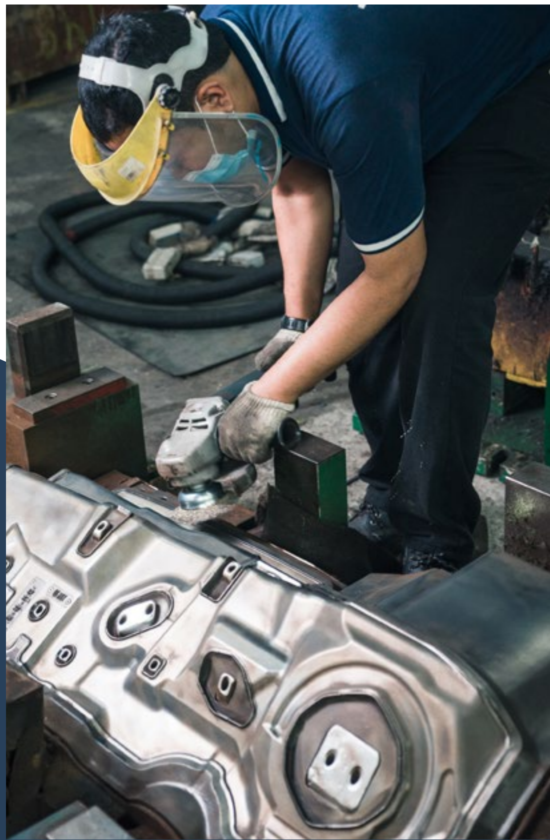
IMPROVING EFFICIENCY
EXPANDING CAPABILITIES

ANNUAL REPORT 2019

MEGROUP



CONTENTS

This annual report has been prepared by the Company and its contents have been reviewed by the Sponsor, CIMB Bank Berhad ("Sponsor") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. This 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 Eric Wong, Director, Investment Banking, Singapore. The contact particulars are 50 Raffles Place, #09-01, Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.

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 Honda, Mazda and Peugeot. These Dealerships are owned and operated by MeGroup.

CHAIRMAN'S **MESSAGE**

Wong Cheong Chee
Executive Chairman and CEO

Dear Shareholders,

It is my pleasure to present to you our inaugural annual report for MeGroup Ltd. (the "**Company**" or "**MeGroup**", and together with its subsidiaries, the "**Group**") for the financial year ended 31 March 2019 ("FY2019").

Year in review

MeGroup was listed on the Catalist of Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 31 October 2018. Since then, we have embarked on several activities to enhance our presence in the automotive industry in Malaysia.

We broadened our dealership footprint as part of our business expansion plans starting with our newly opened second Honda dealership in Kuala Selangor, and a third Peugeot dealership in Setia Alam. Both dealerships started to contribute revenue for FY2019.

In April this year, the Group renewed its Mazda 4S dealership with Bermaz Motor Trading for a further three years until 31 March 2022. We also received rights by Hyundai's official Malaysian distributor, Hyundai-Sime Darby Motors, to operate our first Hyundai 3S dealership in Bandar Bukit Raja in Klang. Most recently, we were awarded rights by Sime Darby Auto Connexion Sdn Bhd to operate our first Ford dealership. Our dealership business has been growing at a steady pace and today, we have a portfolio of four automobile brands with a total of seven dealership outlets.

On the manufacturing front, aside from the supply of noise, vibration and harshness ("**NVH**") and non-NVH components for existing automobile customers, we have also begun supplying to Johnson Controls Hitachi in the heating, ventilation and air-conditioning ("**HVAC**") industry at the start of this year. Being able to diversify our income stream not only enhances the utilisation of our production capacity, but also allows us to seek other opportunities to expand this business segment.

All in all, we are of the belief that the Group had performed fairly satisfactorily amidst the current global economic volatility.

Automotive industry overview

Malaysia has proven that the automotive sector is one of its key industries. It has performed well in 2018 with vehicle demand going up by 4.2%. Higher wages and the tax holiday alongside new car launches had led to improved consumer sentiment and increased purchases[1].

Looking just at the January 2019 total industry volume ("**TIV**") alone, the number of vehicle units rose by 8.7% y-o-y to 48,500 units. Both Perodua and Proton sales went up 13.7% and 43.5% y-o-y, and

[1] https://www.prnewswire.com/news-releases/malaysian-automotive-market-recovers-to-reach-609-700-units-in-2019--notes-frost--sullivan-300779184.html

[2] https://www.theborneopost.com/2019/02/23/malaysias-auto-industry-off-on-a-positive-start/

[3] https://www.prnewswire.com/news-releases/malaysian-automotive-market-recovers-to-reach-609-700-units-in-2019--notes-frost--sullivan-300779184.html

Mazda being the non-national car star performer with an increment of 23.5% y-o-y[2]. As such, the Group believes that the automotive industry in 2019 will continue to perform, enabling us to ride the wave of growth.

It was also forecasted that vehicle sales in Malaysia will continue its growth of approximately 1.4% in 2019 to hit approximately 609,700 units[3]. While there have been talks of a third national car, there has been no in-depth details of it as yet. However, MeGroup has registered its interest in becoming an NVH and non-NVH components supplier for this third national car, if it comes to fruition.

Future plans

Besides hopefully becoming a vendor for Malaysia's third national car, we have also looked at other opportunities to grow our manufacturing and dealership businesses organically. One such example was the first step towards supplying NVH components to Johnson Controls Hitachi. Our penetration into the HVAC industry will allow us to bring our manufacturing and production capabilities to other HVAC players, while also exploring opportunities in other industries that require the use of NVH and non-NVH parts.

On the other hand, to increase our offering to potential new customers, we have been looking into expanding the number of NVH and non-NVH components that we can manufacture and supply. To this end, we will be setting up a research and development ("**R&D**") facility to innovate and test our products before mass production. With this R&D facility, we will be able to rethink, reinvent and recreate our NVH and non-NVH components, so as to be at the forefront of technology and be ahead of our competitors.

Additionally, we will be expanding our assembly line and warehouse capacity in preparation for Mazda's upcoming new automobile models. This assembly line and warehouse located in Batu Kawan is where the Group assembles parts such as top ceiling and insulators for Mazda.

Our dealership business will continue to grow steadily. We are in the midst of setting up our first Hyundai and Ford dealerships, which are expected to be fully operational in the second half of 2019. The newest additions of Hyundai and Ford also definitely boosts our service offering, and we are confident that we will be able to secure more dealerships for the existing brands we carry, or add new brands to our portfolio.

In appreciation

In closing, I would like to thank all our shareholders who have put their faith and trust in us from the beginning. Without them, MeGroup's public listing would not have been successful. I would also like to take this opportunity to thank our professional advisors, business partners and business associates for their continued support as we go about growing our business and enhancing shareholder value. As we anticipate more exciting news to come, I hope that you will continue to support us and be a part of this journey with us.

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 in Pulau Pinang where it assembles automobile components for Mazda.

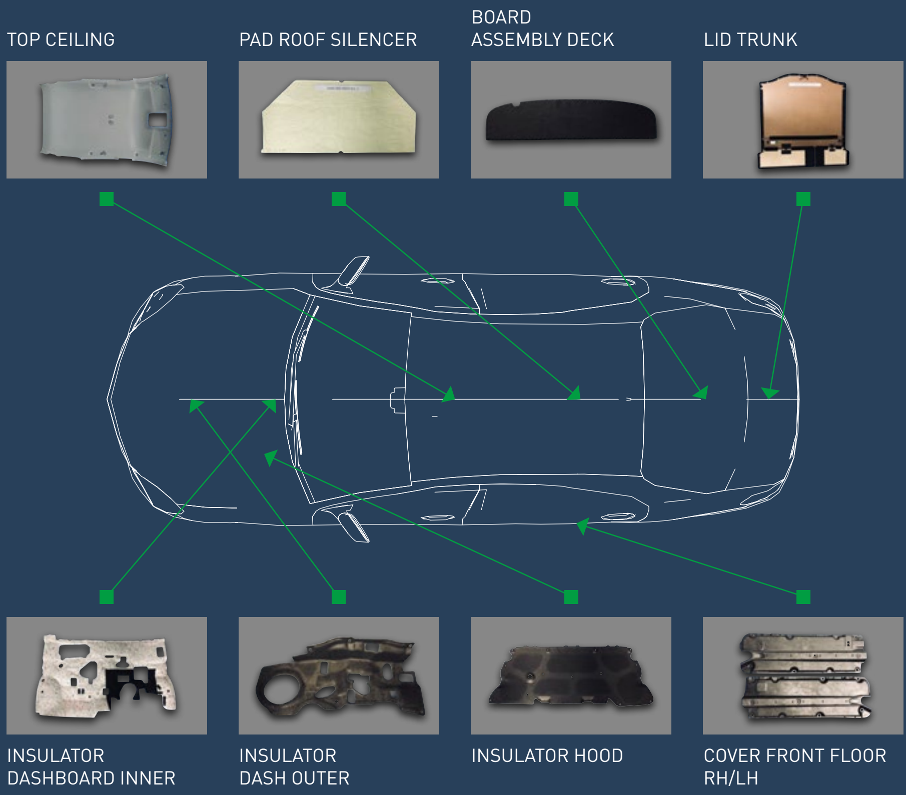
The Group's Manufacturing Business manufactures NVH and non-NVH components primarily for the automotive industry in Malaysia. Incorporated into various parts of an automobile, its NVH components include headliners and engine insulation outers. Its non-NVH components include parcel trays and board assembly decks.

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

The Group's products are customised to each customer and are usually supplied for the entire lifecycle of a customer's particular car model. Today, MeGroup is an Approved Supplier for Honda Malaysia, Perodua Manufacturing Sdn. Bhd., Perodua Global Manufacturing Sdn. Bhd., Mazda Malaysia Sdn. Bhd., and Perusahaan Otomobil Nasional Sdn. Bhd.

MeGroup has also been appointed as an Approved Supplier of Johnson Controls Hitachi as of June 2018, and this is part of the Group's strategy to diversify into the Heating, Ventilation and Air-conditioning ("HVAC") industry. As at January 2019, the Group began supplying NVH products to Johnson Controls Hitachi.

NVH COMPONENTS AND NON-NVH COMPONENTS



- **Engine compartment insulation**
  A range of engine compartment insulation components, including hood insulators and dash outer insulators. These components are incorporated into the hoods and engine casings of automobiles to reduce sound emission and vibrations from automobile engines into the environment and interior cabin of the automobile, as well as aid in retaining heat within the engine casing of the vehicle.

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

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

- **Headliners**
  Its Assembly Line located at One Auto Hub in Penang, assembles headliners for the Mazda brand of automobiles. The approximately 744 sq m space for the Assembly Line is guaranteed to the Group under a service agreement between Mazda Logistics Malaysia Sdn. Bhd. and MNSB.

- **Trunk systems**
  MeGroup manufactures trunk systems such as trunk floor systems and trunk side liners in a variety of coverings. These trunk systems are used to line the floor of the boots of the automobile.

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 our customer's specific NVH requirements.

BUSINESS **SEGMENTS**

DEALERSHIP

MeGroup owns and operates 3S and 4S automobile dealerships in Malaysia for the sale of new automobiles under the Honda, Mazda Peugeot and Hyundai brands.

THE 3S AUTOMOBILE DEALERSHIPS OFFER THE FOLLOWING SERVICES:

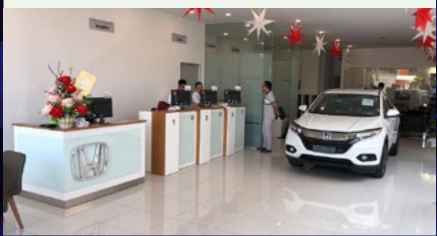
- **1S services**, being the sale of new automobiles;
- **2S services**, being the provision of after-sales services; and
- **3S services**, being the sale of automobile parts and accessories.

