collectively, the "**Retiring Directors**").

# CORPORATE GOVERNANCE REPORT

It was noted that Retiring Directors have given their consent to stand for re-election as Directors of the Company at the forthcoming AGM. The NC and the Board has recommended that the Retiring Directors, whom shall be retiring pursuant to Regulation 94 and Regulation 100 of the Company's Constitution at the forthcoming AGM, respectively, to be re-elected.

The relevant details of directorships of the Retiring Directors in other listed companies and other information including their interests in the Company and related corporations (if any) are shown in the Additional Information on Directors Seeking Re-election on pages 125 to 133.

The Board considers an "independent" Director as one who:

- (a) has not been employed by the Company or any of its related corporations for the current or any of the past three financial years;
- (b) does not have an immediate family member who is, or has been in any of the past three years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC;
- (c) has not been a director of the Company for an aggregate period of nine years (whether before or after listing); and
- (d) is independent in conduct, character and judgement, and has no relationship with the Company's substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement on the conduct of the Company's affairs,

(collectively, the "**Independent Criteria**").

The NC reviews annually the independence of each Director based on the definition and Independent Criteria set out in the Code. Each Independent Non-Executive Director is required to complete a Confirmation of Independence form drawn up based on the Principle 2 of the Code for the NC's review and recommendation to the Board.

Taking into consideration the foregoing, the NC has determined Mr Chee Teck Kwong Patrick, Mr Benjamin Choo Chih Chien, Mr Edmund Lai Sou Wei and Mr Chong Kwea Seng to be independent. Each of these Directors has also confirmed their independence.

## BOARD PERFORMANCE

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

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

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

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

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



# CORPORATE GOVERNANCE REPORT

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

For FY2021, all Directors were requested to complete the Board Performance Evaluation Questionnaire and Individual Director Self-Assessment Form. In addition, each member of the Board Committees was requested to complete the respective Board Committees' Performance Evaluation Questionnaire. All the completed evaluation questionnaire and forms were forwarded to the Company Secretary for collation of results. The summary of findings of the Board Performance Evaluation, each Board Committees Performance Evaluation and Individual Director Self-Assessment were presented to the NC and the Board for review and deliberation. The Chairman of the NC confers with the Chairman of the Board on the findings and appropriate follow-up actions are taken as necessary.

## Board Evaluation Process

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

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

Based on the summary of findings of the evaluation for FY2021 together with the feedback and recommendations from each Director, the NC was satisfied that the Board as a whole had met its performance objective in FY2021.

## Board Committees Evaluation Process

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

### Audit Committee

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

# CORPORATE GOVERNANCE REPORT

## Nominating Committee

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

## Remuneration Committee

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

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

No external facilitator was engaged to conduct the annual reviews for FY2021. The NC has full authority to engage external facilitator to assist the NC to carry out the evaluation process, if the need arises.

## B. REMUNERATION MATTERS

### PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

### LEVEL AND MIX OF REMUNERATION

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

### DISCLOSURE ON REMUNERATION

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

# CORPORATE GOVERNANCE REPORT

## Remuneration Committee

The RC comprises the following members:

Name	Designation
Mr Benjamin Choo Chih Chien (Chairman)	Independent Non-Executive Director
Mr Chee Teck Kwong Patrick	Lead Independent Non-Executive Director
Mr Edmund Lai Sou Wei	Independent Non-Executive Director
Mr Chong Kwea Seng (appointed on 2 January 2021)	Independent Non-Executive Director

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

The RC's responsibilities include the following:

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

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

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

# CORPORATE GOVERNANCE REPORT

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

The RC administers the MeGroup Scheme and the MeGroup PSP. The performance related elements of remuneration are designed to align the interests of Directors, Management and staff with those of shareholders and to link their rewards to corporate and individual performance. Details of the MeGroup Scheme and the MeGroup PSP can be found on pages 42 to 44 of the Annual Report in the Directors' Statement. The Company had not granted share options and awards to any employees and Directors under the MeGroup Scheme and the MeGroup PSP during FY2021.

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

A total Directors' fees of S\$123,654.00 for FY2021 payable to Independent Non-Executive Directors will be recommended to shareholders for approval at the forthcoming AGM. The actual directors' fees paid out will be disclosed in the Company's Annual Report in the relevant financial year.

The Management, together with the RC, determines and recommends to the Board the compensation package of the Executive Directors, taking into account their experience and knowledge as well as the existing circumstances in the employment market.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remunerations from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties. The RC will review such contractual provisions as and when necessary.

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

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

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

The NC and the RC have reviewed the terms of the service agreements for the Executive Directors and they are of the view that the Executive Directors have service agreements which include fair and reasonable terms for termination under appropriate notice and these service agreements are in line with market practices and are not overly generous. The Company has not engaged any remuneration consultants for FY2021 and will continue to monitor the need to engage external remuneration consultants going forward and where applicable, will review the independence of the external firm before any engagement.



# CORPORATE GOVERNANCE REPORT

The relevant details of the Directors' and key management personnel's remuneration for FY2021 are set out below. Disclosure of the Directors' and key management personnel's remuneration is also made in Note 30(b) to the financial statements.

Directors	Fee %	Salary %	Bonus %	* Other Benefits %	Total Remuneration %
<b>S\$200,000 to S\$299,999</b>					
Mr Wong Cheong Chee	-	73	17	10	100
<b>S\$100,000 to S\$199,999</b>					
Ms Wong Keat Yee	-	74	12	14	100
<b>Below S\$100,000</b>					
Mr Chee Teck Kwong, Patrick	100	-	-	-	100
Mr Benjamin Choo Chih Chien	100	-	-	-	100
Mr Edmund Lai Sou Wei	100	-	-	-	100
Mr Chong Kwea Seng (appointed on 2 January 2021)	100	-	-	-	100

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

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

The Executive Chairman & CEO, Mr Wong is a substantial shareholder of the Company.

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

The total remuneration paid to the top four key management personnel (who are not the Company's Directors or CEO) in FY2021 was S\$471,394. The Company does not disclose the amount and breakdown of remuneration of the respective key management personnel to the nearest thousand in the bands of S\$250,000 for confidentiality reasons so as to prevent competitors from knowing salaries offered by the Company to its key management personnel of similar status in the Company.

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

Mr Wong and Mdm Lee Soh Hong are the parents of Ms Wong Keat Yee, Mr Wong Sai Hou and Mr Wong Sai Keat. Other than the above-mentioned family relationship, none of the employees in the Company or any of its principal subsidiaries whose remuneration exceeds S\$100,000 during FY2021 is a substantial shareholder or an immediate family member of a Director, the CEO or a substantial shareholder of the Company or any of its principal subsidiaries. The relevant details of remuneration of Mr Wong Sai Hou and Mr Wong Sai Keat (who are not directors of the Company) whose remuneration exceeds S\$100,000 are as follows:

# CORPORATE GOVERNANCE REPORT

<b>Name</b>	<b>Fee %</b>	<b>Salary %</b>	<b>Bonus %</b>	<b>Other Benefits%</b>	<b>Total Compensation %</b>
<b>S\$100,001 to S\$200,000</b>					
Mr Wong Sai Hou	-	74	12	14	100
Mr Wong Sai Keat	-	74	12	14	100

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

## C. ACCOUNTABILITY AND AUDIT

### RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

The Board has received assurance from each of the Executive Chairman & CEO and Group Financial Controller that the financial records of the Group for FY2021 have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

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

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

Taking into account the Company's corporate structure and scope of operations and based on the internal controls established and maintained by the Group, works performed by the external and internal auditors, and reviews performed by Management, the Board, with the concurrence of the AC, is of the opinion that the Company's internal controls, addressing financial, operations, compliance and information technology risks, and risk management systems were adequate and effective as at 31 March 2021.

### AUDIT COMMITTEE

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

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

# CORPORATE GOVERNANCE REPORT

<b>Name</b>	<b>Designation</b>
Mr Edmund Lai Sou Wei (Chairman)	Independent Non-Executive Director
Mr Chee Teck Kwong Patrick	Lead Independent Non-Executive Director
Mr Benjamin Choo Chih Chien	Independent Non-Executive Director
Mr Chong Kwea Seng (appointed on 2 January 2021)	Independent Non-Executive Director

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

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

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

The responsibilities of the AC include the following:

- (i) To assist the Board in the discharge of its responsibilities on financial and reporting matters.
- (ii) To review with the internal and independent auditors:
  - a) the audit plans, including the nature and scope of the audit before the audit commences;
  - b) their evaluation of the system of internal accounting controls;
  - c) their management letter and Management's response;
  - d) results of audits compiled by internal and independent auditors; and
  - e) their audit report.
- (iii) To review the half-year and annual financial statements and results announcements to ensure integrity of the said financial statements before submission to the Board for approval, focusing in particular, on:
  - a) changes in accounting policies and practices;
  - b) major risk areas;
  - c) significant adjustments resulting from the audit;
  - d) the going concern statement;
  - e) compliance with financial reporting standards;
  - f) compliance with the Catalist Rules and any other statutory/regulatory requirements; and
  - g) significant financial reporting issues and judgements.
- (iv) To review any formal announcements relating to the Company's financial performance.
- (v) To review, at least annually, the effectiveness and adequacy of internal control and procedures, including accounting and financial controls and procedures and ensure coordination between internal and independent auditors, and Management, reviewing the assistance given by Management to the Independent Auditor, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the Independent Auditor may wish to discuss (in the absence of Management where necessary).

# CORPORATE GOVERNANCE REPORT

- (vi) To review the scope and results of the external audit, and the independence and objectivity of the independent auditor.
- (vii) To review and discuss with the independent auditor any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response.
- (viii) To make recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the independent auditor, and approving the remuneration and terms of engagement of the independent auditor.
- (ix) To consider the appointment and re-appointment of internal auditors, the level of their remuneration and matters relating to the resignation or dismissal of the internal auditors, and review with the internal auditors the internal audit plans and their evaluation of the adequacy of internal system accounting controls and accounting system before submitting the results of such review to the Board for approval prior to the incorporation of such results in annual report (where necessary).
- (x) To review significant financial reporting issues and judgements with Group Financial Controller and the independent auditor so as to ensure the integrity of the financial statements of Group and any formal announcements relating to the Group's financial performance before their submission to the Board.
- (xi) To review all interested person transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Person during the same financial year) every quarter and approving all interested person transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Person during the same financial year) equal to or exceeding 3.0% of the value of the latest audited NTA of the Group, prior to such transactions being entered into, and monitoring the procedures established to regulate interested person transactions, including ensuring compliance with the Company's internal control system and the relevant provisions of the Catalist Rules, as well as all conflicts of interest to ensure that proper measures to mitigate such conflicts of interest have been put in place.
- (xii) To review and approve any future variation or amendment or renewal of the terms of the Corporate Services Agreement.
- (xiii) To review and report to the Board at least annually the adequacy and effectiveness of the Group's material internal controls with Chief Executive Officer, Group Financial Controller and the internal and independent auditors, including financial, operation, compliance and information technology controls via reviews carried out by the internal auditors.
- (xiv) To review the assistance and co-operation given by the Company's officers to the internal and independent auditors.
- (xv) To review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any).
- (xvi) To review any potential conflicts of interest.
- (xvii) To review and approve all hedging policies and instruments (if any) to be implemented by the Group.
- (xviii) To review key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting the outcome of such review to be disclosed in the annual reports or, if the findings are material, immediately announced via SGXNET.
- (xix) To review arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow-up.
- (xx) To review and establish procedures for receipt, retention and treatment of complaints received by the Group, amongst others, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group.



# CORPORATE GOVERNANCE REPORT

- (xxi) To ensure co-ordination where more than one audit firm is involved.
- (xxii) To meet with the independent auditor and with the internal auditors without the presence of Management, at least annually, to discuss any problems and concerns they may have.
- (xxiii) To approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting firm/auditing firm or corporation to which the internal audit function is outsourced. To ensure that the internal audit function is staffed with persons with the relevant qualification and experience and that they carry out their functions according to the standards set by nationally or internationally recognised professional bodies.
- (xxiv) To review the internal audit program and the adequacy, effectiveness and independence of the Company's internal audit function, as well as to ensure co-ordination between the internal and independent auditors and Management.
- (xxv) To oversee and advise the Board in formulating its risks policies to effectively identify and manage the Company's current (and future) risks in its financial, operational, compliance and information technology systems and all strategic transactions to be undertaken by the Company.
- (xxvi) To oversee design and implementation of the overall risk management systems and internal control systems (including financial, operational, compliance and information technology controls).
- (xxvii) To review the assurance from the Chief Executive Officer and the Group Financial Controller on the financial records.
- (xxviii) To commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any law, rule or regulation of the jurisdictions in which Group operates, which has or is likely to have a material impact on the Company's operating results and/or financial position.
- (xxix) To undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of AC.

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

The AC has in place "Whistleblowing" arrangements by which staff may, in confidence, raise concerns either verbally or in writing (via email) about possible improprieties in matters of financial reporting or other matters within the Company to the members of the AC directly. The objective is to ensure that arrangements are in place for independent investigations of such matters and for appropriate follow-up action to be taken. Copies of the "Whistleblowing" policy have been circulated to the employees and are also available at the Company's registered office.

The Company's independent auditor, Nexia TS Public Accounting Corporation ("**Nexia**") is an audit firm registered with the Singapore Accounting & Corporate Regulatory Authority.

In accordance with Rule 1204(6) of the Catalist Rules, the non-audit fees and audit fees paid to Nexia for their services rendered in FY2021 are S\$12,000 and S\$58,500, respectively (excluding the disbursements and GST).