THE 4S AUTOMOBILE DEALERSHIPS OFFER THE FOLLOWING SERVICES:

- **4S services** such as automobile body paintwork and collision repair services, in addition to the services offered by 3S automobile dealerships

THE GROUP CURRENTLY HAS 6 DEALERSHIPS IN THEIR PORTFOLIO:

1. HONDA 3S AUTOMOBILE DEALERSHIP
KUALA SELANGOR



2. HONDA 3S AUTOMOBILE DEALERSHIP
CHERAS

3. MAZDA 4S AUTOMOBILE DEALERSHIP
SUNGEI BESI

4. PEUGEOT 3S AUTOMOBILE DEALERSHIP
SETIA ALAM

5. PEUGEOT 4S AUTOMOBILE DEALERSHIP
SEREMBAN

6. PEUGEOT 4S AUTOMOBILE DEALERSHIP
KAJANG

BUSINESS SEGMENTS
DEALERSHIP

HONDA 3S DEALERSHIPS

Cheras Branch
Lot 58274, Jalan Sayang 1, Taman Rasa Sayang,
43200 Cheras 9 Miles, Selangor
Telephone: 03-9081 6088 / 03-9081 9663

OPENING HOURS
SHOWROOM CENTRE
Monday - Sunday: 9:00AM - 7:00PM
Public Holiday: Closed

SERVICE CENTRE
Monday - Sunday: 8:30AM - 6:00PM
Public Holiday: Closed

Kuala Selangor Branch
No. 7, Jalan Seri Temenggung 3,
Taman Temenggung, 45000 Kuala Selangor, Selangor
Telephone: 03-3281 2933 / 03-3289 6933

OPENING HOURS
SHOWROOM CENTRE
Monday - Sunday: 9:00AM - 7:00PM
Public Holiday: Closed

SERVICE CENTRE
Monday - Sunday: 8:30AM - 6:00PM
Public Holiday: Closed

CAR MODELS AVAILABLE: Jazz, City, Civic, Accord, B-RV, C-RV, H-RV, & Odyssey

SERVICES OFFERED: new car sales, after-sales services, and sale of genuine car parts and accessories

MAZDA 4S DEALERSHIP

Sungei Besi Branch
Lot 4, Jalan Sungai Besi, Kuala Lumpur,
Malaysia 57100
Telephone: 03 - 9221 2993

OPENING HOURS
Monday - Saturday: 9:00AM - 6:00PM
Sunday & Public Holiday: 10:00AM - 5:00PM

CAR MODELS AVAILABLE: Mazda 2, Mazda 3, Mazda 6, CX-3, CX-5, CX-9, Biante, BT-50 & MX-5

SERVICES OFFERED: new car sales, after-sales services, sale of genuine car parts and accessories, and car body paintwork and collision

PEUGEOT 4S DEALERSHIP

Seremban Branch
No 29, Persiaran Industri Galla 1,
Taman Perindustrian Galla (165.83 mi), Seremban (City) 70200
Telephone: 06 -767 9191

OPENING HOURS
SHOWROOM CENTRE
Monday - Saturday: 8:00am - 5:00pm
Sunday & Public Holiday: 10:00am - 4:00pm

SERVICE CENTRE
Monday - Saturday: 8:00am - 5:00pm
Sunday & Public Holiday: Closed

Kajang Branch
No. 874, Lot 1942-B, Jalan Wan Siew, off Jalan Sg Chua,
Sg Chua Kajang, Malaysia
Telephone: 03-8741 9088, 03-8741 9188, 03-8741 9288

OPENING HOURS
SHOWROOM CENTRE
Monday - Saturday: 8:30am - 5:00pm
Sunday & Public Holiday: 10:00am - 4:00pm

SERVICE CENTRE
Monday - Saturday: 8:30am - 5:00pm
Sunday & Public Holiday: Closed

Setia Alam Branch
No 2-1&3-1,Jalan Setia Prima U13/s,Seksyen U13,
40170 Shah Alam Selangor
Telephone: 03-33586151

OPENING HOURS
SHOWROOM CENTRE
Monday - Saturday: 8:30am - 6:00pm
Sunday & Public Holiday: 10:00am - 5:00pm

SERVICE CENTRE
Monday - Saturday: 8:00am - 5:00pm
Sunday & Public Holiday: Closed

CAR MODELS OFFERED: 208, 2008, 308, 3008, 408, 508, 5008 & Traveller

SERVICES OFFERED: new car sales, after-sales services, sale of genuine car parts and accessories, and car body paintwork and collision repair services

CORPORATE **MILESTONES**

2020

2019
- Began supplying NVH components to Johnson Controls Hitachi
- Renewed Mazda dealership agreement with principal
- Awarded 1st Hyundai dealership
- Awarded 1st Ford dealership

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

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

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

2015
- Launched 1st Peugeot 4S dealership
- Approved Supplier for Mazda - began supplying parts to them
- Accredited with ISO14001:2004 certification for environmental management systems

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

2013
- Established Thermobonded Felt line at Main Manufacturing Plant

2012
- Launched 1st Mazda 3S dealership at Sungei Besi

2011
- Enrolled into Kaizen programme to further improve manufacturing process

2010

2008
- Re-located to current facility to keep up with growing demands of the Group's products
- Entered into Malaysia Japan Automotive Industries Cooperation Improvement Programme

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

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

2000

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

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

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

BOARD OF **DIRECTORS**

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

Mr Wong Cheong Chee is our 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 our 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 nearly 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 our 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 sub-committee 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 Masayarakat)" from the President of Republic of Singapore.

MR EDMUND LAI SOU WEI
Independent Director

Mr Edmund Lai Sou Wei is our 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 (5) years' experience in providing independent whistleblowing services, having led Deloitte Malaysia's whistleblowing services division from 2013 to 2017. Mr Lai left Deloitte Malaysia in June 2017 to establish his own financial advisory firm providing various corporate advisory services, including corporate debt recovery and independent whistleblowing services. Mr Lai graduated with a Bachelor of Commerce in Accounting & Finance from Monash University in 1999.

MR BENJAMIN CHOO
Independent Director

Mr Benjamin Choo is our 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.

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 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
Head of Engineering and R&D, Manufacturing

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 customer, 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 nearly 14 years of experience in the industry.

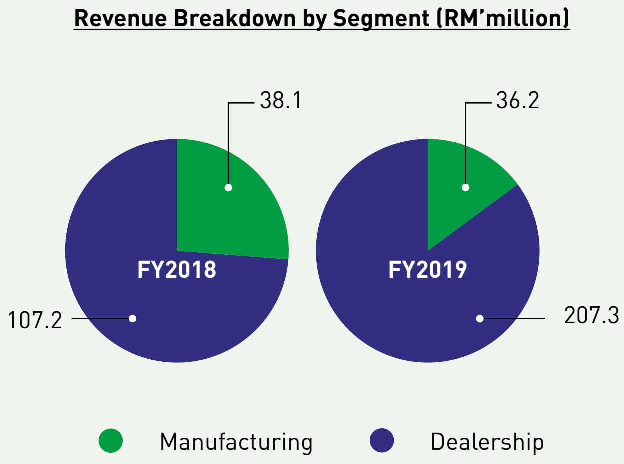
MR ABDUL RAZAK BIN MONTEL
Head of Sales, Manufacturing

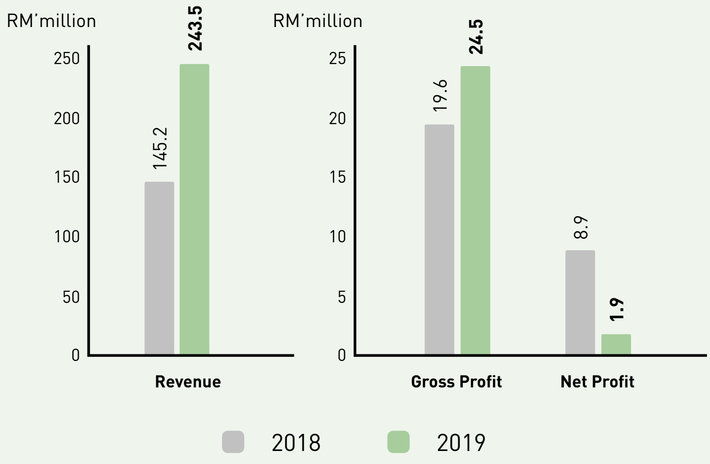
Mr Abdul Razak Bin Montel is our Head of Sales, Manufacturing. He was a founding member of the Group, establishing Menang Nusantara Sdn. Bhd. with one other founding shareholder in 1995. Mr Razak started his career in Carpet International Sdn. Bhd. as a sales executive. Subsequently, he joined Union 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 almost 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 ZAINAL ABIDIN BIN ABDUL HADI
Group Financial Controller

Mr Zainal Abidin Bin Abdul Hadi joined our Group in January 2017 and is currently our Group Financial Controller. He is responsible for overseeing the financial reporting and accounting as well as corporate matters of our Group. He has more than 25 years of experience in accounting and finance related roles in various organisations. Prior to joining our Group, he spent four years as the Financial Controller of Integrated Process Solutions Sdn. Bhd., a company in the oil and gas industry providing specialised engineering consultant services, two years as the Financial Controller of Concord Express Sdn Bhd. and two years as Finance Manager at Island & Peninsula Berhad. Mr Zainal Abidin also has experience as a Bank Examiner with Bank Negara Malaysia, and has experience in business management, having owned and operated Puncak Manis Enterprise for over 10 years. Mr Zainal Abidin is an associate member of the Chartered Institute of Management Accountants and a member of the Malaysian Institute of Accountants.

OPERATIONS **REVIEW**





For the financial year ended 31 March 2019 ("FY2019"), the Group's revenue grew 67.7% to RM243.5 million, while gross profit increased 25.0% to RM24.5 million, when compared to FY2018. The increase in revenue was mainly attributable to the Group's dealership business whereby operations for the newly opened dealerships had begun to generate returns, as well as the increased volume of cars sold at one of the Group's dealership outlets.

On a segmental level, revenue from the Group's manufacturing business decreased by 5.2% or RM1.9 million from RM38.1 million in FY2018 to RM36.2 million in FY2019. This drop was largely because of a reduction in the volume of NVH components supplied, as the Group phased out production of certain NVH components for an automobile model since September 2017. There was also a production delay for a particular automobile model that consequently caused a drop in NVH components ordered.

On the other hand, the Group's dealership business flourished and revenue from this segment increased by an impressive 93.4% or RM100.1 million from RM107.2 million in FY2018 to RM207.3 million in FY2019. This increase was mostly due to four months of revenue contribution from the newly opened Honda dealership in Kuala Selangor and the Peugeot dealership in Setia Alam. There was also an increase in vehicle sales at the Honda dealership in Cheras for the full financial year.

Gross profit increased by 25.0% to RM24.5 million in FY2019, and this is in accordance with the increase in revenue for FY2019. While gross profit from the manufacturing business was 17.4% lower at RM10.0 million in FY2019 (FY2018: RM12.1 million), the dealership business saw an increase of 96.0% to RM14.5 million in FY2019 (FY2018: RM7.4 million).

The Group's FY2019 gross profit margin was 10.1% compared to 13.5% in FY2018. This drop was largely due to the decrease in gross profit margin from the manufacturing business. The manufacturing business segment logged a gross profit margin of 27.6% in FY2019 (FY2018: 31.7%), which was the result of sales of NVH components for a new car model with a lower gross profit margin, as compared to the higher gross profit margin of NVH components for the phased-out car model. Separately, gross profit margin of the dealership business segment has remained relatively stable at 7.0% in FY2019 as compared to 6.9% in FY2018.

Profit before tax for FY2019 saw a large drop of 66.1% due to the absence of a one-time gain of RM4.8 million received in FY2018 from the Malaysian government for the Mass Rapid Transit ("MRT") system compensation due to land acquisition; the absence of the gain on disposal of Yatta Group Sdn. Bhd. amounting to approximately RM0.4 million in FY2018 and; the one-off listing expenses of approximately RM3.0 million that was recognised in FY2019. These were offset by the absence of the property, plant and equipment written-off of approximately

RM1.1 million due to the relocation of the Mazda dealership in FY2018.

However, excluding the one-time gain in FY2018 from the MRT compensation, gain on disposal of Yatta Group, as well as adjusting for the amount written off due to relocation of the Mazda dealership, the Group's profit before tax for FY2018 would have been adjusted to RM7.4 million. Similarly, excluding the one-time listing expenses in FY2019, the Group's profit before tax for FY2019 would have been adjusted to RM6.9 million, a slight decrease of approximately RM0.5 million or 6.8% year-on-year comparison.

As at 31 March 2019, the Group's total assets and liabilities were RM92.5 million and RM47.7 million respectively, as compared to RM71.9 million and RM39.6 million as at 31 March 2018.

Current assets increased by RM19.9 million to RM55.6 million as at 31 March 2019 (31 March 2018: RM35.7 million). Cash and cash equivalents increased by RM5.9 million to RM16.9 million (31 March 2018: 11.0 million) due to a disposal of a subsidiary corporation, Yatta Group Sdn. Bhd. as well as proceeds raised from the IPO and the Group's increased revenue for FY2019. Trade and other receivables increased by RM8.1 million to RM22.7 million (31 March 2018: 14.6 million) and inventories also increased by RM5.1 million to RM15.1 million (31 March 2018: 10.0 million).

Non-current assets comprising property, plant and equipment, as well as intangible assets, remained largely unchanged at RM36.9 million as at 31 March 2019 compared to RM36.2 million as at 31 March 2018. This brings the Group's total assets to RM92.5 million as at 31 March 2019 (31 March 2018: RM71.9 million).