The audit of the accounts of the Company's subsidiaries in Singapore were performed by Nexia and the audit of the accounts of the Company's subsidiaries in Malaysia were performed by TKNP PLT, Malaysia. In accordance with Rule 716 of the Catalist Rules, the AC and the Board confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the consolidated financial statements. The Company has therefore acted in compliance with Rule 712, Rule 715 and 716 of the Catalist Rules.

The AC reviewed the independence and objectivity of the independent auditor as required under Section 206(1A) of the Companies Act and determined that the independent auditor was independent in carrying out their audit of the Group's financial statements.

# CORPORATE GOVERNANCE REPORT

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

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

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

The AC has met with the independent auditor and internal auditors without the presence of management on 25 May 2021 for discussion on the audits for FY2021. The AC has full discretion to invite any Director or executive officer to its meetings and has the authority to conduct or authorise investigations into any matters within its scope of responsibilities.

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

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

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

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

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

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

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

# CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

The Company will issue its Sustainability Report in August 2021.

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

## D. SHAREHOLDER RIGHTS AND ENGAGEMENT

### SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

### ENGAGEMENT WITH SHAREHOLDERS

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

# CORPORATE GOVERNANCE REPORT

## E. MANAGING STAKEHOLDERS RELATIONSHIPS

### ENGAGEMENT WITH STAKEHOLDERS

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

Information is communicated to shareholders on a timely basis. Where disclosure is inadvertently made to a selected group, the Company will make the same disclosure publicly as soon as practicable for it to do so.

The Group's corporate communication is made through:

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

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

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

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

Under the alternative arrangements for conducting general meetings during the Safe Management Period in the COVID-19 situation ("**Alternative Meeting Arrangements**"), the Chairman of the meeting can only be appointed as the sole proxy by shareholders to attend, speak and vote on their behalf at the forthcoming AGM. Under normal circumstances, the Constitution of the Company currently allows a shareholder of the Company to appoint up to two proxies to attend and vote in his stead at general meetings, and shareholders who are a "relevant intermediary" (as defined under Section 181 of the Companies Act) may also appoint multiple proxies pursuant to the Companies Act. The Company encourages shareholder participation at general meetings. Information on shareholder meeting is disseminated through notice in the annual reports or circular sent to shareholders. Proxy forms can be sent to the Company's Share Registrar by mail, email or by hand. The Company will revert to comply with all the applicable provisions of Principle 11 after Alternative Meeting Arrangements have ceased to be in force.

To facilitate participation by the shareholders, the Company's Constitution allows a shareholder to appoint not more than two (2) proxies to attend and vote at general meetings. Currently, the Company's Constitution does not allow a shareholder to vote in absentia as the authentication of shareholder identity information and other related security issues remains a concern. For the time being, the Board is of the view that the options (such as, attendance in persons or through proxy(ies)) available to shareholders are adequate to enable shareholders to participate in General Meetings of the Company.



# CORPORATE GOVERNANCE REPORT

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

The Notices are advertised in the press and published via SGXNET. The results of all general meetings are also published via SGXNET and the Company's website.

The Board also regards the general meetings as opportunities to communicate directly with the shareholders and encourages greater shareholder participation. As such, the shareholders are encouraged to attend general meetings of the Company to grasp a better understanding of the Group's businesses and be informed of the Group's strategic goals and objectives. Notices of general meetings are dispatched to the shareholders at least 14 days before the meeting if ordinary businesses are to be transacted at the meeting or at least 21 days before the meeting if special businesses are to be transacted at the meeting.

General meetings of the Company will be chaired by the Executive Chairman & CEO and are also attended by other Directors, the management, the Company Secretary and if necessary, the independent and internal auditors. The attendance of the Directors at the AGM held in FY2021 is set out in page 19.

The Company Secretary and/or representatives from the Company Secretary's office prepares the minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and management. The minutes of such meetings are then circulated to the Board for approval. Thereafter, the minutes are available to shareholders upon request. Under the Alternative Meeting Arrangements, Minutes of the AGM will be published via the Company's website and SGXNet within one month from the date of the AGM.

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

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

Citigate Dewe Rogerson Singapore Pte Ltd  
105 Cecil Street  
#09-01 The Octagon  
Singapore 069534  
Tel: +65 6534 5122  
Ms Dolores Phua / Ms Melissa Sim  
Email: Dolores.phua@citigatedewerogerson.com  
Melissa.sim@citigatedewerogerson.com

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

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

# CORPORATE GOVERNANCE REPORT

## INTERNAL COMPLIANCE CODE ON DEALINGS IN COMPANY'S SECURITIES

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

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

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

## INTERESTED PERSON TRANSACTIONS

(Catalist Rule 907)

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

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

In the event that a member of the AC is involved in any interested person transaction, he will abstain from reviewing that particular transaction. The aggregate value of transactions entered into by the Group with interested persons and their associates for FY2021 are as follows:

<b>Name of interested person</b>	<b>Aggregate value of all interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920)</b>	<b>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)</b>
Yatta Group Sdn Bhd	S\$60,886	N/A

Note: Yatta Group Sdn Bhd is 63.47% owned by Mr Wong and his immediate family members.

## RISK MANAGEMENT

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

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

# CORPORATE GOVERNANCE REPORT

## NON-SPONSOR FEES

(Catalist Rule 1204(21))

UOB Kay Hian Private Limited was appointed as the Company's Continuing Sponsor with effect from 1 July 2021, in place of CIMB Berhad, Singapore Branch. In FY2021, there were no non-sponsor fees paid to either UOB Kay Hian Private Limited or CIMB Berhad, Singapore Branch.

## USE OF PROCEEDS

(Catalist Rule 1204(22))

As at the date of signing of the financial statements, 7 July 2021, the Company has fully utilised the net proceeds raised from the IPO amounting to S\$2.38 million as follows:

<b>Intended Use of Proceeds</b>	<b>Amount Allocated (S\$ million)</b>	<b>Amount Utilised (S\$ million)</b>	<b>Amount Remaining (S\$ million)</b>
Business expansion (including organic expansion and mergers and acquisitions)	1.80	1.80 <sup>(1)(2)(3)(4)(5)</sup>	-
General working capital	0.58	0.58 <sup>(6)</sup>	-
<b>Total</b>	<b>2.38</b>	<b>2.38</b>	<b>-</b>

Note:

- (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) An amount of S\$0.58 million was utilised on 7 June 2021 for capital expenditure in connection with the set up and establishment of the Proton Dealership.
- (6) General working capital includes payment to the principals in the dealership business to purchase additional car inventories and to the raw materials supplier 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.

## MATERIAL CONTRACTS

(Catalist Rule 1204(8))

Save for the following contract disclosed below, there were no other material contracts entered into by the Company and its subsidiaries involving the interests of any Director or controlling shareholders as at 31 March 2021, or if not then subsisting, entered into in FY2021:

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

# DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 March 2021 and the statement of financial position of the Company as at 31 March 2021.

In the opinion of the directors,

- (i) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 51 to 113 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2021 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## Directors

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

Wong Cheong Chee

Wong Keat Yee

Benjamin Choo Chih Chien

Chee Teck Kwong Patrick

Edmund Lai Sou Wei

Chong Kwea Seng (appointed on 2 January 2021)

## Arrangements to enable directors to acquire shares and debentures

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

# DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

## Directors' interests in shares or debentures

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

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 31.03.2021	At 1.4.2020	At 31.03.2021	At 1.4.2020
<b>The Company</b>				
(No. of ordinary shares)				
Wong Cheong Chee <sup>(1)</sup>	205,000	104,000	61,232,497	61,232,497
<b>Holding Corporation - JCWW Holdings Pte. Ltd.</b>				
(No. of ordinary shares)				
Wong Cheong Chee <sup>(2)</sup>	70	70	-	-
Wong Keat Yee	10	10	-	-

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

(2) Wong Cheong Chee and his spouse jointly hold 70 shares in the holding corporation.

The directors' interests in the ordinary shares of the Company as at 21 April 2021 were the same as those as at 31 March 2021.

## Performance share plan

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

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

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

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



# DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

## Performance share plan (continued)

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

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

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

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

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

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

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

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

## Share options

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

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

# DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

## Share options (continued)

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

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

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

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

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

## Audit committees

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

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

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

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50. In performing those functions, the AC reviewed:

- (i) the scope and the results of internal audit procedures with the internal auditor;
- (ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

# DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

## Audit committees (continued)

- (iii) the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2021 before their submission to the Board of Directors, as well as the independent auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group;
- (iv) the co-operation and assistance given by the Company's management to the independent auditor;
- (v) transactions failing within the scope of Chapter 9 of the SGX-ST Listing Manual Section B: Rules of Catalist ("Catalist Rules");
- (vi) the half-yearly financial results and annual financial statements, results announcements and media releases before submission to the Board of Directors for approval, focusing on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements; and
- (vii) make recommendations to the Board of Directors on the appointment, re-appointment and removal of the independent auditor, and approve the remuneration and terms of engagement of the independent auditor.

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

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

## Independent auditor

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

On behalf of the Directors

.....  
**Wong Cheong Chee**

Director

.....  
**Wong Keat Yee**

Director

7 July 2021

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEGROUP LTD.

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the accompanying financial statements of MeGroup Ltd. (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 113.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

### *Basis for Opinion*

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

### *Key Audit Matters*

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEGROUP LTD.

Key Audit Matters (continued)

## Key audit matters

## How our audit addressed the matter

### Revenue recognition

(Refer to Notes 2.3 and 4 to the financial statements)

Revenue is recognised at an amount that reflects the consideration in the contracts to which the Group expected to be entitled in exchange for promised goods or services to the customers as and when the Group satisfied its performance obligation by transferring promised goods or services to the customers, which is when the customers obtains control of the goods or services at a point in time.

We focused on this area as there is a presumed high risk with regards to revenue recognition and inherent risk that revenue may not be recognised in the appropriate accounting period.

In obtaining sufficient audit evidence, the following procedures were carried out:

- Discussed with management on the key internal controls and processes involved in the revenue cycles and performed walkthrough to confirm our understanding.
- Tested the key internal controls to ascertain the reliabilities of the internal controls in place over the revenue cycle.
- Evaluated management's assessment of the application of SFRS(I) 15 *Revenue from Contracts with Customers*, in particular, the five-step model for each revenue stream.
- Reviewed significant sale contracts of the Group to assess whether revenue is recognised in accordance with the Group's accounting policies as disclosed in Note 2.3 to the financial statements.
- Performed test of detail, including cut-off procedures to ascertain that revenue was recorded in the appropriate accounting period.
- Reviewed credit notes issued subsequent to the financial year end to ascertain that revenue are appropriately recognised for the current financial year.



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEGROUP LTD.

Key Audit Matters (continued)

## Key audit matters

## How our audit addressed the matter

### Expected credit losses on trade receivables

(Refer to Notes 2.14, 3(b), 13 and 29(b) to the financial statements)

As at 31 March 2021, the Group has trade receivables of RM13,480,037 representing 12% of the Group's total assets.

With reference to SFRS(I) 9 *Financial Instruments*, the Group apply the simplified approach (lifetime expected credit losses) for trade receivables.

The Group assesses periodically and as at the financial year end, the expected credit losses ("ECL") associated with its trade receivables. The Group determines ECL by making debtor-specific assessment of expected impairment loss for long overdue receivables, including assessing potential impact on the outbreak of COVID-19 pandemic. The Group assigns 100% expected credit loss rate for trade receivables past due more than 150 days.

As the ECL assessment on the trade receivables required significant management judgement and estimates in determining the credit risk of trade receivables, we determined this area to be a key audit matter.

### Other Information

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

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

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

In obtaining sufficient audit evidence, the following procedures were carried out:

- Evaluated management's assessment and determination of the expected credit loss of the Group's trade receivables.
- Reviewed and tested the aging profile of trade receivables as at year end.
- Verified to subsequent receipts and any other evidence to support the recoverability of trade receivables.
- Reviewed the reasonableness of management estimation of expected credit loss of debtor-specific which are based on the historical information and loss experience for each category of customers and adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables, including the consideration of impacts from the COVID-19 pandemic.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEGROUP LTD.