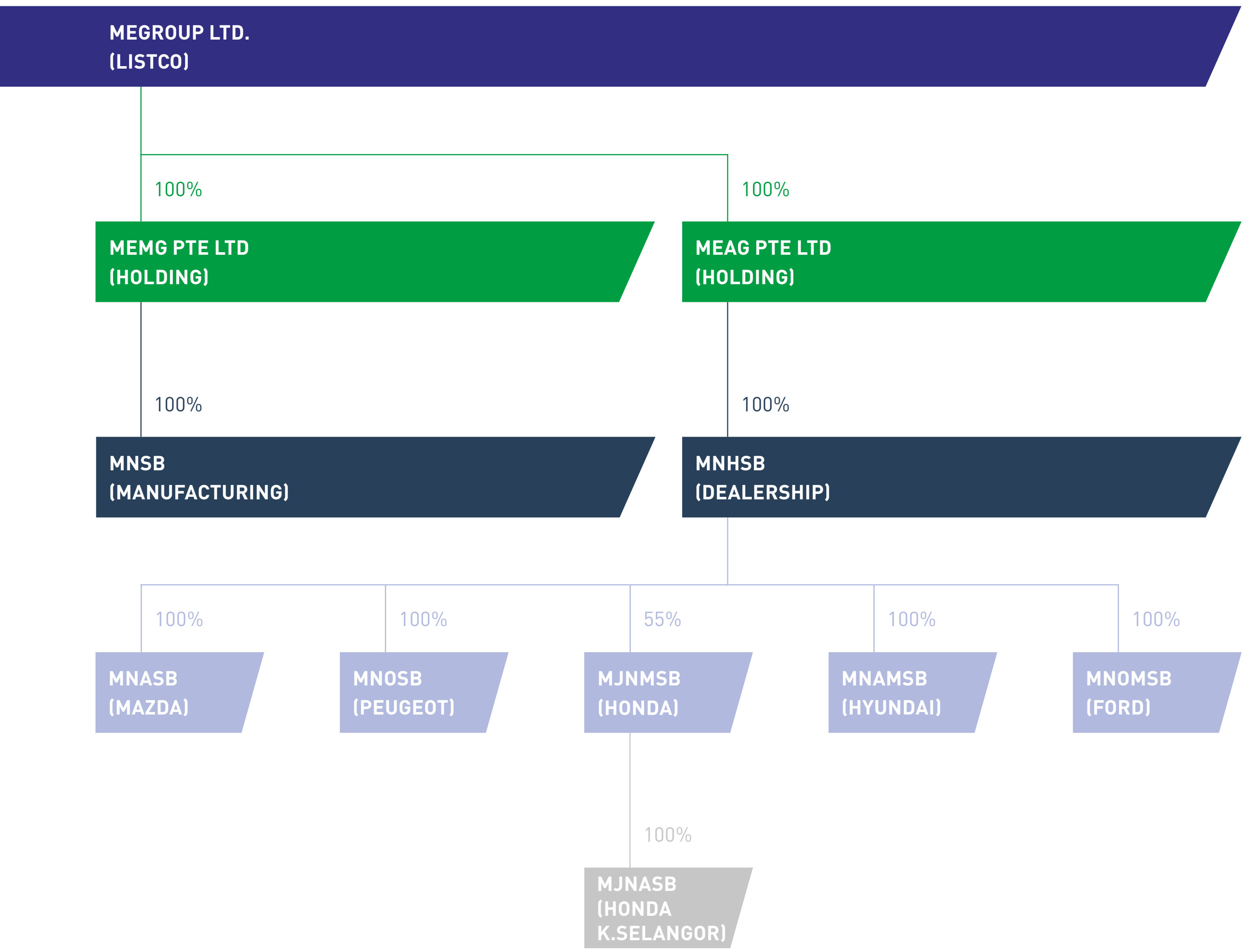
Current liabilities as at 31 March 2019 increased by RM7.2 million to RM27.4 million (31 March 2018: RM20.2 million). This increase was mainly due to an increase in trade payables and finance lease liabilities, where the Group leases automobiles from non-related parties under finance leases with no renewal clauses.

Non-current liabilities comprising non-current borrowings and deferred income tax liabilities, increased to RM20.3 million as at 31 March 2019 (31 March 2018: RM19.4 million). The Group's total liabilities increased by RM8.1 million to RM47.7 million as at 31 March 2019 (31 March 2018: RM39.6 million) due to the reasons stated above.

Total equity of the Group increased by RM12.4 million, from RM32.4 million as at 31 March 2018 to RM44.8 million as at 31 March 2019. Net assets value of the Group stood at 0.38 sen per share as at 31 March 2019.

In FY2019, net cash flow used in operating activities amounted to RM1.8 million. This was mainly due to net working capital outflow of RM8.5 million and taxes paid of RM2.3 million, which was partially offset by operating cash flow before changes in working capital of RM9.1 million. Net cash used in investing activities amounted to RM1.6 million. This was largely due to the purchase of property, plant and equipment amounting to RM2.3 million, which was partially offset by proceeds from the disposal of property, plant and equipment amounting to RM0.5 million. Net cash from financing activities amounted to RM9.1 million. This was largely due to (i) the gross proceeds from IPO amounting to RM11.5 million; and (ii) the net proceeds from bank borrowings amounting to RM1.3 million. This was partially offset by (i) listing expenses capitalised of RM0.8 million; (ii) repayment of finance lease liabilities of RM0.7 million; (iii) dividend payout of RM0.2 million by MNSB; and (iv) interest paid of RM1.9 million.

CORPORATE **STRUCTURE**



FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

The Listing Manual – Section B: Rules of Catalist ("**Catalist Rules**") issued by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") require an issuer to describe in its annual report its corporate governance practices with specific reference to the principles and the provisions of the Code. 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.

On 6 August 2018, the Monetary Authority of Singapore (MAS) issued the revised Code of Corporate Governance (the "**2018 Code**") and accompanying Practice Guidance, which supersedes the existing Code of Corporate Governance issued in 2012 (the "**2012 Code**"), is applicable to Company's annual report relating to financial year commencing 1 January 2019. Notwithstanding the Company's annual report financial year commenced on 1 April 2018, the Company has adopted the 2018 Code.

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 5 July 2019 (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 2018 Code.

As the Company was recently listed on the Catalist of SGX-ST on 31 October 2018 ("**Listing**"), the Company has complied in all material respects with the principles and guidelines of the 2018 Code to the extent possible. This report sets out the Group's key corporate governance practices with reference to the 2018 Code, where appropriate. Where there are deviations from the 2018 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

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

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 the 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.

CORPORATE GOVERNANCE REPORT

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

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

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

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

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 Board Committee.

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 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 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 in the financial year ended 31 March 2019 ("**FY2019**") is as follows:

Name of Director	Board	AC	**NC	**RC
Number of Meetings Held				
	1	1	0	0
Number of Meetings Attended				
Mr Wong Cheong Chee	1	*1	0	0
Ms Wong Keat Yee	1	*1	0	0
Mr Chee Teck Kwong Patrick	1	1	0	0
Mr Benjamin Choo	1	1	0	0
Mr Edmund Lai Sou Wei	1	1	0	0

* By invitation

** The Company was listed on 31 October 2018, there were no NC and RC meetings held in FY2019. The first NC and RC meetings were held on 28 May 2019.

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.

Prior to the listing of the Company, all independent non-executive directors of the Company were appointed on 26 September 2018 ("**New Directors**"). Management had conducted an orientation for the New Directors to introduce the Group's business and its operations. All Directors were actively involved in the verification meetings during the initial public offering ("**IPO**") process, where they sought advice and guidance from external advisors as part of their induction programme.

Mr Wong Cheong Chee, Ms Wong Keat Yee and Mr Edmund Lai Sou Wei do not have prior experience as directors of public listed companies in Singapore, Mr Wong Cheong Chee, Ms Wong Keat Yee and Mr Edmund Lai Sou Wei have been briefed by the Company's solicitors on the Singapore law on their obligations as directors under the Catalist Rules as well as the relevant Singapore law and on regulations. Ms Wong Keat Yee and Mr Edmund Lai have attended Listed Entity Director courses conducted by the Singapore Institute of Directors at the Company's expense.

The external auditors also briefed the AC members on the developments in accounting standards (where applicable) during AC meetings whilst the Company Secretary periodically updates the Board on any changes in the requirements of the Companies Act, 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.

CORPORATE GOVERNANCE REPORT

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.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE
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.

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

Name	Designation
Mr Wong Cheong Chee	Executive Chairman & CEO
Ms Wong Keat Yee	Executive Director
Mr Chee Teck Kwong	Lead Independent Non-executive Director
Mr Benjamin Choo	Independent Non-executive Director
Mr Edmund Lai Sou Wei	Independent Non-executive Director

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

As the Executive Chairman and CEO is the same person, it is a requirement for the Independent Non-executive Directors to make up majority of the Board pursuant to Provision 2.2 of the 2018 Code. The current composition of the Board complies with Provisions 2.2 and 2.3 of the 2018 Code where the Independent Non-executive Directors make up the majority of the Board.

CORPORATE GOVERNANCE REPORT

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.

Key information on each Director is set in the Profile of Directors on pages 10 to 11 of the Annual Report.

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

PRINCIPLE 3: CHAIRMAN AND CEO
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 three 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.

Mr Chee Teck Kwong Patrick was appointed as the Lead Independent Director of the Company on 26 September 2018. The role the Lead Independent Director is to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The Lead Independent 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 three 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.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 4: BOARD MEMBERSHIP
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:

Name	Designation
Mr Chee Teck Kwong (Chairman)	Lead Independent Non-executive Director
Mr Benjamin Choo	Independent Non-executive Director
Mr Edmund Lai Sou Wei	Independent Non-executive Director

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

The responsibilities of the NC in relation to Board appointments include the following:

(a) making recommendations to our Board on all board appointments, including re-nominations, having regard, to the director's contribution and performance;
(b) determining annually whether or not a director is independent;
(c) 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;
(d) reviewing and approving any new employment of related persons and the proposed terms of their employment;
(e) 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;
(f) reviewing succession plans for our Executive Directors and key management personnel;
(g) reviewing the training and professional development programs for the Board;
(h) 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; and
(i) 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.

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.

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

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

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

Name of Director	Designation	Date of First Appointment	Date of last re-election
Mr Wong Cheong Chee	Executive Chairman & CEO	26 September 2018	–
Ms Wong Keat Yee	Executive Director	26 September 2018	–
Mr Chee Teck Kwong Patrick	Independent Non-executive Director	26 September 2018	–
Mr Benjamin Choo	Independent Non-executive Director	26 September 2018	–
Mr Edmund Lai Sou Wei	Independent Non-executive Director	26 September 2018	–

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.

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.

All directors of the Company are due for retirement and subject to re-election at the First Annual General Meeting of the Company (the "**Retiring Directors**") pursuant to Regulation 100(1) of the Company's Constitution at the forthcoming AGM.

It be 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 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 Reappointment on page 135 to 146.

CORPORATE GOVERNANCE REPORT

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

(a) has not employed by the Company or any of its related corporations for the current or any of the past three financial years;

(b) does not has 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, the Company's related corporations (as defined in the 2018 Code), 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 in the best interests of the Company.

(*Collectively, the* "**Independent Criteria**")

The NC reviews annually the independence of each Director based on the definition and Independent Criteria set out in the 2018 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 Messrs Chee Teck Kwong Patrick, Benjamin Choo and Edmund Lai Sou Wei to be independent. Each of these Directors have also confirmed their independence.

PRINCIPLE 5: BOARD PERFORMANCE

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 addition to the above, the NC is also responsible for adopting and implementing corporate governance measures to achieve good stewardship of the Company. In this respect, its responsibilities include:

(i) To make 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.

(ii) To review and approve any new employment of related persons (related to the Directors,1key management personnel or substantial shareholders) and proposed terms of their employment.

(iii) To determine on an annual basis whether or not a Director of the Company is independent.

(iv) In respect of a Director who has multiple board representations on various companies, if any, to review and decide whether or not such Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the director when serving on multiple boards and discharging his duties towards other principal commitments.

(v) To review succession plans for Directors and key management personnel.

(vi) To review training and professional development programmes for the Board.

(vii) To decide whether or not a Director of the Company is able to and has been adequately carrying out his duties as a Director.

(viii) To develop 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.

(ix) To regularly review 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.

(x) To assess the effectiveness of the Board as a whole, and Board Committees and the contribution of each individual Director to the effectiveness of the Board.

(xi) To recommend to the Board comprehensive induction training programmes for new 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 operates in, attendance at Board or Board Committees meetings in person or via teleconference, availability at all reasonable times and the degree of participation at Board and Board Committees meetings, quality of interventions or difference of opinion expressed, and any special contributions.

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

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

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

Reviews of each individual Board member's performance and effectiveness, as well as the performance and effectiveness of the Board Committees and the Board are undertaken on a continuous basis by the NC with inputs from the various Board members. 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 FY2019. 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

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES
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.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION
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.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 8: DISCLOSURE ON REMUNERATION
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.

The RC comprises the following members:

Name	**Designation**
Mr Benjamin Choo (Chairman)	Independent Non-executive Director
Mr Chee Teck Kwong Patrick	Lead Independent Non-executive Director
Mr Edmund Lai Sou Wei	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 1key 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 three 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 is adequate and not excessive.

The RC administers the MeGroup SOS and the MeGroup PSP, which were approved by the Company's shareholders by way of sole member's resolution in writing on 26 September 2018. 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 SOS and the MeGroup PSP can be found on pages 40 to 42 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 SOS and the MeGroup PSP during FY2019.

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 SOS and MeGroup PSP.

An aggregated directors' fees of S$57,500 prorated based on the duration of service for FY2019 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 executive in congruence with the Company's overall goals and objectives.

The NC and the RC have reviewed the terms of the service agreements for the Executive Directors and they are of the view that the Executive Directors have service agreements which include fair and reasonable terms for termination under appropriate notice and these service agreements are in line with market practices and are not overly generous. The Company has not engaged any remuneration consultants for FY2019 and will continue to monitor the need to engage external remuneration consultants going forward and where applicable, will review the independence of the external firm before any engagement.

The relevant details of the Directors' and key management personnel's remuneration for FY2019 are set out below. Disclosure of the Directors' and key management personnel's remuneration is also made in Note 31 to the financial statements.

CORPORATE GOVERNANCE REPORT

Directors	Fee %	Salary %	Bonus %	Other Benefits %	Total Remuneration %
S$200,000 to S$299,999					
Mr Wong Cheong Chee	-	87	13	–	100
S$100,000 to S$199,999					
Ms Wong Keat Yee	-	86	14	–	100
Below S$100,000					
Mr Chee Teck Kwong, Patrick	100	-	–	–	100
Mr Benjamin Choo	100	-	–	–	100
Mr Edmund Lai Sou Wei	100	-	–	–	100

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 the 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 disclose may have on the Group.

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

The total remuneration paid to the top four key management personnel (who are not the Company's Directors or CEO) in FY2019 was S$445,150. 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$100,000 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 FY2019 is an immediate family member of a Director, the CEO or substantial shareholder of the Company or any of its principal subsidiaries. The relavant details of the remuneration of Mr Wong Sai Hou and Mr Wong Sai Keat (who are not directors of the Company) whose remuneration exceeds S$100,000 are as follows:

Name	Fee %	Salary %	Bonus %	Other Benefits %	Total Remuneration %
S$100,001 to S$200,000					
Mr Wong Sai Hou	-	86	14	–	100
Mr Wong Sai Keat	–	86	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

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS
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 FY2019 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 Group Financial Controller 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 2019.

PRINCIPLE 10: AUDIT COMMITTEE
The Board has an AC which discharges its duties objectively.

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

Name	Designation
Mr Edmund Lai Sou Wei (Chairman)	Independent Non-executive Director
Mr Chee Teck Kwong Patrick	Lead Independent Non-executive Director
Mr Benjamin Choo	Independent Non-executive Director

The roles and responsibilities of the AC are established in accordance with the 2018 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 to 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 external auditors:

- a) the audit plans, including the nature and scope of the audit before the audit commences
- b) their evaluation of the system of internal accounting controls
- c) their management letter and Management's response
- d) results of audits compiled by internal and external auditors
- 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
- g) significant financial reporting issues and judgements

(iv) To review any formal announcements relating to the Company's financial performance.

(v) To review the effectiveness and adequacy of internal control and procedures, including accounting and financial controls and procedures and ensure coordination between internal and external auditors, and Management, reviewing the assistance given by Management to the external auditor, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the external auditor may wish to discuss (in the absence of Management where necessary).

(vi) To review the scope and results of the external audit, and the independence and objectivity of the external auditors.

(vii) To review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response.

(viii) To make recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.

CORPORATE GOVERNANCE REPORT

(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 external auditors so as to ensure the integrity of the financial statements of Group and any formal announcements relating to the Group's financial performance before their submission to the Board.

(xi) To review all interested person transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Person during the same financial year) every quarter and approving all interested person transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Person during the same financial year) equal to or exceeding 3.0% of the value of the latest audited NTA of the Group, prior to such transactions being entered into, and monitoring the procedures established to regulate interested person transactions, including ensuring compliance with the Company's internal control system and the relevant provisions of the Catalist Rules, as well as all conflicts of interest to ensure that proper measures to mitigate such conflicts of interest have been put in place.

(xii) To review and approve any future variation or amendment or renewal of the terms of the Corporate Services Agreement.

(xiii) To review and report to the Board at least annually the adequacy and effectiveness of the Group's material internal controls with Chief Executive Officer, Group Financial Controller and the internal and external auditors, including financial, operation, compliance and information technology controls via reviews carried out by the internal auditors.

(xiv) To review the assistance and co-operation given by the Company's officers to the internal and external auditors.

(xv) To review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any).

(xvi) To review any potential conflicts of interest.

(xvii) To review and approve all hedging policies and instruments (if any) to be implemented by the Group.

(xviii) To review key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting the outcome of such review to be disclosed in the annual reports or, if the findings are material, immediately announced via SGXNET.

(xix) To review arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow-up.

(xx) To review and establish procedures for receipt, retention and treatment of complaints received by the Group, amongst others, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group.

(xxi) To ensure co-ordination where more than one audit firm is involved.

(xxii) To meet with the external auditors and with the internal auditors without the presence of Management, at least annually, to discuss any problems and concerns they may have.

(xxiii) To approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting firm/auditing firm or corporation to which the internal audit function is outsourced. To ensure that the internal audit function is staffed with persons with the relevant qualification and experience and that they carry out their functions according to the standards set by nationally or internationally recognised professional bodies

CORPORATE GOVERNANCE REPORT

(xxiv) To review the internal audit program and the adequacy, effectiveness and independence of the Company's internal audit function, as well as to ensure co-ordination between the internal and external auditors and Management.

(xxv) To oversee and advise the Board in formulating its risks policies to effectively identify and manage the Company's current (and future) risks in its financial, operational, compliance and information technology systems and all strategic transactions to be undertaken by the Company.

(xxvi) To oversee design and implementation of the overall risk management systems and internal control systems (including financial, operational, compliance and information technology controls).

(xxvii) To review the assurance from the Chief Executive Officer and the Chief Financial Officer on the financial records.

(xxviii) To commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any law, rule or regulation of the jurisdictions in which Group operates, which has or is likely to have a material impact on the Company's operating results and/or financial position.

(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.

Nexia TS Public Accounting Corporation ("**Nexia**") is an audit firm registered with the Singapore Accounting and Corporate Regulatory Authority and its was appointed as the Company's external auditors on 3 September 2018.

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 FY2019 are S$182,609 and S$65,000, respectively, (excluding disbursements and GST).

Nexia was also appointed in FY2019 to audit the accounts of the Company. 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 UHY Malaysia. 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 external auditors as required under Section 206(1A) of the Companies Act and determined that the external auditor was independent in carrying out their audit of the Group's financial statements.

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 external auditor's work before recommending the external auditors to the Board for re-appointment.

After taking into account the resources and experience of Nexia and the audit engagement director 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.

CORPORATE GOVERNANCE REPORT

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

The AC has met with the external auditors and internal auditors without the presence of management on 28 May 2019 for discussion on the audits for FY2019. The AC has full discretion to invite any Director or executive officer to its meetings and has the authority to conduct or authorise investigations into any matters within its scope of responsibilities.

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

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

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

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

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

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

The AC is of the view that the Internal Audit function has adequate resources to perform its functions, is independent from the activities that it audits and has appropriate standing within the Group. 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.

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

CORPORATE GOVERNANCE REPORT

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 will 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.

Going forward, the Board would be able to, in addition to the aforesaid, rely on the external consultant's sustainability reporting to better determine whether the Company conducts its business responsibly, particularly the ESG aspects.

As the Company was listed on 31 October 2018, it can issue its first Sustainability Report within one year from its FY2019. The Company will issue its first Sustainability Report by 31 March 2020.

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

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS
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.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS
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.

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 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.

However, any information that may be regarded as undisclosed material information about the Group will not be given.

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.

The Notices are advertised in the press and published via SGXNET. The results of all general meetings are also published via SGXNET. To facilitate participation by the shareholders, the Constitution of the Company allows the shareholders to attend and vote at all general meetings of the Company by proxies. Proxy forms can be sent to the Company's Share Registrar by mail or by hand. At all general meetings, each distinct issue is voted via a separate resolution.

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 external and internal auditors. At all general meetings, shareholders are given the opportunity to air their views and to ask the Directors and the Chairmen of Board Committees questions regarding the Company. The external auditor will also present to assist the Board in answering the shareholders' queries, where they are able to do so. In compliance with Rule 730A(2) of the Catalist Rules, resolutions tabled at general meetings of shareholders will be put to vote by poll, using polling slips, the procedures of which will be explained by the appointed scrutineer(s) at the general meetings of shareholders.

The Company Secretary and/or representatives from the Company Secretary's office prepares the minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and management. The minutes of such meetings are then circulated to the Board for approval. Thereafter, the minutes are available to shareholders upon request.

The Company 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.

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

E. MANAGING STAKEHOLDERS RELATIONSHIPS

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS
The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company is the process of formalising its Investor Relations and Stakeholder Engagement policies and will put them in place to enhance effective communications and engagements with its investors and shareholders and material stakeholders.

CORPORATE GOVERNANCE REPORT

INTERNAL COMPLIANCE 2018 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 Rule, 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.

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 FY2019 are as follows:

Name of interested person	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)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Yatta Group Sdn Bhd	S$132,000	N/A

Note: Yatta Group Sdn Bhd is 100% owned by Mr Wong and his immediate family members.

RISK MANAGEMENT

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

The 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))

There were no non-sponsor fees paid to the Company's Sponsor, CIMB Bank Berhad, Singapore Branch, subsequent to the Company's listing on the Catalist of the SGX-ST to the date of printing of this Annual Report.

USE OF PROCEEDS

(Catalist Rule 1204(22))

As at the date of signing of the financial statements, 5 July 2019, the Company has utilised the gross proceeds raised from the IPO amounting to S$0.33 million as follows:

Intended Use of Proceeds	Amount Allocated (S$ million)	Amount Utilised (S$ million)	Amount Remaining (S$ million)
Business expansion (including organic expansion and mergers and acquisitions)	1.80	0.33[1]	1.47
General Working capital	0.58	–	0.58
Total	**2.38**	**0.33**	**2.05**

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.

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 2019, or if not then subsisting, entered into in FY2019:

– Service agreement of Mr Wong Cheong Chee as previously disclosed in the Company's offer document dated 22 October 2018 ("**Offer Document**"). "

DIRECTORS' STATEMENT

For the financial year ended 31 March 2019

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 March 2019 and the statement of financial position of the Company as at 31 March 2019.

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 48 to 124 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 2019 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	(appointed on 26 September 2018)
Wong Keat Yee	(appointed on 26 September 2018)
Benjamin Choo Chin Chien	(appointed on 26 September 2018)
Chee Teck Kwong Patrick	(appointed on 26 September 2018)
Edmund Lai Sou Wei	(appointed on 26 September 2018)

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 2019

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 a director is deemed to have an interest		
	At 21.4.2019	At 31.3.2019	At date of appointment	At 21.4.2019	At 31.3.2019	At date of appointment
The Company						
(No. of ordinary shares)						
Wong Cheong Chee [1]	–	–	–	60,677,497	60,677,497	–
Holding Corporation - JCWW Holdings Pte. Ltd.						
(No. of ordinary shares)						
Wong Cheong Chee [2]	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 of the holding corporation.

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 21 years and hold such rank as may be designated by the Remuneration Committee (the "RC") from time to time, and non-executive directors (including independent directors) of the Group, shall be eligible to participate in the MeGroup PSP at the absolute discretion of the RC.

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

(a) the aggregate number of shares over which awards may be granted under the MeGroup PSP to controlling shareholders or associates of controlling shareholders shall not exceed 25.0% of the shares available under the MeGroup PSP; and

(b) the number of shares over which an award may be granted under the MeGroup PSP to each controlling shareholder or an associate of a controlling shareholder shall not exceed 10.0% of the shares available under the MeGroup PSP.

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 three independent directors, namely Benjamin Choo Chin Chien, Chee Teck Kwong Patrick and Edmund Lai Sou Wei.

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 three independent directors, namely Benjamin Choo Chin Chien, Chee Teck Kwong Patrick and Edmund Lai Sou Wei.

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.

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.

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 Chin Chien	

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;

(iii) the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2019 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;

DIRECTORS' STATEMENT
For the financial year ended 31 March 2019

AUDIT COMMITTEES (CONTINUED)

(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

Singapore

5 July 2019

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 2019, 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 48 to 124.

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 2019 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 MATTER	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. • 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. • Tested the key internal controls to ascertain the reliabilities of the internal controls in place over the revenue cycle. • 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 financial year end to ensure revenue are appropriately recognised for the current financial year.

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.

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.

- 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.