## *Responsibilities of Management and Directors for the Financial Statements*

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

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

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

## *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEGROUP LTD.

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

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

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

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

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

## **Report on Other Legal and Regulatory Requirements**

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

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

**Nexia TS Public Accounting Corporation**  
*Public Accountants and Chartered Accountants*

Singapore  
7 July 2021

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2021

	Note	Group	
		2021 RM	2020 RM
Revenue	4	208,933,451	245,811,290
Cost of sales		(186,928,981)	(219,315,411)
Gross profit		22,004,470	26,495,879
Other income			
- Interest	7	54,413	51,455
- Others	7	1,207,803	550,877
Other gain/(losses) – net	8	351,520	(207,926)
Expenses			
- Selling and distribution		(4,156,798)	(4,542,664)
- Administrative		(15,392,874)	(17,159,263)
- Finance	9	(2,045,291)	(2,878,037)
Profit before income tax		2,023,243	2,310,321
Income tax expense	10	(1,256,504)	(1,113,864)
<b>Net profit, representing total comprehensive income for the financial year</b>		<b>766,739</b>	<b>1,196,457</b>
<b>Net profit/(loss) and total comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company		560,993	1,249,736
Non-controlling interests		205,746	(53,279)
		<b>766,739</b>	<b>1,196,457</b>
<b>Earnings per share for profit attributable to equity holders of the Company (RM cents per share)</b>			
Basic and diluted earnings per share	11	0.47	1.05

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

# STATEMENTS OF FINANCIAL POSITION

As at 31 March 2021

	Note	Group		Company	
		2021	2020	2021	2020
		RM	RM	RM	RM
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	12	10,931,084	12,484,291	382,232	2,063,970
Trade and other receivables	13	17,942,878	14,036,565	5,478,511	4,654,346
Tax recoverable	14	1,911,124	1,319,724	-	-
Inventories	15	12,014,816	15,379,084	-	-
		42,799,902	43,219,664	5,860,743	6,718,316
<b>Non-current assets</b>					
Property, plant and equipment	16	28,639,737	38,472,020	-	-
Right-of-use assets	17	35,583,857	21,263,796	-	-
Intangible assets	18	1,978,571	2,641,480	-	-
Investments in subsidiary corporations	19	-	-	26,094,134	26,094,134
		66,202,165	62,377,296	26,094,134	26,094,134
<b>Total assets</b>		109,002,067	105,596,960	31,954,877	32,812,450
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	20	14,206,603	11,977,003	230,268	133,286
Current income tax liabilities	10	37,436	109,070	-	-
Borrowings	21	6,211,280	7,276,752	-	-
Lease liabilities	22	3,361,495	3,507,554	-	-
		23,816,814	22,870,379	230,268	133,286
<b>Non-current liabilities</b>					
Borrowings	21	18,857,732	16,474,640	-	-
Lease liabilities	22	18,554,818	19,262,323	-	-
Deferred income tax liabilities	23	2,614,010	2,597,664	-	-
		40,026,560	38,334,627	-	-
<b>Total liabilities</b>		63,843,374	61,205,006	230,268	133,286
<b>NET ASSETS</b>		45,158,693	44,391,954	31,724,609	32,679,164
<b>EQUITY</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	24	37,356,382	37,356,382	37,356,382	37,356,382
Retained profits/(accumulated losses)	25	30,944,263	30,383,270	(5,631,773)	(4,677,218)
Other reserves	26	(24,360,992)	(24,360,992)	-	-
		43,939,653	43,378,660	31,724,609	32,679,164
<b>Non-controlling interests</b>	19	1,219,040	1,013,294	-	-
<b>Total equity</b>		45,158,693	44,391,954	31,724,609	32,679,164

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



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2021

← Attributable to equity holders of the Company →							
	Share capital	Merger reserve	Capital reserve	Retained profits	Total	Non-controlling interests	Total equity
Note	RM	RM	RM	RM	RM	RM	RM
<b>2021</b>							
<b>Balance 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	-	-	-	560,993	560,993	205,746	766,739
<b>Balance as at 31 March 2021</b>							
	37,356,382	(24,594,282)	233,290	30,944,263	43,939,653	1,219,040	45,158,693
<b>2020</b>							
<b>Balance 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	27	-	-	(1,111,564)	(1,111,564)	-	(1,111,564)
Issuance of new shares	24	634,353	-	-	634,353	-	634,353
Acquisition of additional interest in subsidiary corporations	19	-	233,290	-	233,290	(1,333,151)	(1,099,861)
<b>Balance as at 31 March 2020</b>							
	37,356,382	(24,594,282)	233,290	30,383,270	43,378,660	1,013,294	44,391,954

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2021

	Note	Group	
		2021 RM	2020 RM
<b>Cash flows from operating activities</b>			
Profit before income tax		2,023,243	2,310,321
Adjustments for:			
- Amortisation of intangible assets	5	662,909	662,909
- Depreciation of property, plant and equipment	5	3,160,145	2,781,649
- Depreciation of right-of-use assets	5	3,819,323	3,597,511
- (Gain)/Loss on disposal of property, plant and equipment	8	(13,897)	1,379
- Gain on disposal of right-of-use assets	8	(222,210)	(110,667)
- Interest income	7	(54,413)	(51,455)
- Interest expense	9	2,045,291	2,878,037
		11,420,391	12,069,684
Change in working capital:			
- Trade and other receivables		(4,806,313)	8,693,834
- Inventories		3,364,268	821,839
- Trade and other payables		(770,400)	(1,867,502)
<b>Cash generated from operations</b>		9,207,946	19,717,855
Income tax paid	10	(2,093,192)	(2,738,815)
Income tax refunded	10	190,000	-
<b>Net cash provided by operating activities</b>		7,304,754	16,979,040
<b>Cash flows from investing activities</b>			
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
Interest received		54,413	51,455
Acquisition of additional interest in subsidiary corporations		-	(158,588)
<b>Net cash used in investing activities</b>		(4,994,829)	(10,395,399)
<b>Cash flows from financing activities</b>			
Fixed deposits pledged		(1,606,585)	44,116
Proceeds from bank borrowings		3,894,216	8,755,907
Repayment of bank borrowings		(4,206,674)	(10,856,713)
Repayment of lease liabilities		(3,135,461)	(3,004,773)
Dividends paid	27	-	(1,111,564)
Interest paid		(2,045,291)	(2,878,037)
<b>Net cash used in financing activities</b>		(7,099,795)	(9,051,064)
<b>Net decrease in cash and cash equivalents</b>		(4,789,870)	(2,467,423)
<b>Cash and cash equivalents</b>			
Beginning of financial year		11,334,948	13,802,371
<b>End of financial year</b>	12	6,545,078	11,334,948

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2021

## Reconciliation of liabilities arising from financing activities:

	1 April 2020	Proceeds from borrowings	Principal and interest payment	Lease modification Note 17	Non-cash changes		Interest expenses Note 9	31 March 2021
					Addition during the financial year	Disposal during the financial year		
	RM	RM	RM	RM	RM	RM	RM	RM
Bank borrowings (excluding overdraft)	23,444,834	3,894,216	(5,434,945)	-	-		1,228,271	23,132,376
Lease liabilities	22,769,877	-	(3,952,481)	526,244	2,758,265	(1,002,612)	817,020	21,916,313

	1 April 2019	Proceeds from borrowings	Principal and interest payment	Adoption of SFRS(I) 16	New leases Note 17	Interest expenses Note 9	31 March 2020
	RM	RM	RM	RM	RM	RM	RM
Bank borrowings (excluding overdraft)	25,545,640	8,755,907	(12,723,452)	-	-	1,866,739	23,444,834
Lease liabilities	2,556,052	-	(4,016,071)	22,002,998	1,215,600	1,011,298	22,769,877

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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

## 1. General information

MeGroup Ltd. (the "Company") is listed on Catalyst, the sponsor-supervised listing platform in Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. The address of the Company's registered and principal place of business is located at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

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

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

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

## 2. Significant accounting policies

### 2.1 Basis of preparation

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

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

### Coronavirus (COVID-19) impact

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

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the financial year ended 31 March 2021:

- (i) The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- (ii) In 2020, border closures, production stoppages and workplace closures have resulted in periods where the Group's operations were temporarily suspended to adhere to the respective governments' movement control measures. These have negatively impacted business production and volume in 2021, resulting in a negative impact on the Group's financial performance for 2021.
- (iii) The Group has considered the market conditions (including the impact of COVID-19) as at the reporting date, in making estimates and judgements on the recoverability of assets as at 31 March 2021. The significant estimates and judgement applied on impairment of trade receivables are disclosed in Note 3 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 2. Significant accounting policies (continued)

### 2.1 Basis of preparation (continued)

#### Coronavirus (COVID-19) impact (continued)

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 March 2022. If the situation persists beyond management's current expectations, the Group's assets may be subject to write downs in the subsequent financial periods.

#### Interpretations and amendments to published standards effective in 2020

On 1 April 2020, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

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

### 2.2 Group accounting

#### (a) *Subsidiary corporations*

##### (i) *Consolidation*

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 2. Significant accounting policies (continued)

### 2.2 Group accounting (continued)

#### (a) *Subsidiary corporations (continued)*

##### (ii) *Acquisition*

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 2. Significant accounting policies (continued)

### 2.2 Group accounting (continued)

(a) *Subsidiary corporations (continued)*

(iii) *Disposals*

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

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

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

(b) *Transactions with non-controlling interests*

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

### 2.3 Revenue recognition

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

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

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

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

(b) *Sale of automobiles*

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

(c) *After-sales automobile services*

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

(d) *Incentives received from distributors*

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 2. Significant accounting policies (continued)

### 2.3 Revenue recognition (continued)

(e) *Handling fees*

Handling fees are recognised when the related services is provided.

(f) *Agency fee income*

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

(g) *Interest income*

Interest income is recognised using the effective interest method.

(h) *Dividend income*

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

(i) *Management fee*

Management fee income is recognised when services is rendered.

### 2.4 Government grant

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

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

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

### 2.5 Borrowing costs

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 2. Significant accounting policies (continued)

### 2.6 Employee compensation

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

#### (a) *Defined contribution plans*

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

#### (b) *Performance bonus*

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

#### (c) *Performance shares*

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

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

#### (d) *Share-based compensation*

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

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

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

#### (e) *Short-term compensated absences*

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 2. Significant accounting policies (continued)

### 2.7 Income taxes

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

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

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

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

Deferred income tax is measured:

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

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

### 2.8 Cash and cash equivalents

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

### 2.9 Inventories

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 2. Significant accounting policies (continued)

### 2.10 Property, plant and equipment

(a) *Measurement*

(i) *Property, plant and equipment*

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

(ii) *Components of costs*

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

(b) *Depreciation*

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

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

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

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

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

(c) *Subsequent expenditure*

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

(d) *Disposal*

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



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 2. Significant accounting policies (continued)

### 2.11 Intangible assets

#### (a) Goodwill

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

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

#### (b) Customer relationship and licence

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

### 2.12 Investments in subsidiary corporations

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

### 2.13 Impairment of non-financial assets

#### (a) Goodwill

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 2. Significant accounting policies (continued)

### 2.13 Impairment of non-financial assets (continued)

- (b) *Intangible assets*  
*Property, plant and equipment*  
*Right-of-use assets*  
*Investments in subsidiary corporations*

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

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

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

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

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior financial years.

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

### 2.14 Financial assets

- (a) *Classification and measurement*

The Group classifies its financial assets at amortised costs.

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

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

#### At initial recognition

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

#### At subsequent measurement

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 2. Significant accounting policies (continued)

### 2.14 Financial assets (continued)

#### (b) Impairment

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

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

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

#### (c) Recognition and derecognition

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

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

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

### 2.15 Trade and other payables

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

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

### 2.16 Provisions

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

### 2.17 Offsetting of financial instruments

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 2. Significant accounting policies (continued)

### 2.18 Borrowings

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

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

### 2.19 Leases

*When the Group is the lessee:*

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

#### (i) Right-of-use assets

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

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

#### (ii) Lease liabilities

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

Lease payments include the following:

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 2. Significant accounting policies (continued)

### 2.19 Leases (continued)

#### (ii) Lease liabilities (continued)

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

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

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

#### (iii) Short term and low value leases

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

#### (iv) Variable lease payments

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

### 2.20 Share capital

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

### 2.21 Dividends to Company's shareholders

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

### 2.22 Currency translation

#### (a) Functional and presentation currency

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

#### (b) Transactions and balances

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 2. Significant accounting policies (continued)

### 2.22 Currency translation (continued)

#### (b) Transactions and balances (continued)

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

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

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

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

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

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

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

### 2.23 Segment reporting

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

### 2.24 Financial guarantees

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 3. Critical accounting estimates, assumptions and judgements

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

### (a) Depreciation of property, plant and equipment

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

The carrying amounts of the Group's property, plant and equipment as at 31 March 2021 is RM26,295,617 (2020: RM26,191,266). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

If the actual useful lives of these property, plant and equipment had been 10% higher from management's estimates, the carrying amount of the property, plant and equipment would be an estimated RM316,015 (2020: RM255,292) lower.

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

### (b) Impairment of trade receivables

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

The Group measured the loss allowance of trade receivables at an amount equal to lifetime ECL by making debtor-specific assessment. A considerable amount of judgement is required in assessing the ECL which are determined by referencing to the Group's historical information and loss experience, customers' ability to pay and adjusted with forward-looking information. The information about the ECL on the Group's trade receivables is disclosed in Note 29(b) to the financial statements. The Group also evaluates the ECL on customers in financial difficulty separately. Based on management's evaluation, no loss allowance for trade receivables is recognised for the financial years ended 31 March 2021 and 2020.

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

### (c) Net realisable value of inventories

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

In general, such an evaluation process requires judgement which may affects the carrying amount of inventories at the end of the financial year. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of the inventories at the reporting date is disclosed in Note 15 to the financial statements. If the management's estimate on the realisable value of inventories had been lower by 5%, the Group would have reduced the carrying amount of inventories by RM600,741 (2020: RM768,954).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 3. Critical accounting estimates, assumptions and judgements (continued)

### (d) Leases

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

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

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

The incremental borrowing rate applied to lease liabilities as at 31 March 2021 was ranged from 2.83% to 3.81% for leases of office space and buildings for the purpose of back office operation, car showrooms, warehouse and service centres. The carrying amount of lease liabilities of the Group as at 31 March 2021 was RM21,916,313 (2020: RM22,769,877) and is disclosed in Note 22 to the financial statements.