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

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

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

5 July 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2019

	Note	Group	
		2019	2018
		RM	RM
Continuing operations			
Revenue	4	243,458,457	145,230,009
Cost of sales		(218,932,835)	(125,667,940)
Gross profit		24,525,622	19,562,069
Other income			
- Interest	7	123,237	55,834
- Others	7	480,029	5,309,734
Other (losses) and gains – net	8	(125,449)	162,771
Expenses			
- Selling and distribution		(4,524,087)	(2,769,461)
- Administrative		(14,699,554)	(10,013,277)
- Finance	9	(1,891,828)	(813,454)
Profit before income tax		3,887,970	11,494,216
Income tax expense	10	(1,945,282)	(2,175,224)
Profit from continuing operations		1,942,688	9,318,992
Discontinued operations			
Loss from discontinued operations	34	–	(410,221)
Total profit, representing total comprehensive income for the financial year		1,942,688	8,908,771
Total profit/(loss) and total comprehensive income/(loss) attributable to:			
Equity holders of the Company		1,393,026	8,944,435
Non-controlling interests		549,662	(35,664)
		1,942,688	8,908,771
Earnings per share for profit/(loss) attributable to equity holders of the Company (RM cents per share)			
Basic and diluted earnings/(loss) per share	11		
From continuing operations		1.28	9.17
From discontinued operations		–	(0.40)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	Group		
		31 March 2019	31 March 2018	1 April 2017
		RM	RM	RM
ASSETS				
Current assets				
Cash and cash equivalents	12	16,927,691	11,018,847	10,184,190
Trade and other receivables	13	22,730,399	14,638,540	12,895,864
Tax recoverable	14	813,778	–	209,644
Inventories	15	15,143,323	10,043,213	3,597,032
		55,615,191	35,700,600	26,886,730
Non-current assets				
Property, plant and equipment	16	33,556,424	32,258,050	27,768,739
Intangible assets	17	3,304,389	3,967,298	–
		36,860,813	36,225,348	27,768,739
Total assets		92,476,004	71,925,948	54,655,469
LIABILITIES				
Current liabilities				
Trade and other payables	20	13,537,585	8,878,360	12,656,863
Current income tax liabilities	10	970,267	735,885	142,818
Borrowings	21	12,856,642	10,553,427	2,259,797
		27,364,494	20,167,672	15,059,478
Non-current liabilities				
Borrowings	21	17,483,469	16,768,806	14,904,712
Deferred income tax liabilities	23	2,855,472	2,637,499	1,184,000
		20,338,941	19,406,305	16,088,712
Total liabilities		47,703,435	39,573,977	31,148,190
NET ASSETS		44,772,569	32,351,971	23,507,279
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	24	36,722,029	1,499,852	1,499,852
Retained profits	25	30,245,098	29,002,057	22,007,427
Merger reserve	26	(24,594,282)	–	–
		42,372,845	30,501,909	23,507,279
Non-controlling interests	18	2,399,724	1,850,062	–
Total equity		44,772,569	32,351,971	23,507,279

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

STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	Company	
		31 March 2019	31 March 2018
		RM	RM
ASSETS			
Current assets			
Cash and cash equivalents	12	6,847,246	3
Trade and other receivables	13	258,944	–
		7,106,190	3
Non-current assets			
Investments in subsidiary corporations	18	26,094,134	–
Total assets		33,200,324	3
LIABILITIES			
Current liabilities			
Trade and other payables	20	214,580	–
Total liabilities		214,580	–
NET ASSETS		32,985,744	3
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	24	36,722,029	3
Accumulated losses	25	(3,736,285)	–
Total equity		32,985,744	3

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2019

	Note	← Attributable to equity holders of the Company			→		
		Share capital	Merger reserve	Retained profits	Total	Non-controlling interests	Total equity
		RM	RM	RM	RM	RM	RM
2019							
Beginning of financial year		1,499,852	–	29,002,057	30,501,909	1,850,062	32,351,971
Total comprehensive income for the financial year		–	–	1,393,026	1,393,026	549,662	1,942,688
Dividends paid	27	–	–	(149,985)	(149,985)	–	(149,985)
Restructuring exercise	24, 26	(1,499,852)	(24,594,282)	–	(26,094,134)	–	(26,094,134)
Issuance of new shares pursuant to restructuring exercise	24	26,094,134	–	–	26,094,134	–	26,094,134
Issuance of new shares pursuant to initial public offering ("IPO")	24	11,449,135	–	–	11,449,135	–	11,449,135
Share issue expenses [1]	24	(821,240)	–	–	(821,240)	–	(821,240)
End of financial year		36,722,029	(24,594,282)	30,245,098	42,372,845	2,399,724	44,772,569
2018							
Beginning of financial year		1,499,852	–	22,007,427	23,507,279	–	23,507,279
Total comprehensive income/(loss) for the financial year		–	–	8,944,435	8,944,435	(35,664)	8,908,771
Dividends paid	27	–	–	(1,949,805)	(1,949,805)	–	(1,949,805)
Additional paid-in capital		–	–	–	–	450,055	450,055
Acquisition of a subsidiary corporation	33	–	–	–	–	1,435,671	1,435,671
End of financial year		1,499,852	–	29,002,057	30,501,909	1,850,062	32,351,971

[1] This include fees amounting to RM75,268 paid to the independent auditor of the Company for their services rendered in connection with the Company's IPO.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2019

	Note	Group 2019 RM	Group 2018 RM
Cash flows from operating activities			
Total profit		1,942,688	8,908,771
Adjustments for:			
- Income tax expenses	10	1,945,282	2,175,224
- Amortisation of intangible assets	5	662,909	386,697
- Depreciation of property, plant and equipment	5	2,757,902	2,252,891
- (Gain)/loss on disposal of property, plant and equipment	8	(6,292)	53,956
- Gain on disposal of a subsidiary corporation	8	–	(418,064)
- Property, plant and equipment written-off	8	–	1,063,584
- Interest income	7	(123,237)	(55,834)
- Interest expense	9	1,891,828	813,454
		9,071,080	15,180,679
Change in working capital, net of effects from acquisition and disposal of subsidiary corporations:			
- Inventories		(5,100,110)	(6,472,565)
- Trade and other receivables		(8,091,859)	(1,756,705)
- Trade and other payables		4,659,225	(2,683,623)
Cash generated from operations		538,336	4,267,786
Income tax paid		(2,306,705)	(873,603)
Net cash (used in)/provided by operating activities		(1,768,369)	3,394,183
Cash flows from investing activities			
Acquisition of a subsidiary corporation, net of cash acquired	33	–	(2,131,250)
Additions to property, plant and equipment		(2,286,949)	(8,471,084)
Disposal of a subsidiary corporation, net of cash disposed of	12	–	335,016
Disposal of property, plant and equipment		520,265	348,438
Interest received		123,237	55,834
Investment in a subsidiary corporation by non-controlling interests		–	450,055
Net cash used in investing activities		(1,643,447)	(9,412,991)
Cash flows from financing activities			
Fixed deposits pledged		(53,163)	(315,272)
Proceeds from bank borrowings		8,058,070	10,548,797
Repayment of bank borrowings		(6,800,927)	(2,137,393)
Repayment of finance lease liabilities		(682,095)	(490,130)
Proceeds from IPO	24	11,449,135	–
Share issue expenses	24	(821,240)	–
Dividends paid	27	(149,985)	(1,949,805)
Interest paid		(1,891,828)	(813,454)
Net cash provided by financing activities		9,107,967	4,842,743
Net increase/(decrease) in cash and cash equivalents		5,696,151	(1,176,065)
Cash and cash equivalents			
Beginning of financial year		8,106,220	9,282,285
End of financial year	12	13,802,371	8,106,220

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2019

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES:

	1 April 2018	Proceeds from borrowings	Principal and interest payment	Non cash changes: New finance lease Note 16(a)	Non cash changes: Interest expenses Note 9	31 March 2019
	RM	RM	RM	RM	RM	RM
Bill payables	399,000	62,000	(399,000)	–	–	62,000
Term loans	23,889,497	7,996,070	(8,230,928)	–	1,829,001	25,483,640
Finance lease liabilities	954,847	–	(744,922)	2,283,300	62,827	2,556,052

	1 April 2017	Proceeds from borrowings	Principal and interest payment	Non cash changes: New finance lease Note 16(a)	Non cash changes: Interest expenses Note 9	31 March 2018
	RM	RM	RM	RM	RM	RM
Bill payables	270,000	399,000	(270,000)	–	–	399,000
Term loans	15,607,093	10,149,797	(2,635,015)	–	767,622	23,889,497
Finance lease liabilities	903,977	–	(535,962)	541,000	45,832	954,847

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

1. GENERAL INFORMATION

1.1 The Company

The Company is incorporated in Singapore on 7 February 2018 as a private company limited by shares, under the name of "MeGroup Pte. Ltd.", to act as the holding corporation of the Group. At incorporation, the Company's issued and paid-up share capital was S$1 (equivalent to RM3), comprising one (1) ordinary share. The Company was incorporated for the purpose of acquiring the existing companies of the Group pursuant to the Group's Restructuring Exercise (Note 1.2).

The Company was converted into a public limited company and the name was changed to "MeGroup Ltd." on 26 September 2018. The consolidated financial statements are presented in Malaysia Ringgit ("RM" or "MYR") except otherwise indicated.

The address of its registered and principal place of business is located at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

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 that of investment holding. The principal activities of its subsidiary corporations are described below.

The Group, after the restructuring exercise, comprises the Company and the following subsidiary corporations:

Name of companies	Country of business/ incorporation	Principal activities	Equity holding %
MeMG Pte. Ltd. ("MeMG")	Singapore	Investment holding	100
MeAG Pte. Ltd. ("MeAG")	Singapore	Investment holding	100
Held by MeMG Pte. Ltd.			
Menang Nusantara Sdn. Bhd. ("MNSB")	Malaysia	Manufacturing of Noise, Vibration and Harshness ("NVH") components and other non-NVH components	100
Held by MeAG Pte. Ltd.			
Menang Nusantara Holdings Sdn. Bhd. ("MNHSB")	Malaysia	Investment holding	100
Held by Menang Nusantara Holdings Sdn. Bhd.			
Menang Nusantara Auto Sdn. Bhd. ("MNASB")	Malaysia	Trading of motor vehicles and providing support services relating to the business	100
MN Otomobil Sdn. Bhd. ("MNOSB")	Malaysia	Trading of motor vehicles and providing support services relating to the business	100
MJN Motors Sdn. Bhd. ("MJNMSB")	Malaysia	Wholesale and retail of new motor vehicles and maintenance and repair of motor vehicles	55

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2019

1. GENERAL INFORMATION (CONTINUED)

1.2 Restructuring exercise

The Group was formed through the following exercise (the "Restructuring Exercise") which involved acquisitions and rationalisation of the corporate and shareholding structure for the purpose of the IPO of the Company on Catalist. Pursuant to the Restructuring Exercise, the Company became the holding corporation of the Group. The Restructuring Exercise involved the following steps:

(a) Transfer of Abdul Razak Bin Montel's shares in MNSB to Crimson Cloud Sdn. Bhd.

For personal asset planning purposes, Abdul Razak Bin Montel, the director of MNSB, transferred his entire interest in MNSB to Crimson Cloud Sdn. Bhd. (Company No. 1287977-P), a company incorporated in Malaysia that is wholly-owned by Abdul Razak Bin Montel, on 19 September 2018 for nominal consideration.

(b) Disposal by MNSB of the entire issued and paid-up share capital of Yatta Group Sdn. Bhd. ("Yatta Group") to the MNSB shareholders

To dispose of the non-core cafe restaurant and event space business prior to listing on Catalist, MNSB entered into a share sale and purchase agreement with the MNSB shareholders on 30 March 2018 in respect of the entire issued and paid-up share capital of Yatta Group for an aggregate cash consideration of RM500,000, paid by the MNSB shareholders in proportion to their shareholding in MNSB.

As Yatta Group was a loss-making entity, the cash consideration amounting RM500,000 was equivalent to the initial investment paid by the director, Wong Cheong Chee on behalf of MNSB in Yatta Group.

(c) Acquisition of shares in MJNMSB by MNHSB

Prior to the Restructuring Exercise, the director, Wong Cheong Chee and the officer, Wong Sai Hou, held one (1) ordinary share each in the share capital of MNHSB, notwithstanding that MNSB had contributed the entire of MNHSB's initial paid-up capital at the time of incorporation.