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

## 4. Revenue

	<b>At a point in time</b>	
	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<b>Manufacturing</b>		
Sales of NVH components and other non-NVH components	30,381,008	39,515,966
<b>Dealership</b>		
Sales of automobiles	158,881,386	173,839,311
After-sales automobile services	16,995,089	29,204,959
Incentives received from distributors	1,331,346	1,734,947
Handling fees	841,852	953,889
Agency fee income	502,770	562,218
	<b>178,552,443</b>	<b>206,295,324</b>
	<b>208,933,451</b>	<b>245,811,290</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 5. Expenses by nature

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Amortisation of intangible assets (Note 18)	662,909	662,909
Bank charges and commission	288,875	207,495
Changes in inventories	3,364,268	(235,761)
Depreciation of property, plant and equipment (Note 16)	3,160,145	2,781,649
Depreciation of right-of-use assets (Note 17)	3,819,323	3,597,511
Directors' fee paid to directors of the Company	380,406	435,859
Employee compensation (Note 6)	10,514,794	14,415,501
Entertainment	288,532	664,773
Audit fee on audit services paid/payable to:		
- Auditor of the Company	180,271	180,697
- Other auditors	123,400	148,337
Non-audit services paid/payable to:		
- Auditor of the Company	38,659	17,619
- Other auditors	-	79,289
Freight charges	1,604,100	2,073,658
Import duty	101,119	225,048
Insurance	485,891	703,053
Printing and stationery	188,304	241,604
Production expenses	425,606	223,699
Professional fees	529,711	501,931
Purchases of		
- Automobiles	143,642,182	168,809,576
- Automobile parts and accessories	15,467,393	16,614,796
- Raw materials	13,289,462	19,261,021
	172,399,037	204,685,393
Rental expenses on short-term leases (Note 17)	264,503	199,250
Repairs and maintenance	1,441,195	797,044
Testing, research and development	16,402	273,481
Security charges	465,987	482,001
Sponsorship fee	228,845	222,327
Stamp duty	50,092	4,506
Sub-contractors	2,303,899	1,772,372
Transportation expenses	392,881	569,400
Travelling and accommodation	159,333	539,163
Utilities	1,440,555	1,473,182
Others	1,159,611	3,074,348
Total cost of sales, selling and distribution and administrative expenses	206,478,653	241,017,338

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 6. Employee compensation

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Wages and salaries	9,471,224	13,388,016
Employer's contribution to defined contribution plan	926,111	907,820
Other short-term benefit	117,459	119,665
	<b>10,514,794</b>	<b>14,415,501</b>

## 7. Other income

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Interest income	54,413	51,455
Dividend received from short-term money market fund	–	23,675
Government grant and subsidy income	713,658	–
Income from storage service	4,954	2,910
Management fee	50,010	126,500
Commission received, marketing incentive and support fee	360,418	378,641
Other	78,763	19,151
	<b>1,262,216</b>	<b>602,332</b>

Government subsidy of RM698,400 (2019: Nil) was recognised during the financial year under the Wage Subsidy Programme (the "Programme"). The Programme is a temporary scheme introduced by the Malaysia government in 2020 to help enterprises retain local employees. Under the Programme, employers will receive cash subsidy in relation to the gross monthly wages of eligible employees.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 8. Other gains/(losses) – net

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Bad debts written-off	–	(41,160)
Deposits written-off	–	(30,544)
Realised currency exchange gain/(loss) – net	47,993	(284,159)
Unrealised currency exchange gain – net	67,420	38,649
Gain/(loss) on disposal of property, plant and equipment	13,897	(1,379)
Gain on disposal of right-of-use assets	222,210	110,667
	<b>351,520</b>	<b>(207,926)</b>

## 9. Finance expenses

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Interest expense		
- Bank borrowings	1,228,271	1,866,739
- Lease liabilities (Note 17)	817,020	1,011,298
	<b>2,045,291</b>	<b>2,878,037</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 10. Income taxes

(a) Income tax expense

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Tax expense attributable to profit is made up of:		
- Profit for the financial year:		
Current income tax		
- Foreign	1,481,925	1,194,582
Deferred income tax (Note 23)	(218,118)	212,511
	1,263,807	1,407,093
- Under/(over) provision in prior financial year:		
Current income tax		
- Foreign	(241,767)	177,090
Deferred income tax (Note 23)	234,464	(470,319)
	(7,303)	(293,229)
	1,256,504	1,113,864

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

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Profit before income tax	2,023,243	2,310,321
Tax calculated at tax rate of 24% (2020: 24%)	485,578	554,477
Effects of:		
- Different tax rate in other countries	72,724	75,519
- Expenses not deductible for tax purposes	687,542	703,098
- Deferred tax asset not recognised	17,963	73,999
- Under/(over) provision in prior financial year:		
- Current income tax	(241,767)	177,090
- Deferred income tax	234,464	(470,319)
Tax charge	1,256,504	1,113,864

The Group has unutilised tax losses of RM383,174 (2020: RM308,329) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements in Malaysia. The tax losses will expire in 2027.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 10. Income taxes (continued)

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

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Beginning of financial year	(1,210,654)	156,489
Income tax paid	(2,093,192)	(2,738,815)
Income tax refunded	190,000	-
Tax expense	1,481,925	1,194,582
Under/(over) provision in prior financial year	(241,767)	177,090
End of financial year	(1,873,688)	(1,210,654)
Presented as:		
Tax recoverable	(1,911,124)	(1,319,724)
Current income tax liabilities	37,436	109,070
	(1,873,688)	(1,210,654)

## 11. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

There were no diluted earnings per share for the financial years ended 31 March 2021 and 2020 as there were no potential dilutive ordinary shares outstanding.

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
Net profit attributable to equity holders of the Company (RM)	560,993	1,249,736
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share	119,523,315	118,886,897
Basic and diluted earnings per share (RM cents per share)	0.47	1.05

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 12. Cash and cash equivalents

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	8,367,586	9,700,743	382,232	2,063,970
Fixed deposits	2,563,498	2,175,895	-	-
Short-term money market fund	-	607,653	-	-
	10,931,084	12,484,291	382,232	2,063,970

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

	Group	
	2021 RM	2020 RM
Cash and bank balances (as above)	10,931,084	12,484,291
Less: Bank overdrafts (Note 21)	(1,936,636)	(306,558)
Less: Fixed deposits pledged (Note 21)	(2,449,370)	(842,785)
Cash and cash equivalents per consolidated statement of cash flows	6,545,078	11,334,948

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

## 13. Trade and other receivables

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade receivables – non-related parties	13,480,037	7,358,986	-	-
Other receivables				
- Non-related parties	984,723	2,175,588	-	-
- Related party	574,638	450,886	-	-
- Holding corporation	15,020	-	15,020	-
- Subsidiary corporations	-	-	5,399,838	4,352,732
- GST receivable	48,379	952,842	17,069	208,656
- Staff loans	245,623	84,804	-	-
	1,868,383	3,664,120	5,431,927	4,561,388
Advance payments to suppliers	470,290	769,339	-	-
Deposits	1,699,822	1,506,512	-	45,058
Prepayments	424,346	737,608	46,584	47,900
	17,942,878	14,036,565	5,478,511	4,654,346

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 relates to payment made in advance for the acquisition of tools and machinery.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 14. Tax recoverable

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

## 15. Inventories

	Group	
	2021	2020
	RM	RM
Raw materials	3,048,863	2,516,882
Work in progress	59,412	61,001
Finished goods:		
- Automobiles	5,754,790	9,262,999
- Automobile parts and accessories	3,151,751	3,538,202
	8,906,541	12,801,201
	12,014,816	15,379,084

The cost of inventories recognised as an expense and included in "Cost of sales" amounted to RM175,763,305 (2020: RM204,449,632).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 16. Property, plant and equipment

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 16. Property, plant and equipment (continued)

	Computers and office equipment		Tools and machinery		Furniture, electrical and fittings		Renovation and signboard		Automobiles		Buildings		Leasehold land		Freehold land		Construction-in-progress		Total		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
<b>Group</b>																					
<b>2020</b>																					
<i>Cost</i>																					
Beginning of financial year	1,275,611	12,991,525	2,105,383	5,685,228	4,361,925	7,236,368	3,449,579	2,344,120	595,025	40,044,764											
Reclassified to right-of-use assets (Note 17)	-	-	-	-	(3,207,102)	-	-	-	-	(3,207,102)											
Additions	2,327,946	5,299,089	294,860	965,899	-	-	-	-	1,513,427	10,401,221											
Disposals	(1,160)	(4,694)	-	-	-	-	-	-	-	(5,854)											
Reclassification	-	-	-	1,984,936	-	-	-	-	(1,984,936)	-											
End of financial year	3,602,397	18,285,920	2,400,243	8,636,063	1,154,823	7,236,368	3,449,579	2,344,120	123,516	47,233,029											
<i>Accumulated depreciation</i>																					
Beginning of financial year	327,853	3,442,419	454,696	695,557	1,047,235	337,104	183,476	-	-	6,488,340											
Reclassified to right-of-use assets (Note 17)	-	-	-	-	(504,505)	-	-	-	-	(504,505)											
Depreciation charge (Note 5)	369,332	1,322,487	223,104	386,797	149,671	237,247	(8,514)	-	101,525	2,781,649											
Disposals	(260)	(4,215)	-	-	-	-	-	-	-	(4,475)											
Reclassification	-	-	-	101,525	-	-	-	-	(101,525)	-											
End of financial year	696,925	4,760,691	677,800	1,183,879	692,401	574,351	174,962	-	-	8,761,009											
<b>Net book value</b>																					
End of financial year	2,905,472	13,525,229	1,722,443	7,452,184	462,422	6,662,017	3,274,617	2,344,120	123,516	38,472,020											

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

(b) Bank borrowings are secured on property, plant and equipment of the Group with carrying amounts of RM 12,617,686 (2020: RM 12,280,754) (Note 21 (a) (iii)).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 17. Right-of-use assets

	Premises	Buildings	Leasehold land	Automobiles	Total
	RM	RM	RM	RM	RM
<b>Group</b>					
<b>31 March 2021</b>					
<i>Cost</i>					
Beginning of financial year	21,952,373	-	-	3,027,457	24,979,830
Reclassified from property, plant and equipment (Note 16)	-	7,236,368	3,449,579	26,240	10,712,187
Lease modification	526,244	-	-	-	526,244
Additions	1,617,914	-	6,000,000	1,140,351	8,758,265
Disposals	(1,790,445)	-	-	(611,088)	(2,401,533)
Reclassification	-	-	-	381,515	381,515
End of financial year	22,306,086	7,236,368	9,449,579	3,964,475	42,956,508
<i>Accumulated depreciation</i>					
Beginning of financial year	2,933,052	-	-	782,982	3,716,034
Reclassified from property, plant and equipment (Note 16)	-	574,351	136,432	(75,073)	635,710
Disposals	(938,340)	-	-	(241,591)	(1,179,931)
Depreciation charge (Note 5)	2,835,078	144,727	61,958	777,560	3,819,323
Reclassification	-	-	-	381,515	381,515
End of financial year	4,829,790	719,078	198,390	1,625,393	7,372,651
<b>Net book value</b>					
End of financial year	17,476,296	6,517,290	9,251,189	2,339,082	35,583,857



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 17. Right-of-use assets (continued)

	<b>Premises</b>	<b>Automobiles</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Group</b>			
<b>31 March 2020</b>			
<i>Cost</i>			
Beginning of financial year	-	-	-
Adoption of SFRS(I) 16:			
- Lease previously classified as operating lease	19,842,835	-	19,842,835
- Reclassified from property, plant and equipment (Note 16)	-	3,207,102	3,207,102
	19,842,835	3,207,102	23,049,937
Additions	2,109,538	268,870	2,378,408
Disposals	-	(448,515)	(448,515)
End of financial year	21,952,373	3,027,457	24,979,830
<i>Accumulated depreciation</i>			
Beginning of financial year	-	-	-
Adoption of SFRS(I) 16:			
- Reclassified from property, plant and equipment (Note 16)	-	504,505	504,505
Disposals	-	(385,982)	(385,982)
Depreciation charge (Note 5)	2,933,052	664,459	3,597,511
End of financial year	2,933,052	782,982	3,716,034
<b>Net book value</b>			
End of financial year	19,019,321	2,244,475	21,263,796

### Premises

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

### Automobiles

The Group lease automobiles for business operation purposes.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 17. Right-of-use assets (continued)

(a) Interest expense

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Interest expense on lease liabilities (Note 9)	817,020	1,011,298

(b) Cash flows

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Total cash outflows for all the leases	4,216,984	4,215,321

(c) Lease expense not capitalised in lease liabilities

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Lease expense – short-term leases (Note 5)	264,503	199,250

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

### Extension options

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 18. Intangible assets

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<i>Composition:</i>		
Goodwill (Note (a))	376,541	376,541
Customer relationship (Note (b))	39,838	56,323
Licence (Note (c))	1,562,192	2,208,616
	<b>1,978,571</b>	<b>2,641,480</b>

(a) Goodwill

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<i>Cost and carrying amount</i>		
Beginning and end of financial year	376,541	376,541

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

### *Impairment test for goodwill*

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

Key assumptions used for value-in-use calculations:

	<b>Dealership business</b>	
	<b>2021</b>	<b>2020</b>
	<b>%</b>	<b>%</b>
Growth rate <sup>(1)</sup>	5.0 – 10.0	4.5 – 15.0
Discount rate <sup>(2)</sup>	15.6	15.6

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 18. Intangible assets (continued)

(a) Goodwill (continue)

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% (2020: 24%), the recoverable amount of the CGU would equal to the carrying amount.