On 21 August 2018, MNHSB entered into a sale and purchase agreement with MNASB pursuant to which MNHSB acquired from MNASB 550,000 ordinary shares (comprising 55% of the issued and paid-up capital of MJNMSB) at an aggregate consideration of RM2,681,195 (the "MJNMSB Purchase Consideration"), which was equal to the aggregate amount contributed by MNASB to the paid-up capital of MJNMSB, as reflected in the audited financial statements of MJNMSB as at 31 March 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

1. GENERAL INFORMATION (CONTINUED)

1.2 Restructuring exercise (continued)

(c) Acquisition of shares in MJNMSB by MNHSB (continued)

The MJNMSB Purchase Consideration was satisfied by an issuance and allotment of an aggregate of 2,681,195 ordinary shares in MNHSB credited as fully paid to the MNSB shareholders in the following manner:

Name of allottee	Number of shares in MNHSB issued to such allottee
Badariyah Binti Hussein	47,194
Ahmad Izzuddin Bin Md. Isa	9,010
Wong Sai Hou	90,257
Ng Tin Poh @ Ng Say Heng	93,494
Crimson Cloud Sdn. Bhd. (as nominee of Abdul Razak Bin Montel)	322,312
Lee Khoon Chuan	411,462
Ng Bee Eng	93,494
Wong Cheong Chee	1,613,972
Total	2,681,195

Upon completion of the acquisition of shares in MJNMSB by MNHSB, MNHSB became the legal owner of 55% of the issued and paid-up capital of MJNMSB.

(d) Acquisition of shares in MNASB by MNHSB

On 21 August 2018, MNHSB entered into a sale and purchase agreement with MNSB pursuant to which MNHSB acquired the entire issued and paid-up capital of MNASB from MNSB for an aggregate consideration of RM5,281,593 (the "MNASB Purchase Consideration"), which was determined based on the audited net tangible assets ("NTA") of MNASB as at 31 March 2018.

The MNASB Purchase Consideration was satisfied by the allotment and issue of an aggregate of 5,281,593 ordinary shares in MNHSB credited as fully paid to the MNSB shareholders in the following manner:

Name of allottee	Number of shares in MNHSB issued to such allottee
Badariyah Binti Hussein	92,965
Ahmad Izzuddin Bin Md. Isa	17,748
Wong Sai Hou	177,796
Ng Tin Poh @ Ng Say Heng	184,170
Crimson Cloud Sdn. Bhd. (as nominee of Abdul Razak Bin Montel)	634,911
Lee Khoon Chuan	810,524
Ng Bee Eng	184,170
Wong Cheong Chee	3,179,309
Total	5,281,593

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

1. GENERAL INFORMATION (CONTINUED)

1.2 Restructuring exercise (continued)

(d) Acquisition of shares in MNASB by MNHSB (continued)

Upon the completion of the acquisition of shares in MNASB by MNHSB: (i) MNASB became a wholly-owned subsidiary corporation of MNHSB; and (ii) shares in MNHSB were held by the MNSB shareholders (and their nominees) in proportions equivalent to the MNSB shareholers' shareholding in MNSB.

(e) Incorporation of the Company

The Company was incorporated on 7 February 2018 in Singapore under the Companies Act, Chapter 50 (the "Act") as a private company limited by shares. At incorporation, the Company had an issued and paid-up share capital of S$1 (equivalent to RM3) comprising one (1) ordinary share, which was held by the officer, Wong Sai Hou.

(f) Incorporation of MeMG

MeMG was incorporated on 7 February 2018 in Singapore under the Act as a private company limited by shares. At incorporation, MeMG had an issued and paid-up share capital of S$1 (equivalent to RM3) comprising one (1) ordinary share, which was held by the Company.

(g) Incorporation of MeAG

MeAG was incorporated on 7 February 2018 in Singapore under the Act as a private company limited by shares. At incorporation, MeAG had an issued and paid-up share capital of S$1 (equivalent to RM3) comprising of one (1) ordinary share, which was held by the Company.

(h) Acquisition of shares in MNHSB by MeAG and the acquisition of shares in MNSB by MeMG

On 17 September 2018, MeAG entered into a restructuring agreement with, *inter alia*, the Company, Badariyah Binti Hussein, Ahmad Izzuddin Bin Md. Isa, Wong Sai Hou, Ng Tin Poh @ Ng Say Heng, Crimson Cloud Sdn. Bhd., Lee Khoon Chuan, Ng Bee Eng, Wong Cheong Chee and Ong Hock Seng (the "MeAG Restructuring Agreement"), pursuant to which MeAG acquired the entire issued and paid-up capital of MNHSB for an aggregate consideration of RM7,910,942, which was based on the audited NTA of MNHSB as at 31 March 2018, after adjusting for the acquisition by MNHSB of the 55% stake in MJNMSB and 100% of MNASB ("MNHSB Purchase Consideration").

1. GENERAL INFORMATION (CONTINUED)

1.2 Restructuring exercise (continued)

(h) Acquisition of shares in MNHSB by MeAG and the acquisition of shares in MNSB by MeMG (continued)

The MNHSB Purchase Consideration was satisfied by an issue and allotment of 30,923,275 ordinary shares credited as fully paid in the following manner:-

Name of allottee	Number of shares issued to such allottee
Badariyah Binti Hussein	544,304
Ahmad Izzuddin Bin Md. Isa	103,913
Wong Sai Hou	1,040,982
Ng Tin Poh @ Ng Say Heng	1,078,299
Crimson Cloud Sdn. Bhd.	3,717,349
Lee Khoon Chuan	4,745,548
Ng Bee Eng	1,078,299
JCWW Holdings Pte. Ltd. (as nominee of the director, Wong Cheong Chee) [1]	18,614,581
Total	30,923,275

[1] JCWW Holdings Pte. Ltd. is controlled by Wong Cheong Chee and Wong Sai Hou.

On 17 September 2018, MeMG entered into a restructuring agreement with, *inter alia*, the Company, Badariyah Binti Hussein, Ahmad Izzuddin Bin Md. Isa, Wong Sai Hou, Ng Tin Poh @ Ng Say Heng, Crimson Cloud Sdn. Bhd., Lee Khoon Chuan, Ng Bee Eng, Wong Cheong Chee and Ong Hock Seng (the "MeMG Restructuring Agreement") pursuant to which MeMG acquired the entire issued and paid-up capital of MNSB for an aggregate consideration of RM18,183,192, which was based on the audited NTA of MNSB as at 31 March 2018, after adjusting for the sale by MNSB of its 55% stake in MJNMSB and 100% of MNASB (the "MNSB Purchase Consideration").

The MNSB Purchase Consideration was satisfied by the allotment and issuance of an aggregate of 71,076,724 ordinary shares credited as fully paid in the following manner:-

Name of allottee	Number of shares issued to such allottee
Badariyah Binti Hussein	1,251,075
Ahmad Izzuddin Bin Md. Isa	238,842
Wong Sai Hou	2,392,682
Ng Tin Poh @ Ng Say Heng	2,478,456
Crimson Cloud Sdn. Bhd.	8,544,277
Lee Khoon Chuan	10,907,577
Ng Bee Eng	2,478,456
JCWW Holdings Pte. Ltd. (as nominee of the director, Wong Cheong Chee) [1]	42,785,359
Total	71,076,724

[1] JCWW Holdings Pte. Ltd. is controlled by Wong Cheong Chee and Wong Sai Hou.

1. GENERAL INFORMATION (CONTINUED)

1.2 Restructuring exercise (continued)

(h) Acquisition of shares in MNHSB by MeAG and the acquisition of shares in MNSB by MeMG (continued)

In consideration of the allotment and issuance of the shares to the MNSB shareholders (or their nominees) by the Company, MeAG issued and allotted 7,962,790 ordinary shares, and MeMG issued and allotted 1,499,850 ordinary shares, to the Company.

Upon completion of the acquisition of shares in MNHSB by MeAG and upon completion of the acquisition of shares in MNSB by MeMG, MNSB and MNHSB became wholly-owned subsidiary corporations of MeMG and MeAG, respectively.

(i) Transfer of shares to Ong Hock Seng pursuant to the MeAG Restructuring Agreement and the MeMG Restructuring Agreement

Pursuant to the MeAG Restructuring Agreement and the MeMG Restructuring Agreement, in consideration for the provision of consulting services rendered by Ong Hock Seng to the MNSB shareholders in relation to their divestment of shares in MNSB to MeMG and their shareholding in the Company, each of the MNSB shareholders agreed to apportion 1,200,151 ordinary shares out of the 101,999,999 ordinary shares to be issued to the MNSB shareholders (or their nominees) under the MeAG Restructuring Agreement and the MeMG Restructuring Agreement and to procure the issue and allotment by the Company of such 1,200,151 ordinary shares to Ong Hock Seng.

Ong Hock Seng has agreed to a lock-up arrangement during the Moratorium Period in respect of his shareholdings in the Company.

The Restructuring Exercise as described in Note 1.2 (h) involved companies which are under common control since all the entities that took part in Restructuring Exercise were controlled by the same parties, Wong Cheong Chee and Wong Sai Hou, before and immediately after the Restructuring Exercise. The consolidated financial statements for the financial years ended 31 March 2018 and 2017 have been prepared based on the predecessor accounting method as if the current group structure had been in existence prior to the Restructuring Exercise (Please refer to Note 2.4(a)(ii) to the financial statements for the accounting policy).

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 April 2018. These financial statements for the financial year ended 31 March 2019 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for financial periods up to and including the financial year ended 31 March 2018 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 April 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 March 2019. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening statement of financial position has been prepared as at 1 April 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

There are no material adjustments to the Group's consolidated statement of financial position, consolidated statement of comprehensive income and consolidated statement of cash flows and Company's statement of financial position arising from the transition from SFRS to SFRS(I).

(a) SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 April 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2018. Accordingly, the information presented for 2018 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. The Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

Classification of financial assets and financial liabilities

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9, see Note 2.10 to the financial statements. The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

Trade and other receivables and cash and cash equivalents that were classified as loan and receivables under FRS39 are now classified at amortised cost. No adjustment in the allowance for impairment was recognised in opening retained earnings of the Group and of the Company as at 1 April 2018 respectively on transition of SFRS(I) 9.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of SFRS(I) (continued)

(b) SFRS(I) 15 *Revenue from Contracts with Customers*

In accordance with the requirement of SFRS(I), the Group adopted all of the requirements of SFRS(I) 15 as of 1 April 2018. SFRS(I) 15 utilises a methodical framework for entities to follow in order to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The change did not impact the cumulated revenue recognised or the related assets and liabilities on the transition date.

The adoption of SFRS(I) 15 resulted in no impact to the opening retained profits nor to the opening balance of accumulated other comprehensive income on 1 April 2018.

The accounting policies for revenue recognition under SFRS(I) 15 is as disclosed on Note 2.3 to the financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Revenue recognition (continued)

(d) *Incentives received from distributors*

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

(e) *Handling fees*

Handling fees are recognised when the related services 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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(a) Subsidiary corporations (continued)

(i) Consolidation (continued)

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

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

(ii) Acquisition

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(a) Subsidiary corporations (continued)

(ii) Acquisition (continued)

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

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

(iii) Disposals

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

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

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

(b) Transactions with non-controlling interests

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(c) *Associated company*

Associated company is an entity over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

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

(i) *Acquisitions*

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

(ii) *Equity method of accounting*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated company's post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated company is recognised as a reduction of the carrying amount of the investments.

When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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

(iii) *Disposals*

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 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:

	Useful lives
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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (continued)

(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 (losses) and gains – net".

2.6 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 and associated company 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.

2.7 Borrowing costs

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

2.8 Investments in subsidiary corporations and associated company

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

2.9 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets (continued)

(a) Goodwill (continued)

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.

(b) Intangible assets
Property, plant and equipment
Investments in subsidiary corporations and associated company

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

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

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

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

An impairment loss for an asset other than goodwill is reversed 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets

The accounting for financial assets before 1 April 2018 are as follows:

(a) *Classification*

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those that are expected to be realised later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "Cash and cash equivalents" (Note 12) and "Trade and other receivables" (Note 13) on the statement of financial position.

(b) *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 a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

(d) *Subsequent measurement*

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(e) *Impairment*

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

(e) Impairment (continued)

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior financial periods.

The accounting for financial assets from 1 April 2018 are as follows:

(a) Classification and measurement

The Group classifies its financial assets at amortised costs.

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

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

At initial recognition, 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 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.

(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.

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

(c) Recognition and derecognition (continued)

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.

2.11 Offsetting of financial instruments

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

2.12 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 the impairment methodology under SFRS(I) 9.

Prior to 1 April 2018, financial guarantees were subsequently measured at the higher of (a) and the expected amounts payable to the banks in the event it is probable that the Company will reimburse the banks.

2.13 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 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.

2.15 Leases

When the Group is the lessee

The Group leases automobiles under finance leases from non-related parties and office, warehouse spaces and workers' accommodation under operating leases from non-related parties.

(i) Lessee – Finance lease

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance lease.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating lease

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

2.16 Inventories

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 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.

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.

2.18 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.

2.19 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 and Social Security Organisation Contributions ("SOCSO") on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employee compensation (continued)

(b) *Profit sharing and bonus plans*

The Group recognises a liability and an expense for bonuses and profit-sharing. Profit sharing 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 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.

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 (losses) and gains – net".

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

(c) Translation of Group entities' financial statements

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

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 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.