(b) Customer relationship

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<i>Cost</i>		
Beginning and end of financial year	98,909	98,909
<i>Accumulated amortisation</i>		
Beginning of financial year	42,586	26,101
Amortisation charge (Note 5)	16,485	16,485
End of financial year	59,071	42,586
<b>Net book value</b>		
End of financial year	39,838	56,323

(c) Licence

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<i>Cost</i>		
Beginning and end of financial year	3,878,545	3,878,545
<i>Accumulated amortisation</i>		
Beginning of financial year	1,669,929	1,023,505
Amortisation charge (Note 5)	646,424	646,424
End of financial year	2,316,353	1,669,929
<b>Net book value</b>		
End of financial year	1,562,192	2,208,616

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 19. Investments in subsidiary corporations

	<b>Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<i>Equity investment at cost</i>		
Beginning and end of financial year	26,094,134	26,094,134

The Group has the following subsidiary corporations as at 31 March 2021 and 2020:

<b>Name of subsidiary corporations</b>	<b>Country of business/ incorporation</b>	<b>Principal activities</b>	<b>Proportion of ordinary shares held by the Group</b>		<b>Proportion of ordinary shares held by non-controlling interests</b>		
			<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	
			<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	
<u>Held by the Company</u>							
MeMG Pte. Ltd. ["MeMG"] <sup>(1)</sup>	Singapore	Investment holding	100	100	–	–	
MeAG Pte. Ltd. ["MeAG"] <sup>(1)</sup>	Singapore	Investment holding	100	100	–	–	
<u>Held by MeMG Pte. Ltd.</u>							
Menang Nusantara Sdn. Bhd. ["MNSB"] <sup>(2)</sup>	Malaysia	Manufacturing of Noise, Vibration and Harshness ["NVH"] components and other non-NVH components	100	100	–	–	
<u>Held by MeAG Pte. Ltd.</u>							
Menang Nusantara Holdings Sdn. Bhd. ["MNHSB"] <sup>(2)</sup>	Malaysia	Investment holding	100	100	–	–	

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 19. Investments in subsidiary corporations (continued)

The Group has the following subsidiary corporations as at 31 March 2021 and 2020: (continued)

Name of subsidiary corporations	Country of business/ incorporation	Principal activities	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2021	2020	2021	2020
			%	%	%	%
<u>Held by Menang Nusantara Holdings Sdn. Bhd.</u>						
Menang Nusantara Auto Sdn. Bhd. ("MNASB") <sup>(2)</sup>	Malaysia	Trading of motor vehicles and providing support services relating to the business	100	100	–	–
MN Otomobil Sdn. Bhd. ("MNOSB") <sup>(2)</sup>	Malaysia	Trading of motor vehicles and providing support services relating to the business	100	100	–	–
MN Automart Sdn. Bhd. ("MNAMSB") <sup>(2)(4)</sup>	Malaysia	Trading of motor vehicles and providing support services relating to the business	100	100	–	–
MN Otomart Sdn. Bhd. ("MNOMSB") <sup>(2)(5)</sup>	Malaysia	Trading of motor vehicles and providing support services relating to the business	100	100	–	–
MN Wheels Sdn. Bhd. ("MNWSB") <sup>(2)(6)</sup>	Malaysia	Trading of motor vehicles and providing support services relating to the business	100	100	–	–
MJN Motors Sdn. Bhd. ("MJNMSB") <sup>(2)(3)</sup>	Malaysia	Trading of motor vehicles and providing support services relating to the business	80	80	20	20
<u>Held by MJN Motors Sdn. Bhd.</u>						
MJN Auto Sdn. Bhd. ("MJNASB") <sup>(2)(3)</sup>	Malaysia	Trading of motor vehicles and providing support services relating to the business	80	80	20	20

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

(2) Audited by TKNP PLT, Malaysia.

(3) On 4 October 2019, the Group through its subsidiary corporation, MNHSB acquired an additional 25% equity interest in MJNMSB and its subsidiary corporation. As a result, the Group holds 80% shareholding interest in MJNMSB and its subsidiary corporation. Details of the acquisition are disclosed within "Transactions with non-controlling interests".

(4) On 15 April 2019, the Group through its subsidiary corporation, MNHSB, incorporated a wholly-owned subsidiary corporation, MN Automart Sdn. Bhd. ("MNAMSB") in Malaysia.

(5) On 5 July 2019, the Group through its subsidiary corporation, MNHSB, incorporated a wholly-owned subsidiary corporation, MN Otomart Sdn. Bhd. ("MNOMSB") in Malaysia.

(6) On 4 December 2019, the Group through its subsidiary corporation, MNHSB, incorporated a wholly-owned subsidiary corporation, MN Wheels Sdn. Bhd. ("MNWSB") in Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 19. Investments in subsidiary corporations (continued)

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

*Carrying value of non-controlling interests*

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
MJN Motors Sdn. Bhd.	846,160	722,724
MJN Auto Sdn. Bhd.	372,880	290,570
	<b>1,219,040</b>	<b>1,013,294</b>

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

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

*Summarised statement of financial position*

	<b>MJN Motors Sdn. Bhd.</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<b>Current</b>		
Assets	7,008,221	7,410,705
Liabilities	(4,034,147)	(6,320,232)
Total current net assets	<b>2,974,074</b>	<b>1,090,473</b>
<b>Non-current</b>		
Assets	15,803,029	17,081,625
Liabilities	(14,546,300)	(14,558,477)
Total non-current net assets	<b>1,256,729</b>	<b>2,523,148</b>
<b>Net assets</b>	<b>4,230,803</b>	<b>3,613,621</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 19. Investments in subsidiary corporations (continued)

Carrying value of non-controlling interests (continued)

Summarised statement of financial position (continued)

	<b>MJN Auto Sdn. Bhd.</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<b>Current</b>		
Assets	3,745,558	5,666,392
Liabilities	(8,569,324)	(4,682,415)
Total current net (liabilities)/assets	(4,823,766)	983,977
<b>Non-current</b>		
Assets	7,062,444	989,358
Liabilities	(374,280)	(520,486)
Total non-current net assets	6,688,164	468,872
<b>Net assets</b>	1,864,398	1,452,849

Summarised statement of comprehensive income

	<b>MJN Motors Sdn. Bhd.</b>		<b>MJN Auto Sdn. Bhd.</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Revenue	65,936,479	94,869,356	48,634,625	60,016,370
Profit/(loss) before income tax	1,038,582	(191,946)	571,616	(108,550)
Income tax (expense)/credit	(421,400)	93,139	(160,067)	(59,040)
Profit/(loss) for the financial year	617,182	(98,807)	411,549	(167,590)
Total comprehensive income/ (loss) allocated to non-controlling interests	123,436	(19,761)	82,310	(33,518)

Summarised statement of cash flows

	<b>MJN Motors Sdn. Bhd.</b>		<b>MJN Auto Sdn. Bhd.</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Net cash provided by operating activities	3,409,427	5,297,842	2,401,653	1,932,465
Net cash provided by/(used in) investing activities	255,890	(2,491,144)	(2,377,283)	(327,405)
Net cash used in financing activities	(3,853,615)	(488,684)	(1,751,353)	(643,975)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 19. Investments in subsidiary corporations (continued)

### Transactions with non-controlling interests

On 4 October 2019, the Group through its wholly-owned subsidiary corporation, MNASB entered into a sales of shares agreement to acquire an additional 25% of the issued shares of MJNMSB and its subsidiary corporation, MJNASB for a purchase consideration of RM1,099,861. The purchase consideration was satisfied by way of cash of RM465,508 and share issued of RM634,353 (Note 24).

The following summarise the effect of the changes in the Group's ownership interest in MJNMSB and its subsidiary corporation on the equity attributable to owners of the Company:

	<b>Group</b>
	<b>2020</b>
	<b>RM</b>
Consideration paid to non-controlling interests	1,099,861
Carrying amount of non-controlling interests acquired	(1,333,151)
Excess of consideration paid recognised in parent's equity (Note 26(b))	(233,290)

## 20. Trade and other payables

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Trade payables – non-related parties	8,062,574	8,704,311	–	–
Other payables				
- Non-related parties	3,569,364	456,969	90,157	35,036
- Directors	556,879	652,117	–	–
	4,126,243	1,109,086	90,157	35,036
Accruals for operating expenses	1,422,235	1,263,948	140,111	98,250
Advances from customers	330,551	601,537	–	–
Deferred income	265,000	298,121	–	–
	14,206,603	11,977,003	230,268	133,286

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

Deferred income of RM265,000 (2020: 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 21. Borrowings

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<i>Current</i>		
Bank overdrafts (Note 12)	1,936,636	306,558
Bill payables	609,216	–
Term loans	3,665,428	6,970,194
	<b>6,211,280</b>	<b>7,276,752</b>
<i>Non-current</i>		
Term loans	18,857,732	16,474,640
<b>Total borrowings</b>	<b>25,069,012</b>	<b>23,751,392</b>

The Group's borrowings are subject to floating interest rate primarily from its term loan that are charged on a fixed spread over the financial institutions' base lending rate or cost of fund per annum. The spread rate is reviewed annually. Whilst, the base lending rate and cost of fund used by the financial institutions vary according to the rates set by Bank Negara Malaysia.

(a) Security granted

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 21. Borrowings (continued)

(b) Fair value of non-current borrowings

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Term loans	18,453,752	16,032,662

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

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>%</b>	<b>%</b>
Term loans	3.27 – 7.60	4.65 – 8.60

## 22. Lease liabilities – The Group as a lessee

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

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Current	3,361,495	3,507,554
Non-current	18,554,818	19,262,323
Total	21,916,313	22,769,877

Lease liabilities of the Group were effectively secured over the automobiles (Note 17) of RM2,339,082 (2020: RM2,660,289) and inventories (Note 15) of RM1,075,128 (2020: RM1,090,266), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the lease liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 23. Deferred income tax liabilities

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

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

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Deferred income tax liabilities		
- To be settled within one year	2,229,522	2,054,078
- To be settled after one year	384,488	543,586
	<b>2,614,010</b>	<b>2,597,664</b>

Movement in deferred income tax accounts is as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Beginning of financial year	2,597,664	2,855,472
Under/(over) provisions in prior financial year (Note 10(a))	234,464	(470,319)
Tax (credited)/charged to profit or loss (Note 10(a))	(218,118)	212,511
End of financial year	<b>2,614,010</b>	<b>2,597,664</b>

The movement in deferred income tax liabilities is as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<b>Accelerated tax depreciation/amortisation</b>		
Beginning of financial year	2,597,664	2,855,472
Tax charged/(credited) to profit or loss	16,346	(257,808)
End of financial year	<b>2,614,010</b>	<b>2,597,664</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 24. Share capital

	Group		Company	
	No. of ordinary shares	Amount RM	No. of ordinary shares	Amount RM
<b>2021</b>				
Beginning and end of financial year	119,523,315	37,356,382	119,523,315	37,356,382
<b>2020</b>				
Beginning of financial year	118,500,000	36,722,029	118,500,000	36,722,029
Issuance of new shares <sup>(a)</sup>	1,023,315	634,353	1,023,315	634,353
End of financial year	119,523,315	37,356,382	119,523,315	37,356,382

(a) On 24 September 2019, the Company issued 1,023,315 ordinary shares at S\$0.21 (equivalent to RM0.62) each amounting to RM634,353 to acquire an additional interest in subsidiary corporations (Note 19).

These newly issued ordinary shares ranked pari passu in all respects with the existing ordinary shares.

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

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

### Performance share plan

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 24. Share capital (continued)

### Performance share plan (continued)

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

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

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

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

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

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

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

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

### Share options

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



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 24. Share capital (continued)

### Share options (continued)

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

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

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

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

## 25. Retained profits/(accumulated losses)

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

	Company	
	2021	2020
	RM	RM
Beginning of financial year	(4,677,218)	(3,736,285)
Net (loss)/profit for the financial year	(954,555)	170,631
Dividends paid (Note 27)	-	(1,111,564)
End of financial year	(5,631,773)	(4,677,218)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 26. Other reserves

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<b>Composition:</b>		
Merger reserve (Note (a))	(24,594,282)	(24,594,282)
Capital reserve (Note (b))	233,290	233,290
	<b>(24,360,992)</b>	<b>(24,360,992)</b>

Other reserves are non-distributable.

(a) Merger reserve

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Beginning and end of financial year	(24,594,282)	(24,594,282)

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

(b) Capital reserve

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Beginning of financial year	233,290	–
Acquisition of additional interest in subsidiary corporations (Note 19)	–	233,290
End of financial year	<b>233,290</b>	<b>233,290</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 27. Dividends

	Group	
	2021 RM	2020 RM
<i>Ordinary dividends declared and paid</i>		
Interim one-tier tax exempt dividend of RM0.0017 per share for the financial year ended 31 March 2020	–	203,188
Special one-tier tax exempt dividend of RM0.0076 per share for the financial year ended 31 March 2020	–	908,376
	–	1,111,564

For the financial year ended 31 March 2020, the Group is under one-tier corporate tax system, tax on the Group's chargeable income is a final tax and any dividend distributed will be exempted from tax in the hands of shareholders.

## 28. Contingencies

The Company has issued a corporate guarantee amounting to RM21,450,000 (2020: RM14,450,000) to banks for borrowings of certain subsidiary corporations.