2.22 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.

2.23 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.

2.24 Dividends to Company's shareholders

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

2.25 Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

(a) represents a separate major line of business or geographical area of operations; or
(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) is a subsidiary corporation acquired exclusively with a view to resale.

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 leasehold land and freehold land, to be within 3 to 10 years.

The carrying amounts of the Group's property, plant and equipment as at 31 March 2019 is RM27,946,201 (31 March 2018: RM26,602,350; 1 April 2017: RM22,107,475). 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 RM271,242 (31 March 2018: RM220,741; 1 April 2017: RM203,161) 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 using a provision matrix. A considerable amount of judgement is required in assessing the ECL which are determined by referencing to the Group's historical observed default rates, customers' ability to pay and adjusted with forward-looking information. At every reporting date, the historical observed default rates will be updated and changes in the forward-looking estimates will be analysed. The information about the ECL on the Group's trade receivables is disclosed in Note 30(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 2019 and 2018 and 1 April 2017.

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

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

(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 significant judgement which may materially 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 RM757,166 (31 March 2018: RM502,161; 1 April 2017: RM179,852).

4. REVENUE

	At a point in time	
	Group	
	2019	2018
	RM	RM
Manufacturing		
Sales of NVH components and other non-NVH components	36,160,091	38,051,179
Dealership		
Sales of automobiles	182,258,463	91,600,395
After-sales automobile services	21,459,187	13,945,531
Incentives received from distributors	2,047,433	936,762
Handling fees	971,969	441,356
Agency fee income	561,314	254,786
	207,298,366	107,178,830
	243,458,457	145,230,009

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2019

5. EXPENSES BY NATURE

	Group	
	2019	2018
	RM	RM
Amortisation of intangible assets (Note 17)	662,909	386,697
Bank charges and commission	176,085	160,717
Changes in inventories	(5,100,110)	(6,446,181)
Contract workers	–	376,298
Depreciation of property, plant and equipment (Note 16)	2,757,902	2,252,891
Directors' fee paid to directors of the Company	173,855	–
Employee compensation (Note 6)	11,950,038	9,890,051
Entertainment	662,075	510,355
Fees on audit services paid/payable to:		
- Auditor of the Company	195,637	–
- Other auditors	236,853	83,448
Freight charges	652,629	890,250
Import duty	233,989	193,287
Insurance	364,866	305,081
IPO expenses	3,021,364	–
Printing and stationery	108,055	71,600
Production expenses	255,593	294,643
Professional fees	295,162	467,284
Purchases of		
- automobiles	180,340,137	94,922,359
- automobile parts and accessories	12,759,023	7,724,632
- raw materials	18,661,422	17,907,770
	211,760,582	120,554,761
Rental expenses	2,500,387	2,261,938
Repairs and maintenance	972,453	543,429
Research and development	155,025	330,151
Security charges	404,557	314,606
Sponsorship fee	120,772	–
Stamp duty	122,932	58,119
Sub-contractors	1,069,269	1,070,866
Testing expenses	18,602	72,998
Transportation expenses	430,083	529,353
Travelling and accommodation	484,925	290,979
Utilities	1,227,634	1,143,331
Other	2,242,353	1,843,726
Total cost of sales, selling and distribution and administrative expenses	238,156,476	138,450,678

6. EMPLOYEE COMPENSATION

	Group	
	2019	2018
	RM	RM
Wages and salaries	11,162,770	9,202,217
Employer's contribution to defined contribution plan and SOCSO	787,268	687,834
	11,950,038	9,890,051

7. OTHER INCOME

	Group	
	2019	2018
	RM	RM
Interest income		
- Bank deposits	38,952	55,834
- Fixed deposit	84,285	–
	123,237	55,834
Business development fund (Note 20)	–	200,000
Commission received	297,319	105,304
Compensation from government (Note 8)	–	4,825,734
Dividend received from short-term money market fund	7,615	31,236
Income from storage service	12,000	38,736
Management fee	132,000	50,199
Other	31,095	58,525
	603,266	5,365,568

8. OTHER (LOSSES) AND GAINS – NET

	Group	
	2019	2018
	RM	RM
Bad debts written-off	–	(10,005)
Deposits written-off	–	(53,997)
Realised currency exchange (loss)/gain – net	(134,090)	926,249
Unrealised currency exchange gain – net	14,785	–
(Gain)/loss on disposal of property, plant and equipment	6,292	(53,956)
Gain on disposal of a subsidiary corporation (Note 12)	–	418,064
Property, plant and equipment written-off [1]	–	(1,063,584)
Other	(12,436)	–
	(125,449)	162,771

(1) On 6 March 2017, the Group wrote off one of its showroom located in Kuala Lumpur, Malaysia amounting to RM1,063,584 due to compulsory acquisition by the Malaysian Government Authorities for the Mass Rapid Transit Project.

The Group received a compensation of RM4,825,734 (Note 7) from the Malaysian Government Authorities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

9. FINANCE EXPENSES

	Group	
	2019	2018
	RM	RM
Interest expense		
- Bank borrowings	1,829,001	767,622
- Finance lease liabilities	62,827	45,832
	1,891,828	813,454

10. INCOME TAXES

(a) Income tax expense

	Group	
	2019	2018
	RM	RM
Tax expense attributable to profit is made up of:		
- Profit for the financial year:		
Current income tax		
- Foreign	2,281,338	1,738,140
Deferred income tax (Note 23)	(14,191)	543,036
	2,267,147	2,281,176
- (Over)/under provision in prior financial year:		
Current income tax		
- Foreign	(554,029)	(61,826)
Deferred income tax (Note 23)	232,164	(44,126)
	(321,865)	(105,952)
	1,945,282	2,175,224

10. INCOME TAXES (CONTINUED)

(a) Income tax expense (continued)

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:

	Group	
	2019	2018
	RM	RM
Profit before tax from		
- Continuing operations	3,887,970	11,494,216
- Discontinued operations (Note 34(a))	–	(410,221)
	3,887,970	11,083,995
Tax calculated at tax rate of 24% (2018: 24%)	933,113	2,660,159
Effects of:		
- Different tax rate in other countries	262,070	–
- Expenses not deductible for tax purposes	1,182,489	901,129
- Income not subject to tax	(50,525)	(1,164,325)
- Tax incentives	(60,000)	(115,787)
- (Over)/under provision in prior financial year:		
- Current income tax	(554,029)	(61,826)
- Deferred income tax	232,164	(44,126)
Tax charge	1,945,282	2,175,224

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

	Group	
	2019	2018
	RM	RM
Beginning of financial year	735,885	(66,826)
Income tax paid	(2,306,705)	(873,603)
Tax expense	2,281,338	1,738,140
Over provision in prior financial year	(554,029)	(61,826)
End of financial year	156,489	735,885
Presented as:		
Tax recoverable	(813,778)	–
Current income tax liabilities	970,267	735,885
	156,489	735,885

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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 2019 and 2018 as there were no potential dilutive ordinary shares outstanding.

	2019		2018	
	Continuing operations	**Discontinued operations**	**Continuing operations**	**Discontinued operations**
Net profit/(loss) attributable to equity holders of the Company (RM)	1,393,026	–	9,354,656	(410,221)
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share	108,826,027	–	102,000,000[1]	102,000,000[1]
Basic and diluted earnings/(losses) per share (RM cents per share)	1.28	–	9.17	(0.40)

[1] For comparative purpose, the Company's pre-invitation number of ordinary shares of 102,000,000 has been used in the calculation of basic and diluted earnings per share.

12. CASH AND CASH EQUIVALENTS

	Group			Company	
	31 March 2019	**31 March 2018**	**1 April 2017**	**31 March 2019**	**31 March 2018**
	RM	**RM**	**RM**	**RM**	**RM**
Cash and bank balances	13,253,386	9,383,812	8,719,156	6,847,246	3
Fixed deposits	1,174,305	1,635,035	1,015,034	–	–
Short-term money market fund	2,500,000	–	450,000	–	–
	16,927,691	11,018,847	10,184,190	6,847,246	3

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

	Group	
	2019	**2018**
	RM	**RM**
Cash and bank balances (as above)	16,927,691	11,018,847
Less: Bank overdrafts (Note 21)	(2,238,419)	(2,078,889)
Less: Fixed deposits pledged	(886,901)	(833,738)
Cash and cash equivalents per consolidated statement of cash flows	13,802,371	8,106,220

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

12. CASH AND CASH EQUIVALENTS (CONTINUED)

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

Disposal of a subsidiary corporation

On 30 March 2018, the Group entered into a share sale purchase agreement with shareholders to dispose of a subsidiary corporation, Yatta Group Sdn. Bhd. ("Yatta Group"), for a consideration of RM500,000. The Group has de-consolidated Yatta Group upon signing of the share sale purchase agreement as management has assessed that the Group has lost control over Yatta Group.

The effects of the disposal of a subsidiary corporation on the cash flows of the Group were:

Carrying amounts of assets and liabilities as at the date of disposal

	Group 2018 RM
Cash and cash equivalent	164,984
Trade and other receivables	14,029
Inventories	26,384
Property, plant and equipment (Note 16)	971,419
Total assets	1,176,816
Trade and other payables, representing total liabilities	1,094,880
Net assets derecognised, representing net assets disposed of	81,936

The aggregate cash inflows arising from the disposal of a subsidiary corporation were:

	Group 2018 RM
Net assets disposed of (as above)	81,936
Gain on disposal of a subsidiary corporation (Note 8)	418,064
Proceeds from disposal of a subsidiary corporation	500,000
Less: Cash and cash equivalents in subsidiary corporation disposed of	(164,984)
Net cash inflows on disposal of a subsidiary corporation	335,016

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For the financial year ended 31 March 2019

13. TRADE AND OTHER RECEIVABLES

	Group			Company	
	31 March 2019 RM	31 March 2018 RM	1 April 2017 RM	31 March 2019 RM	31 March 2018 RM
Trade receivables	16,477,896	11,097,084	7,114,470	–	–
Other receivables					
- Insurance	–	–	2,234,856	–	–
- Non-related parties	700,810	274,522	42,818	–	–
- Related parties	281,428	252,826	5,000	–	–
- Subsidiary corporations	–	–	–	8,096	–
- GST receivable	1,234,801	675,936	1,268,999	205,790	–
- Staff loans	142,604	223,144	208,769	-	–
	2,359,643	1,426,428	3,760,442	213,886	–
Advance payments to suppliers	1,839,209	–	–	–	–
Deferred IPO expenses	–	548,811	–	–	–
Deposits	1,480,687	1,207,131	1,721,722	45,058	–
Prepayments	572,964	359,086	299,230	–	–
	22,730,399	14,638,540	12,895,864	258,944	–

The other receivables from related parties, 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.

14. TAX RECOVERABLE

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

15. INVENTORIES

	Group		
	31 March 2019 RM	31 March 2018 RM	1 April 2017 RM
Raw materials	2,083,945	1,593,425	1,661,482
Work in progress	143,329	95,968	137,038
Finished goods:			
- Automobiles	10,411,154	6,703,027	542,482
- Automobile parts and accessories	2,504,895	1,650,793	1,256,030
	12,916,049	8,353,820	1,798,512
	15,143,323	10,043,213	3,597,032

The cost of inventories recognised as an expense and included in "cost of sales" amounted to RM206,660,472 (2018: RM114,108,580).