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

## 29. Financial risk management

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 29. Financial risk management (continued)

(a) Market risk

(i) Currency risk

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

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

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

	MYR RM	USD RM	JPY RM	THB RM	SGD RM	Total RM
<b>Group</b>						
<b>At 31 March 2021</b>						
<b>Financial assets</b>						
Cash and cash equivalents	10,535,443	13,403	-	-	382,238	10,931,084
Trade and other receivables	16,954,805	-	-	-	45,058	16,999,863
Receivables from subsidiary corporations	5,399,839	-	-	-	-	5,399,839
	32,890,087	13,403	-	-	427,296	33,330,786
<b>Financial liabilities</b>						
Trade and other payables	(11,114,714)	(295,240)	(1,717,891)	(263,075)	(220,132)	(13,611,052)
Borrowings	(25,069,012)	-	-	-	-	(25,069,012)
Lease liabilities	(21,916,313)	-	-	-	-	(21,916,313)
Payables to subsidiary corporations	(5,399,839)	-	-	-	-	(5,399,839)
	(63,499,878)	(295,240)	(1,717,891)	(263,075)	(220,132)	(65,996,216)
<b>Net financial (liabilities)/assets</b>	(30,609,791)	(281,837)	(1,717,891)	(263,075)	207,164	(32,665,430)
Less: Net financial liabilities denominated on functional currencies of respective entities	30,609,791	-	-	-	-	30,609,791
<b>Currency exposure</b>	-	(281,837)	(1,717,891)	(263,075)	207,164	(2,055,639)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 29. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	MYR RM	USD RM	JPY RM	THB RM	SGD RM	Total RM
<b>Group</b>						
<b>At 31 March 2020</b>						
<b>Financial assets</b>						
Cash and cash equivalents	10,406,340	13,975	-	-	2,063,976	12,484,291
Trade and other receivables	11,162,844	381,321	-	-	32,611	11,576,776
Receivables from subsidiary corporations	4,352,732	-	-	-	-	4,352,732
	<u>25,921,916</u>	<u>395,296</u>	<u>-</u>	<u>-</u>	<u>2,096,587</u>	<u>28,413,799</u>
<b>Financial liabilities</b>						
Trade and other payables	(8,209,272)	(660,128)	(1,897,827)	(147,256)	(162,862)	(11,077,345)
Borrowings	(23,751,392)	-	-	-	-	(23,751,392)
Lease liabilities	(22,769,877)	-	-	-	-	(22,769,877)
Payables to subsidiary corporations	(4,352,732)	-	-	-	-	(4,352,732)
	<u>(59,083,273)</u>	<u>(660,128)</u>	<u>(1,897,827)</u>	<u>(147,256)</u>	<u>(162,862)</u>	<u>(61,951,346)</u>
<b>Net financial (liabilities)/assets</b>	<b>(33,161,357)</b>	<b>(264,832)</b>	<b>(1,897,827)</b>	<b>(147,256)</b>	<b>1,933,725</b>	<b>(33,537,547)</b>
Less: Net financial liabilities denominated on functional currencies of respective entities	33,161,357	-	-	-	-	33,161,357
<b>Currency exposure</b>	<b>-</b>	<b>(264,832)</b>	<b>(1,897,827)</b>	<b>(147,256)</b>	<b>1,933,725</b>	<b>(376,190)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 29. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	<b>MYR RM</b>	<b>SGD RM</b>	<b>Total RM</b>
<b>Company</b>			
<b>At 31 March 2021</b>			
<b>Financial assets</b>			
Cash and cash equivalents	–	382,232	382,232
Trade and other receivables	5,399,838	15,020	5,414,858
	<u>5,399,838</u>	<u>397,252</u>	<u>5,797,090</u>
<b>Financial liabilities</b>			
Trade and other payables	–	(230,268)	(230,268)
	<u>–</u>	<u>(230,268)</u>	<u>(230,268)</u>
<b>Net financial assets</b>	5,399,838	166,984	5,566,822
Less: Net financial assets denominated in the Company's functional currency	(5,399,838)	–	(5,399,838)
<b>Currency exposure</b>	<u>–</u>	<u>166,984</u>	<u>166,984</u>
<b>At 31 March 2020</b>			
<b>Financial assets</b>			
Cash and cash equivalents	–	2,063,970	2,063,970
Trade and other receivables	4,293,790	104,000	4,397,790
	<u>4,293,790</u>	<u>2,167,970</u>	<u>6,461,760</u>
<b>Financial liabilities</b>			
Trade and other payables	–	(133,286)	(133,286)
	<u>–</u>	<u>(133,286)</u>	<u>(133,286)</u>
<b>Net financial assets</b>	4,293,790	2,034,684	6,328,474
Less: Net financial assets denominated in the Company's functional currency	(4,293,790)	–	(4,293,790)
<b>Currency exposure</b>	<u>–</u>	<u>2,034,684</u>	<u>2,034,684</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 29. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD, JPY, THB and SGD change against the RM by 4%, 6%, 1% and 2% (2020: 6%, 8%, 2% and 1%) respectively, with all other variables including tax rate being held constant, the effects arising from the net financial assets/liabilities position will be as follows:

	← Increase/(Decrease) →			
	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
USD against MYR				
- Strengthened	(8,568)	(12,076)	-	-
- Weakened	8,568	12,076	-	-
JPY against MYR				
- Strengthened	(78,336)	(115,388)	-	-
- Weakened	78,336	115,388	-	-
THB against MYR				
- Strengthened	(1,999)	(2,238)	-	-
- Weakened	1,999	2,238	-	-
SGD against MYR				
- Strengthened	3,149	14,696	2,538	15,464
- Weakened	(3,149)	(14,696)	(2,538)	(15,464)

(ii) Cash flow and fair value interest rate risks

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

The Group's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in MYR. If the MYR interest rate had been higher/lower by 0.50% (2020: 0.50%) with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by RM95,262 (2020: RM90,255).

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 29. Financial risk management (continued)

### (b) Credit risk

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

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

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

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

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

	<b>Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Corporate guarantee provided to banks on certain subsidiary corporations' borrowings	21,450,000	14,450,000

The trade receivables of the Group comprise 3 debtors (2020: 2 debtors) that individually represented 8% - 11% (2020: 14% - 19%) of trade receivables.

#### *Trade receivables*

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 29. Financial risk management (continued)

(b) Credit risk (continued)

*Trade receivables (continued)*

The Group's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 31 March 2020 is as follows. No expected loss allowance are recognised as the Group do not expect any credit losses from its trade receivables which are all within expected payment period.

Group	Current RM	Trade receivables days past due						Total RM
		1 - 30 days RM	31 - 60 days RM	61 - 90 days RM	91 - 120 days RM	121 - 150 days RM	More than 150 days RM	
<b>2021</b>								
Trade receivables	11,520,090	1,084,047	510,855	65,119	299,926	-	-	13,480,037
<b>2020</b>								
Trade receivables	5,218,452	1,665,420	240,254	181,178	3,946	49,736	-	7,358,986

Cash and cash equivalents are subject to immaterial credit loss.

*Non-trade amount due from related party and holding corporation*

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

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

*Financial guarantee contracts*

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 29. Financial risk management (continued)

### (c) Liquidity risk

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

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

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

	<b>Less than 1 year RM</b>	<b>Between 1 and 5 years RM</b>	<b>Over 5 years RM</b>
<b>Group</b>			
<b>At 31 March 2021</b>			
Trade and other payables	13,611,052	–	–
Borrowings	7,034,282	10,675,299	12,573,731
Lease liabilities	4,108,318	10,450,995	8,777,037
	<b>24,753,652</b>	<b>21,126,294</b>	<b>21,350,768</b>
<b>At 31 March 2020</b>			
Trade and other payables	11,077,345	–	–
Borrowings	7,975,290	10,526,857	11,680,627
Lease liabilities	4,745,764	14,462,084	7,055,979
	<b>23,798,399</b>	<b>24,988,941</b>	<b>18,736,606</b>
<b>Company</b>			
<b>At 31 March 2021</b>			
Trade and other payables	230,268	–	–
Financial guarantee	21,450,000	–	–
	<b>21,680,268</b>	<b>–</b>	<b>–</b>
<b>At 31 March 2020</b>			
Trade and other payables	133,286	–	–
Financial guarantee	14,450,000	–	–
	<b>14,583,286</b>	<b>–</b>	<b>–</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 29. Financial risk management (continued)

### (d) Capital risk

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

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Net debt	50,260,844	46,013,981	(151,964)	(1,930,684)
Total equity	45,158,693	44,391,954	31,724,609	32,679,164
Total capital	95,419,537	90,405,935	31,572,645	30,748,480
Gearing ratio	53%	51%	N.M	N.M

N.M: Not meaningful

The Group and the Company are not subject to externally imposed capital requirements for the financial years ended 31 March 2021 and 2020 respectively.

### (e) Fair value measurements

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

### (f) Financial instruments by category

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

	Group RM	Company RM
<b>31 March 2021</b>		
Financial assets at amortised cost	27,930,947	5,797,090
Financial liabilities at amortised cost	60,596,377	230,268
<b>31 March 2020</b>		
Financial assets at amortised cost	24,061,067	6,461,760
Financial liabilities at amortised cost	57,598,614	133,286

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 30. Related party transactions

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

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

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Management fee received from a related party	50,010	126,500

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

Outstanding balances as at 31 March 2021 and 2020, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from reporting date and are disclosed in Notes 13 and 20 to the financial statements respectively.

(b) *Key management personnel compensation*

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

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Wages and salaries	2,460,179	2,514,370
Directors' fees	380,406	435,859
Employer's contribution to defined contribution plan	143,271	136,533
Other short-term benefits	3,694	2,770
	<b>2,987,550</b>	<b>3,089,532</b>
Comprised amounts paid to:		
Directors of the Company	1,533,534	1,684,448

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 31. Segment information

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

As at 31 March 2021 and 2020, the Group has two reportable segments, which is manufacturing business and dealership business. This is based on the Group's internal organisation, management structure and the primary way in which the Board of Directors is provided with the financial information.

The two reportable segments are:-

(a) Manufacturing business

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

(b) Dealership business

(i) Automobile dealership

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

(ii) Repairs and service

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

(c) Other

Other included investment holding.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 31. Segment information (continued)

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

	<b>Manufacturing business RM</b>	<b>Dealership business RM</b>	<b>Other RM</b>	<b>Total RM</b>
<b>2021</b>				
<b>Sales</b>				
Total segment sales, representing sales to external parties	30,381,008	178,552,443	–	208,933,451
<b>Adjusted EBITDA</b>	5,168,435	7,529,683	(1,041,620)	11,656,498
Depreciation of property, plant and equipment	1,998,227	1,161,918	–	3,160,145
Depreciation of right-of-use assets	691,531	3,127,792	–	3,819,323
Amortisation of intangible assets	–	662,909	–	662,909
Finance expenses	571,188	1,474,103	–	2,045,291
Interest income	(50,032)	(4,014)	(367)	(54,413)
<b>Segment assets</b>	44,087,698	62,345,701	657,544	107,090,943
Segment assets includes:				
Additions to property, plant and equipment	2,202,259	1,301,183	–	3,503,442
Additions to right-of-use assets	–	8,758,265	–	8,758,265
<b>Segment liabilities</b>	4,712,766	9,194,633	299,204	14,206,603
<b>2020</b>				
<b>Sales</b>				
Total segment sales, representing sales to external parties	39,515,966	206,295,324	–	245,811,290
<b>Adjusted EBITDA</b>	5,457,412	7,866,980	(1,145,420)	12,178,972
Depreciation of property, plant and equipment	1,805,878	975,771	–	2,781,649
Depreciation of right-of-use assets	831,999	2,765,512	–	3,597,511
Amortisation of intangible assets	–	662,909	–	662,909
Finance expenses	829,467	2,048,570	–	2,878,037
<b>Segment assets</b>	43,469,553	58,249,721	2,557,962	104,277,236
Segment assets includes:				
Additions to property, plant and equipment	6,449,521	3,901,699	–	10,401,221
Additions to right-of-use assets	–	60,245	–	60,245
<b>Segment liabilities</b>	(5,158,716)	(6,316,005)	(502,282)	(11,977,003)

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 31. Segment information (continued)

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

(a) Reconciliation

(i) Segment profits

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

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Adjusted EBITDA for reportable segments	12,698,118	13,324,392
Adjusted LBITDA for other segments	(1,041,620)	(1,145,420)
Amortisation of intangible assets	(662,909)	(662,909)
Depreciation of property, plant and equipment	(3,160,145)	(2,781,649)
Depreciation of right-of-use assets	(3,819,323)	(3,597,511)
Finance expenses	(2,045,291)	(2,878,037)
Interest income	54,413	51,455
Profit before income tax	<u>2,023,243</u>	<u>2,310,321</u>

(ii) Segment assets

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

Segment assets are reconciled to total assets as follows:

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Segment assets for reportable segments	106,433,399	101,719,274
Other segments assets	657,544	2,557,962
Unallocated:		
- Tax recoverable	1,911,124	1,319,724
	<u>109,002,067</u>	<u>105,596,960</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 31. Segment information (continued)

(a) Reconciliation (continued)

(iii) Segment liabilities

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

Segment liabilities are reconciled to total liabilities as follows:

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Segment liabilities for reportable segments	13,907,399	11,474,721
Other segment liabilities	299,204	502,282
Unallocated:		
- Current income tax liabilities	37,436	109,070
- Borrowings	25,069,012	23,751,392
- Lease liabilities	21,916,313	22,769,877
- Deferred income tax liabilities	2,614,010	2,597,664
	<b>63,843,374</b>	<b>61,205,006</b>

(b) Revenue from major products and services

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

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<b>Manufacturing</b>		
Sales of NVH components and other non-NVH components	30,381,008	39,515,966
<b>Dealership</b>		
Sales of automobiles	158,881,386	173,839,311
After-sales automobile services	16,995,089	29,204,959
Incentives received from distributors	1,331,346	1,734,947
Handling fees	841,852	953,889
Agency fee income	502,770	562,218
	<b>178,552,443</b>	<b>206,295,324</b>
	<b>208,933,451</b>	<b>245,811,290</b>

Revenue of RM10,467,753 (2020: RM15,253,199) are derived from a single external customer. These revenue are attributable to the manufacturing business segment.

(c) Geographical information

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



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 32. Events occurring after reporting date

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

The above event is not expected to have a material effect to the Group for the financial year ending 31 March 2022.

## 33. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published and are relevant for the accounting periods beginning on or after 1 April 2021 or later periods and which the Group has not early adopted:

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

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 33. New or revised accounting standards and interpretations (continued)

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

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

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

## 34. Authorisation of financial statements

These financial statements were authorised for issued in accordance with a resolution of the Board of Directors of the Company on 7 July 2021.

# STATISTIC OF SHAREHOLDING

As at 30 June 2021

## SHARE CAPITAL

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

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
100 – 1,000	26	27.96	25,100	0.02
1,001 – 10,000	36	38.71	163,700	0.14
10,001 – 1,000,000	25	26.88	3,826,522	3.20
1,000,001 and above	6	6.45	115,507,993	96.64
<b>Total:</b>	<b>93</b>	<b>100.00</b>	<b>119,523,315</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
JCWW Holdings Pte. Ltd. <sup>(1)</sup>	61,232,497	51.23	–	–
Wong Cheong Chee <sup>(1)</sup>	205,000	0.17	61,232,497	51.23
Lee Soh Hong <sup>(1)</sup>	–	–	61,437,497	51.40
Crimson Cloud Sdn. Bhd.	11,462,353	9.59	–	–
Abdul Razak Bin Montel <sup>(2)</sup>	–	–	11,462,353	9.59
Lee Khoon Chuan <sup>(3)</sup>	15,468,947	12.94	–	–

### Notes:

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

# STATISTIC OF SHAREHOLDING (CONT'D)

As at 30 June 2021

## TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Phillip Securities Pte Ltd	92,264,561	77.19
2.	CGS-CIMB Securities (Singapore) Pte. Ltd.	12,958,215	10.84
3.	Ng Bee Eng	3,514,906	2.94
4.	Ng Tin Poh @ Ng Say Heng	3,514,906	2.94
5.	Badariyah Binti Hussein	1,774,254	1.48
6.	Ong Hock Seng	1,481,151	1.24
7.	DBS Nominees (Private) Limited	979,000	0.82
8.	Seaw Wei Tat	543,500	0.45
9.	Khong Tuck Weng	434,000	0.36
10.	OCBC Securities Private Limited	405,000	0.34
11.	Ahmad Izzuddin Bin Md. Isa	338,722	0.28
12.	Chee Chai Boon	130,000	0.11
13.	Leong Kok Fai	130,000	0.11
14.	UOB Kay Hian Private Limited	126,000	0.11
15.	Lim Kwee Chew	101,000	0.08
16.	Loo Say Hoe	100,000	0.08
17.	Raffles Nominees (Pte.) Limited	74,000	0.06
18.	Teo Bock Heng	54,200	0.05
19.	Maybank Kim Eng Securities Pte.Ltd	53,600	0.04
20.	Chee Swee Seng Sebastian	50,000	0.04
	<b>Total:</b>	<b>119,027,015</b>	<b>99.56</b>

## PERCENTAGE OF SHAREHOLDING HELD IN PUBLIC'S HANDS

Based on the information made available to the Company as at 30 June 2021, approximately 23.04% of the Company's issued shares (excluding treasury shares and subsidiary holdings) were held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Third Annual General Meeting (“**AGM**”) of MeGroup Ltd. (the “**Company**”) will be held by way of electronic means on Wednesday, 28 July 2021 at 10.00 a.m. (Singapore Time) to transact the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 March 2021 together with the Independent Auditor’s Report thereon. **Resolution 1**
2. To re-elect Mr Chee Teck Kwong Patrick as a Director, retiring pursuant to Regulation 94 of the Company’s Constitution. [See Explanatory Note (i)] **Resolution 2**
3. To re-elect Ms Wong Keat Yee as a Director, retiring pursuant to Regulation 94 of the Company’s Constitution. [See Explanatory Note (ii)] **Resolution 3**
4. To re-elect Mr Chong Kwea Seng as a Director, retiring pursuant to Regulation 100 of the Company’s Constitution. [See Explanatory Note (iii)] **Resolution 4**
5. To approve the payment of Directors’ fees of S\$123,654.00 for the financial year ended 31 March 2021. (FY2020: S\$115,000) **Resolution 5**
6. To re-appoint Nexia TS Public Accounting Corporation as the Independent Auditor of the Company and to authorise the Directors of the Company to fix its remuneration. **Resolution 6**
7. To transact any other ordinary business which may properly be transacted at an AGM.

## AS SPECIAL BUSINESS

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

8. **Authority to allot and issue shares** **Resolution 7**

That pursuant to Section 161 of the Companies Act, Cap. 50 (the “**Act**”) and Rule 806 of Section B of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual: Rules of Catalist (the “**Catalist Rules**”) and Constitution of the Company, authority be and is hereby given to the Directors to:

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

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

# NOTICE OF ANNUAL GENERAL MEETING

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

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding any treasury shares and subsidiary holdings, if any) shall be based on the total number of issued shares (excluding any treasury shares and subsidiary holdings, if any) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (a) new Shares arising from the conversion or exercise of any convertible securities;
- (b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution provided the options or awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
- (c) any subsequent bonus issue, consolidation or subdivision of shares.

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

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

# NOTICE OF ANNUAL GENERAL MEETING

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

Resolution 8

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

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

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

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

Resolution 9

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

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

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

# NOTICE OF ANNUAL GENERAL MEETING

## 11. Renewal of Share Buyback Mandate

## Resolution 10

That:

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

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

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

(b) any Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share in accordance with the Act;

(c) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the proposed adoption of the Share Buyback Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earliest of:

- (1) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (2) the date on which purchases and acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated; and
- (3) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by the Company in a general meeting, whichever is the earliest ("**Relevant Period**");



# NOTICE OF ANNUAL GENERAL MEETING

(d) In this resolution:

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

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

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

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

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

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

By Order of the Board

Kevin Cho  
Company Secretary  
Singapore, 13 July 2021

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

- (i) Mr Chee Teck Kwong Patrick (“**Mr Chee**”) will, upon re-election as a Director of the Company, remain as the Lead Independent Non-Executive Director, the Chairman of the Nominating Committee, and a member of the Audit Committee and Remuneration Committee. The Board considers Mr Chee to be independent pursuant to Rule 704(7) of the Catalist Rules. Please refer to Additional Information on Directors Seeking Re-election in the Annual Report for additional information on Mr Chee pursuant to Rule 720(5) and Appendix 7F of the Catalist Rules.
- (ii) Ms Wong Keat Yee (“**Ms Wong**”) will, upon re-election as a Director of the Company, remain as an Executive Director. Please refer to Additional Information on Directors Seeking Re-election in the Annual Report for additional information on Ms Wong pursuant to Rule 720(5) and Appendix 7F of the Catalist Rules.
- (iii) Mr Chong Kwea Seng (“**Mr Chong**”) will, upon re-election as a Director of the Company, remain as the Independent Non-Executive Director, and a member of the Audit Committee, Nominating Committee and Remuneration Committee. The Board considers Mr Chong to be independent pursuant to Rule 704(7) of the Catalist Rules. Please refer to Additional Information on Directors Seeking Re-election in the Annual Report for additional information on Mr Chong pursuant to Rule 720(5) and Appendix 7F of the Catalist Rules.
- (iv) The Ordinary Resolution 7 in item 8 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to fifty per centum (50%) may be issued other than on a pro rata basis to existing shareholders of the Company for such purposes as they consider would be in the interest of the Company.

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

- (v) The Ordinary Resolution 8 in item 9 above, if passed, will empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted under the MeGroup ESOS and all other share based incentive schemes of the Company up to a number not exceeding in aggregate (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.
- (vi) The Ordinary Resolution 9 in item 10 above, if passed, will empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to offer and grant Awards under the MeGroup PSP in accordance with the provisions of the MeGroup PSP and to issue from time to time such number of fully paid shares as may be required to be issued pursuant to the vesting of the Awards subject to the maximum number of shares prescribed under the terms and conditions of the MeGroup PSP. The aggregate number of shares which may be issued pursuant to the MeGroup PSP and any other share-based schemes (if applicable) shall not exceed in aggregate (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

# NOTICE OF ANNUAL GENERAL MEETING

(vii) The Ordinary Resolution 10 in item 11 above, if passed, will empower the Directors to purchase or otherwise acquire Shares on the terms of the Share Buyback Mandate, as set out in Resolution 10 and the Appendix to Shareholders dated 13 July 2021. Please refer to the aforementioned Appendix to Shareholders for further details. The Company may use internal sources of funds or external borrowings or a combination of both to finance the Company's purchase or acquisition of Shares pursuant to the Share Buyback Mandate. The amount of financing required and the impact on the Company's financial position cannot be ascertained as at the date of this notice as these will depend on, amongst others, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund the purchase or acquisition and whether the Shares purchased or acquired are cancelled or held as treasury shares. Illustrative financial effects of the Share Buyback Mandate are set out in the aforementioned Appendix to Shareholders.

## Notes:

1. In line with the provisions under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, members of the Company will NOT be allowed to attend the Annual General Meeting ("**AGM**") in person. The AGM will be held by way of electronic means.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out below.

In particular, the AGM will be held by way of electronic means and a member will be able to watch the proceedings of the AGM through a "live" audio-visual webcast via his/her/its mobile phones, tablets or computers. In order to do so, a member who wishes to watch the "live" webcast or listen to the "live" audio feed must pre-register by 10.00 a.m. on 25 July 2021, at the <https://bit.ly/MEGROU2021AGM>. Following authentication of his/her/its status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the AGM by 12.00 p.m. of 27 July 2021 which will contain login details to access the live audio-visual webcast with details to access the live audio-only stream of the AGM proceedings. Please also check your junk mail folder in case the email gets directed there instead of your inbox.

All members whose status as members cannot be verified will be notified via the same email. Members who do not receive the confirmation email or cannot be verified as members may contact our Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at [AGM.TeamE@boardroomlimited.com](mailto:AGM.TeamE@boardroomlimited.com), or alternatively at +65 6536 5355 between 9.00 a.m. to 5.00 p.m. on 27 July 2021.

Members and investors holding Shares through the Central Provident Fund ("**CPF**") or Supplementary Retirement Scheme ("**SRS**") ("**CPF/SRS investors**") who wish to follow the proceedings must pre-register at <https://bit.ly/MEGROU2021AGM> by 10.00 a.m. of 25 July 2021.

Investors holding Shares through relevant intermediaries (as defined in Section 181 of the Companies Act) ("**Investors**") (other than CPF/SRS investors) will not be able to pre-register for the "live" broadcast of the AGM. An Investor (other than CPF/SRS investors) who wish to participate in the "live" broadcast of the AGM should instead approach his/her relevant intermediary as soon as possible but not less than 7 working days before the AGM, i.e. by 10.00 a.m. of 16 July 2021 in order for the relevant intermediary to make the necessary arrangements to pre-register.

# NOTICE OF ANNUAL GENERAL MEETING

A member who pre-registers to watch the “live” webcast or listen to the “live” audio feed may also submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted by 10.00 a.m. of 25 July 2021:

- (a) via the following email address at [AGM.TeamE@boardroomlimited.com](mailto:AGM.TeamE@boardroomlimited.com), with your full name, number of shares held and manner in which you hold shares (via CDP, CPF or SRS); or
  - (b) in hard copy by sending personally or by post and lodging the same at the Company’s registered office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
  - (c) via the pre-registration website at <https://bit.ly/MEGROUP2021AGM>.
3. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
4. The Chairman of the AGM, as proxy, need not be a member of the Company.
5. The instrument appointing the Chairman of the AGM as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must:
  - (a) if sent personally or by post, be lodged at the Company’s registered office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than seventy-two (72) hours before the time appointed for holding the AGM; or
  - (b) if submitted by email, be received by the Company at [AGM.TeamE@boardroomlimited.com](mailto:AGM.TeamE@boardroomlimited.com),in either case, by no later than 10.00 a.m. of 25 July 2021, and in default the instrument of proxy shall not be treated as valid.
6. The instrument appointing the Chairman of the AGM as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.
7. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).
8. In the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
9. CPF/SRS investors should be informed that if they wish to vote, they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM, i.e. by 10.00 a.m. of 16 July 2021. Investors who have deposited their shares into a nominee account should also approach their depository agent and relevant intermediaries at least 7 working days, i.e. by 10.00 a.m. of 16 July 2021 before the AGM if they wish to vote. Proxy forms appointing such person other than the Chairman of the AGM shall be deemed to appoint the Chairman of the AGM as proxy.

# NOTICE OF ANNUAL GENERAL MEETING

10. In view of the evolving COVID-19 situation, the Company reserves the right to take such further precautionary measures as may be appropriate up to the date of the AGM, including any precautionary measures as may be required or recommended by the government agencies, in order to minimise the risk of COVID-19 transmission. The Company seeks the understanding and cooperation of all members to minimise the risk of COVID-19 transmission.
11. Electronic copies of the Company's Annual Report 2021 and the Appendix to Shareholders dated 13 July 2021, the Company's Letter to Shareholders dated 13 July 2021 and the Proxy Form are available on the SGXNet and on the Company's corporate website, <https://me-grp.com/>.

## Personal Data Privacy:

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

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Chee Teck Kwong Patrick and Ms Wong Keat Yee (retiring pursuant to Regulation 94 of the Company's Constitution) and Mr Chong Kwea Seng (retiring pursuant to Regulation 100 of the Company's Constitution) (collectively the "**Retiring Directors**"), will be seeking re-election at the forthcoming annual general meeting ("**AGM**") of the Company scheduled to be held on Wednesday, 28 July 2021 under Resolutions 2 to 4 as set out in the Notice of AGM dated 13 July 2021.

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

Name of Director	Chee Teck Kwong Patrick Wong Keat Yee	
Date of Appointment	26 September 2018	26 September 2018
Date of last re-appointment (if applicable)	30 July 2019	30 July 2019
Age	67	42
Country of principal residence	Singapore	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Chee as a Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Chee's expertise, experience and overall contribution since he was appointed as a Director of the Company.	The re-election of Ms Wong as a Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Ms Wong's expertise, experience and overall contribution since she was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Executive. Ms Wong is responsible for the overall operations of the Manufacturing Business, including overseeing the Group's human resources, purchasing and procurement departments. She is also responsible for the Manufacturing Business' supply chain strategy.

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Chee Teck Kwong Patrick	Wong Keat Yee
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	<ul style="list-style-type: none"> <li>• Lead Independent Non-Executive Director</li> <li>• Nominating Committee Chairman</li> <li>• Audit Committee Member</li> <li>• Remuneration Committee Member</li> </ul>	<ul style="list-style-type: none"> <li>• Executive Director</li> <li>• Head of Operations, Manufacturing of the Group</li> </ul>
Professional qualifications	<ul style="list-style-type: none"> <li>• Bachelor of Law (Hons) Degree from the University of Singapore</li> <li>• Advocate and Solicitor of the Supreme Court of Singapore</li> <li>• Solicitor of the Senior Courts of England and Wales</li> <li>• Notary Public</li> <li>• Commissioner for Oaths</li> </ul>	Graduate from the South Australian Matriculation pre-university program conducted by Taylor's College, Malaysia
Working experience and occupation(s) during the past 10 years	<p>2017 to present: Senior Consultant, Withers Khattar Wong LLP</p> <p>2007 to 2017: Senior Consultant, Khattar Wong LLP</p>	Ms Wong has been with the Group since 2001, and joined as an executive in the production and planning department of the Manufacturing Business.
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	<p>Ms Wong is a daughter of (1) Mr Wong Cheong Chee, Executive Chairman and Chief Executive Officer, and Substantial Shareholder of the Company; and (2) Mdm Lee Soh Hong, Substantial Shareholder of the Company.</p> <p>Ms Wong is a sister of (1) Mr Wong Sai Hou, Head, Group Expansion &amp; Strategy and Head of Dealership; and (2) Mr Wong Sai Keat, Head of Engineering and R&amp;D, Manufacturing of the Group.</p>
Conflict of interest (including any competing business)	Nil	Nil

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Chee Teck Kwong Patrick	Wong Keat Yee
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
<b>Other Principal Commitments including Directorships</b>		
Past (for the last 5 years)	<ul style="list-style-type: none"> <li>• Hai Leck Holdings Limited</li> <li>• Ramba Energy Limited (now known as Eneco Energy Limited)</li> <li>• CSC Holdings Limited</li> <li>• Hanwell Holdings Limited</li> <li>• Tat Seng Packaging Group Ltd</li> </ul>	Nil
Present	<ul style="list-style-type: none"> <li>• China International Holdings Limited</li> <li>• OneApex Limited</li> <li>• QAF Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Menang Nusantara Sdn. Bhd.</li> <li>• MN Otomobil Sdn. Bhd.</li> <li>• MeAG Pte. Ltd.</li> <li>• MeMG Pte. Ltd.</li> <li>• Yatta Group Sdn. Bhd.</li> <li>• MN Automart Sdn. Bhd.</li> <li>• MN Otomart Sdn. Bhd.</li> <li>• MN Wheels Sdn. Bhd.</li> </ul>
<b>Information required pursuant to Listing Rule 704(8)</b>		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No



# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Chee Teck Kwong Patrick	Wong Keat Yee
(c) Whether there is any unsatisfied judgement against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Chee Teck Kwong Patrick	Wong Keat Yee
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
<b>Disclosure applicable to the appointment of Director only.</b>		
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer or prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable	Not applicable

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

<b>Name of Director</b>	<b>Chong Kwea Seng</b>
Date of Appointment	2 January 2021
Date of last re-appointment (if applicable)	Not applicable
Age	67
Country of principal residence	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Chong as a Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Chong's expertise, experience and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	<ul style="list-style-type: none"> <li>• Independent Non-Executive Director</li> <li>• Audit Committee Member</li> <li>• Nominating Committee Member</li> <li>• Remuneration Committee Member</li> </ul>
Professional qualifications	Bachelor of Science (First Class Honours) in Mechanical Engineering from Heriot-Watt University, United Kingdom.
Working experience and occupation(s) during the past 10 years	<p>2017 to present: Director, Hao Seng Plantations Holdings Berhad</p> <p>2017 to 2020: Independent Director, Fitters Diversified Berhad</p> <p>2006 to 2016: Managing Director, Sime Darby Industrial</p>
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
Conflict of interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
<b>Other Principal Commitments including Directorships</b>	
Past (for the last 5 years)	<ul style="list-style-type: none"> <li>• Sime Darby Industrial</li> <li>• Fitters Diversified Berhad</li> </ul>
Present	<ul style="list-style-type: none"> <li>• Hap Seng Plantations Holdings Berhad</li> <li>• Subur Tiasa Holdings Berhad</li> </ul>

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

**Name of Director**

**Chong Kwea Seng**

---

**Information required pursuant to Listing Rule 704(8)**

---

(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? No

---

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

---

(c) Whether there is any unsatisfied judgement against him? No

---

(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? No

---

(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? No

---

(f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? No

---

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

## Name of Director

Chong Kwea Seng

---

(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? No

---

(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? No

---

(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? No

---

(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-

---

(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or No

---

(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or No

---

(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or No

---

(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? No

---

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

---

**Name of Director****Chong Kwea Seng**

---

- (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? No

---

**Disclosure applicable to the appointment of Director only.**

---

Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer or prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable). Not applicable

---

## MEGROUPTD.

(Company Registration No.: 201804996H)

(Incorporated in the Republic of Singapore)

# PROXY FORM

(Please see notes overleaf before completing this Form)

### IMPORTANT:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting are set out in the Company's announcement dated 13 July 2021 entitled "Annual General Meeting" which has been uploaded together with the Notice of Annual General Meeting ("AGM") dated 13 July 2021 on SGXNet on the same day. This announcement may also be accessed at the <https://www.sgx.com/securities/company-announcements>.
2. A member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. For investors who have used their CPF monies to buy the Company's shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them. CPF/SRS Investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
4. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 July 2021.
5. Please read the notes to the Proxy Form.

I/We\*, \_\_\_\_\_

NRIC/Passport/Registration No. \_\_\_\_\_

of \_\_\_\_\_

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

the Chairman of the Meeting

as my/our\* proxy to vote for me/us\* on my/our\* behalf at the Annual General Meeting ("**AGM**") of the Company to be held by way of electronic means on Wednesday, 28 July 2021 at 10.00 a.m. and at any adjournment thereof.

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

No.	Resolutions relating to:	No. of Votes For <sup>(1)</sup>	No. of Votes Against <sup>(1)</sup>	No. of Votes Abstain <sup>(1)</sup>
1.	Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2021			
2.	Re-election of Mr Chee Teck Kwong Patrick as a Director			
3.	Re-election of Ms Wong Keat Yee as a Director			
4.	Re-election of Mr Chong Kwea Seng as a Director			
5.	Approval of Directors' fees of S\$123,654.00 for the financial year ended 31 March 2021			
6.	Re-appointment of Nexia TS Public Accounting Corporation as the Independent Auditor of the Company			
7.	Authority to allot and issue shares			
8.	Authority to allot and issue shares under the MeGroup Employee Share Option Scheme			
9.	Authority to allot and issue shares under the MeGroup Performance Share Plan			
10.	Renewal of Share Buyback Mandate			

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

Dated this \_\_\_\_\_ day of July 2021

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

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

\*Delete where inapplicable



**Notes:**

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in the Notice of AGM.

In particular, the AGM will be held by way of electronic means and a member will be able to watch the proceedings of the AGM through a "live" webcast via his/her/its mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, a member who wishes to watch the "live" webcast or listen to the "live" audio feed must pre-register by 10.00 a.m. on 25 July 2021, at <https://bit.ly/MEGROU2021AGM>. Following authentication of his/her/its status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the AGM by 12.00 p.m. of 27 July 2021 which will contain login details to access the live audio-visual webcast with details to access the live audio-only stream of the AGM proceedings. Please also check your junk mail folder in case the email gets directed there instead of your inbox.

All members whose status as members cannot be verified will be notified via the same email. Members who do not receive the confirmation email or cannot be verified as members may contact our Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at [AGM.TeamE@boardroomlimited.com](mailto:AGM.TeamE@boardroomlimited.com), or alternatively at +65 6536 5355 between 9.00 a.m. to 5.00 p.m. on 27 July 2021.

Members and investors holding Shares through the Central Provident Fund ("CPF") or Supplementary Retirement Scheme ("SRS") ("CPF/SRS investors") who wish to follow the proceedings must pre-register at <https://bit.ly/MEGROU2021AGM> by 10.00 a.m. on 25 July 2021.

Investors holding Shares through relevant intermediaries (as defined in Section 181 of the Companies Act) ("Investors") (other than CPF/SRS investors) will not be able to pre-register for the "live" broadcast of the AGM. An Investor (other than CPF/SRS investors) who wish to participate in the "live" broadcast of the AGM should instead approach his/her relevant intermediary as soon as possible but not less than 7 working days before the AGM, i.e. by 10.00 a.m. on 16 July 2021 in order for the relevant intermediary to make the necessary arrangements to pre-register. A member who pre-registers to watch the "live" webcast or listen to the "live" audio feed may also submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted by 10.00 a.m. on 25 July 2021:

- (a) via the following email address at [AGM.TeamE@boardroomlimited.com](mailto:AGM.TeamE@boardroomlimited.com), with your full name, number of shares held and manner in which you hold shares (via CDP, CPF or SRS); or
- (b) in hard copy by sending personally or by post and lodging the same at the Company's registered office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
- (c) via the pre-registration website at <https://bit.ly/MEGROU2021AGM>.

2. A member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

3. The Chairman of the Meeting, as proxy, need not be a member of the Company.

4. The instrument appointing the Chairman of the Meeting as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must:

- (a) if sent personally or by post, be lodged at the Company's registered office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
- (b) if submitted by email, be received by the Company at [AGM.TeamE@boardroomlimited.com](mailto:AGM.TeamE@boardroomlimited.com),

in either case, by no later than 10.00 a.m. on 25 July 2021, and in default the instrument of proxy shall not be treated as valid.

5. The instrument appointing the Chairman of the Meeting as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.

6. In the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

7. CPF/SRS investors should be informed that if they wish to vote, they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM, i.e. by 10.00 a.m. on 16 July 2021. Investors who have deposited their shares into a nominee account should also approach their depository agent and relevant intermediaries at least 7 working days, i.e. by 10.00 a.m., 16 July 2021 before the AGM if they wish to vote. Proxy forms appointing such person other than the Chairman of the Meeting shall be deemed to appoint the Chairman of the Meeting as proxy.

**Personal Data Privacy:**

By submitting an instrument appointing the Chairman of the meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 July 2021.

**General:**

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



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive:

**Wong Cheong Chee**

Executive Chairman and  
Chief Executive Officer

**Wong Keat Yee**

Executive Director

### Non-Executive:

**Chee Teck Kwong Patrick**

Lead Independent  
Non-Executive Director

**Benjamin Choo Chih Chien**

Independent Non-Executive Director

**Edmund Lai Sou Wei**

Independent Non-Executive Director

**Chong Kwea Seng\***

Independent Non-Executive Director

## AUDIT COMMITTEE

**Edmund Lai Sou Wei**

Chairman

**Chee Teck Kwong Patrick**

Member

**Benjamin Choo Chih Chien**

Member

**Chong Kwea Seng\***

Member

## NOMINATING COMMITTEE

**Chee Teck Kwong Patrick**

Chairman

**Benjamin Choo Chih Chien**

Member

**Edmund Lai Sou Wei**

Member

**Chong Kwea Seng\***

Member

## REMUNERATION COMMITTEE

**Benjamin Choo Chih Chien**

Chairman

**Chee Teck Kwong Patrick**

Member

**Edmund Lai Sou Wei**

Member

**Chong Kwea Seng\***

Member

## COMPANY SECRETARY

Kevin Cho Form Po

## REGISTERED OFFICE

50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

## SHARE REGISTRAR

Boardroom Corporate & Advisory  
Services Pte. Ltd.  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

## INDEPENDENT AUDITOR

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

## AUDIT PARTNER -IN-CHARGE

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

## CONTINUING SPONSOR

UOB Kay Hian Private Limited  
8 Anthony Road  
#01-01  
Singapore 229957

## PRINCIPAL BANKERS

Malayan Banking Berhad  
AmBank (M) Berhad  
Public Bank Berhad

\* Appointed on 2 January 2021



# SUSTAINABLE, SCALABLE, STABLE

ANNUAL REPORT 2021

**MEGROUP LTD.**

Company Registration Number: 201804996H

50 Raffles Place, #32-01,  
Singapore Land Tower,  
Singapore 048623

Tel: +603-9076 5361 (Malaysia Office)

Fax: +603-9076 4361 (Malaysia Office)

Email: [admin@mnsb.me-grp.com](mailto:admin@mnsb.me-grp.com)

[www.me-grp.com](http://www.me-grp.com)