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
Group										
2019										
Cost										
Beginning of financial year	1,069,014	12,456,280	2,001,920	5,378,859	2,848,509	7,210,478	3,449,579	2,344,120	–	36,758,759
Additions	206,597	535,245	77,363	332,469	2,797,660	25,890	–	–	595,025	4,570,249
Disposals	–	–	–	–	(1,284,244)	–	–	–	–	(1,284,244)
Reclassification	–	–	26,100	(26,100)	–	–	–	–	–	–
End 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
Accumulated depreciation										
Beginning of financial year	214,832	2,175,913	245,989	345,340	1,188,157	192,479	137,999	–	–	4,500,709
Depreciation charge (Note 5)	113,021	1,266,506	205,879	353,045	629,349	144,625	45,477	–	–	2,757,902
Disposals	–	–	–	–	(770,271)	–	–	–	–	(770,271)
Reclassification	–	–	2,828	(2,828)	–	–	–	–	–	–
End of financial year	327,853	3,442,419	454,696	695,557	1,047,235	337,104	183,476	–	–	6,488,340
Net book value										
End of financial year	947,758	9,549,106	1,650,687	4,989,671	3,314,690	6,899,264	3,266,103	2,344,120	595,025	33,556,424

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	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group									
2018									
Cost									
Beginning of financial year	758,482	11,241,011	1,337,249	2,138,880	2,653,787	7,036,849	3,449,579	2,344,120	30,959,957
Additions	552,604	1,752,849	1,250,182	4,585,905	721,426	173,629	–	–	9,036,595
Disposals	–	–	–	–	(526,704)	–	–	–	(526,704)
Written-off	(124,924)	(448,189)	(252,526)	(1,057,035)	–	–	–	–	(1,882,674)
Acquisition of a subsidiary corporation (Note 33)	4,167	149,272	14,076	–	–	–	–	–	167,515
Disposal of a subsidiary corporation (Note 12)	(121,315)	(238,663)	(347,061)	(288,891)	–	–	–	–	(995,930)
End of financial year	1,069,014	12,456,280	2,001,920	5,378,859	2,848,509	7,210,478	3,449,579	2,344,120	36,758,759
Accumulated depreciation									
Beginning of financial year	250,125	1,081,422	186,634	586,301	895,641	98,573	92,522	–	3,191,218
Depreciation charge									
- Continuing operations (Note 5)	61,243	1,259,253	169,971	206,215	416,826	93,906	45,477	–	2,252,891
- Discontinued operations	3,152	12,547	5,703	3,109	–	–	–	–	24,511
Disposals	–	–	–	–	(124,310)	–	–	–	(124,310)
Written-off	(96,536)	(164,762)	(110,616)	(447,176)	–	–	–	–	(819,090)
Disposal of a subsidiary corporation (Note 12)	(3,152)	(12,547)	(5,703)	(3,109)	–	–	–	–	(24,511)
End of financial year	214,832	2,175,913	245,989	345,340	1,188,157	192,479	137,999	–	4,500,709
Net book value									
End of financial year	854,182	10,280,367	1,755,931	5,033,519	1,660,352	7,017,999	3,311,580	2,344,120	32,258,050

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Included within additions in the consolidated financial statements are automobiles acquired under finance leases amounting to RM2,283,300 (2018: RM541,000).

The carrying amounts of automobiles held under finance leases are RM3,314,690 (2018: RM1,660,352).

(b) Bank borrowings are secured on property, plant and equipment of the Group with carrying amounts of RM15,824,177 (2018: RM14,334,050).

17. INTANGIBLE ASSETS

	Group		
	31 March 2019	**31 March 2018**	**1 April 2017**
	RM	**RM**	**RM**
Composition:			
Goodwill (Note (a))	376,541	376,541	–
Customer relationship (Note (b))	72,808	89,293	–
Licence (Note (c))	2,855,040	3,501,464	–
	3,304,389	3,967,298	–

(a) Goodwill

	Group	
	2019	**2018**
	RM	**RM**
Cost		
Beginning of financial year	376,541	–
Acquisition of a subsidiary corporation (Note 33)	–	376,541
End of financial year	376,541	376,541
Net book value		
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.

17. INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill (continued)

Impairment test for goodwill

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

Key assumptions used for value-in-use calculations:

	Dealership business	
	2019	**2018**
	%	**%**
Growth rate [1]	16.0 – 38.0	11.0 – 25.0
Discount rate [2]	16.0	17.2

[1] Revenue growth rate used for extrapolation of future revenue for the five-year period
[2] Pre-tax discount rate applied to pre-tax cash flow projection

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

Based on the five-year projected cash flow, the recoverable amount of the CGU exceed its carrying amount. If the management's estimated growth rate used in the value-in-use calculation for this CGU had declined by 1%, or the estimated pre-tax discount rate applied to the discounted cash flows for this CGU had been raised by 26%, the recoverable amount of the CGU would equal to the carrying amount.

(b) Customer relationship

	Group	
	2019	**2018**
	RM	**RM**
Cost		
Beginning of financial year	98,909	–
Acquisition of a subsidiary corporation (Note 33)	–	98,909
End of financial year	98,909	98,909
Accumulated amortisation		
Beginning of financial year	9,616	–
Amortisation charge (Note 5)	16,485	9,616
End of financial year	26,101	9,616
Net book value		
End of financial year	72,808	89,293

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17. INTANGIBLE ASSETS (CONTINUED)

(c) Licence

	Group	
	2019	**2018**
	RM	**RM**
Cost		
Beginning of financial year	3,878,545	–
Acquisition of a subsidiary corporation (Note 33)	–	3,878,545
End of financial year	3,878,545	3,878,545
Accumulated amortisation		
Beginning of financial year	377,081	–
Amortisation charge (Note 5)	646,424	377,081
End of financial year	1,023,505	377,081
Net book value		
End of financial year	2,855,040	3,501,464

18. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2019	**2018**
	RM	**RM**
Equity investment at cost		
Beginning of financial year/at date of incorporation on 7 February 2018	–	–
Additions	26,094,134	–
End of financial year/period	26,094,134	–

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18. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

The Group has the following subsidiary corporations as at 31 March 2019 and 2018 and 1 April 2017:

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		
			31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018	1 April 2017
			%	%	%	%	%	%
Held by the Company								
MeMG Pte. Ltd. ("MeMG") [1]	Singapore	Investment holding	100	100	100	–	–	–
MeAG Pte. Ltd. ("MeAG") [1]	Singapore	Investment holding	100	100	100	–	–	–
Held by MeMG Pte. Ltd.								
Menang Nusantara Sdn. Bhd. ("MNSB") [2]	Malaysia	Manufacturing of Noise, Vibration and Harshness ("NVH") components and other non-NVH components	100	100	100	–	–	–
Held by MeAG Pte. Ltd.								
Menang Nusantara Holdings Sdn. Bhd. ("MNHSB") [2]	Malaysia	Investment holding	100	100	100	–	–	–
Held by Menang Nusantara Holdings Sdn. Bhd.								
Menang Nusantara Auto Sdn. Bhd. ("MNASB") [2]	Malaysia	Trading of motor vehicles and providing support services relating to the business	100	100	100	–	–	–
MN Otomobil Sdn. Bhd. ("MNOSB") [2]	Malaysia	Trading of motor vehicles and providing support services relating to the business	100	100	100	–	–	–

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18. INVESTMENTS IN SUBSIDIARY CORPORATIONS (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		
			31 March 2019 %	31 March 2018 %	1 April 2017 %	31 March 2019 %	31 March 2018 %	1 April 2017 %
MJN Motors Sdn. Bhd. ("MJNMSB") [2][3]	Malaysia	Wholesale and retail of new motor vehicles and maintenance and repair of motor vehicles	55	55	–	45	45	–
<u>Held by MJN Motors Sdn. Bhd.</u>								
MJN Auto Sdn. Bhd. ("MJNASB") [2][4]	Malaysia	Wholesale and retail of new motor vehicles and maintenance and repair of motor vehicles	55	–	–	45	–	–
<u>Held by Menang Nusantara Sdn. Bhd.</u>								
Yatta Group Sdn. Bhd. ("Yatta Group") [5]	Malaysia	Café restaurant	–	–	100	–	–	–

[1] Audited by Nexia TS Public Accounting Corporation, Singapore.

[2] Audited by UHY, Malaysia.

[3] The Group through its subsidiary corporation, MNASB acquired 55% equity interest in MJNMSB. As a result, the Group holds 55% shareholding interest in MJNMSB. Details of the acquisition are disclosed in Note 33 to the financial statements.

[4] On 15 August 2018, the Group through its subsidiary corporation, MJNMSB, incorporated a wholly-owned subsidiary corporation, MJN Auto Sdn. Bhd. ("MJNASB") in Malaysia.

[5] On 30 March 2018, the Group disposed of the entire shareholding interest in Yatta Group. Details of the disposal are disclosed in Note 34 to the financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS

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18. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Carrying value of non-controlling interests

	Group		
	31 March 2019	**31 March 2018**	**1 April 2017**
	RM	**RM**	**RM**
MJN Motors Sdn. Bhd.	1,670,666	1,850,062	–
MJN Auto Sdn. Bhd.	729,058	–	–
	2,399,724	1,850,062	–

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

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

Summarised statement of financial position

	MJN Motors Sdn. Bhd.		
	31 March 2019	**31 March 2018**	**1 April 2017**
	RM	**RM**	**RM**
Current			
Assets	14,195,739	8,632,928	–
Liabilities	(13,493,749)	(7,992,406)	–
Total current net assets	701,990	640,522	–
Non-current			
Assets	5,489,883	6,625,968	–
Liabilities	(2,479,283)	(3,155,242)	–
Total non-current net assets	3,010,600	3,470,726	–
Net assets	3,712,590	4,111,248	–

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18. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Carrying value of non-controlling interests (continued)

Summarised statement of financial position (continued)

	MJN Auto Sdn. Bhd.		
	31 March 2019	31 March 2018	1 April 2017
	RM	RM	RM
Current			
Assets	5,354,112	–	–
Liabilities	(4,140,293)	–	–
Total current net assets	1,213,819	–	–
Non-current			
Assets	551,185	–	–
Liabilities	(144,875)	–	–
Total non-current net assets	406,310	–	–
Net assets	1,620,129	–	–

Summarised statement of comprehensive income

	MJN Motors Sdn. Bhd.		MJN Auto Sdn. Bhd.	
	2019	2018	2019	2018
	RM	RM	RM	RM
Revenue	121,683,213	48,588,472	17,336,712	-
Profit before income tax	990,103	61,146	821,544	-
Income tax expense	(388,761)	(140,400)	(201,414)	-
Profit/(loss) for the financial year	601,342	(79,254)	620,130	-
Total comprehensive income/(loss) allocated to non-controlling interests	270,604	(35,664)	279,058	-

Summarised statement of cash flows

	MJN Motors Sdn. Bhd.		MJN Auto Sdn. Bhd.	
	2019	2018	2019	2018
	RM	RM	RM	RM
Net cash provided by/(used in) operating activities	206,471	(6,929,927)	(3,746,110)	–
Net cash used in investing activities	(1,931,874)	(2,324,900)	(377,183)	–
Net cash (used in)/provided by financing activities	(563,030)	10,244,787	4,129,886	–

19. INVESTMENT IN ASSOCIATED COMPANY

	Group	
	2019	2018
	RM	RM
Equity investment at cost		
Beginning of financial year	–	354,202
Less: Struck-off [1]	–	(354,202)
End of financial year	–	–

[1] During the financial year ended 31 March 2018, the associated company is in the process of being struck-off. On 14 June 2018, the associated company had been deregistered from the Companies Commission of Malaysia.

The Group had the following associated company as at 31 March 2019 and 2018 and 1 April 2017:

Name of entity	Place of business/ country of incorporation	Principal activities	% of ownership interest		
			31 March 2019	31 March 2018	1 April 2017
Menang Nusantara Electrical Industries (M) Sdn. Bhd.	Malaysia	Manufacturing direct current (DC) motors and electrical parts and components	–	39	39

20. TRADE AND OTHER PAYABLES

	Group			Company	
	31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018
	RM	RM	RM	RM	RM
Trade payables	9,642,811	7,037,206	11,186,114	–	–
Other payables					
- Non-related parties	314,998	609,585	59,407	149	–
- Directors	712,336	–	500,000	–	–
- Subsidiary corporations	–	–	–	18,794	–
	1,027,334	609,585	559,407	18,943	–
Accruals for operating expenses	975,934	642,036	528,772	195,637	–
Advances from customers	1,626,506	324,533	182,570	–	–
Deferred income	265,000	265,000	200,000	–	–
	13,537,585	8,878,360	12,656,863	214,580	–

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

Deferred income refers to a Business Development Fund received from non-related party for the purpose of workshop establishment and fund for marketing and sales effort (Note 7).

21. BORROWINGS

	Group		
	31 March 2019 RM	31 March 2018 RM	1 April 2017 RM
Current			
Bank overdrafts (Note 12)	2,238,419	2,078,889	383,439
Bill payables	62,000	399,000	270,000
Term loans	9,873,656	7,675,941	1,259,325
Finance lease liabilities (Note 22)	682,567	399,597	347,033
	12,856,642	10,553,427	2,259,797
Non-current			
Term loans	15,609,984	16,213,556	14,347,768
Finance lease liabilities (Note 22)	1,873,485	555,250	556,944
	17,483,469	16,768,806	14,904,712
Total borrowings	30,340,111	27,322,233	17,164,509

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	Group		
	31 March 2019 RM	31 March 2018 RM	1 April 2017 RM
Not later than one year	12,174,075	10,153,830	1,912,764
Between one and five years	8,991,487	8,435,546	3,573,635
Over five years	6,618,497	7,778,010	10,774,133
	27,784,059	26,367,386	16,260,532

(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 the Group; 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;
- Fixed and floating charge on all present and future assets of the Group including the stock if vehicle financed by the banks;
- Jointly and severally guaranteed by certain Directors of the Group;
- Pledged of the Group's fixed deposits; and
- Specific debenture on certain assets of the Group.

21. BORROWINGS (CONTINUED)

(b) Fair value of non-current borrowings

	Group		
	31 March 2019	31 March 2018	1 April 2017
	RM	RM	RM
Term loans	13,726,160	15,351,205	13,833,818
Finance lease liabilities	1,879,643	539,521	522,438

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

	Group		
	31 March 2019	31 March 2018	1 April 2017
	%	%	%
Term loans	4.65 – 8.65	4.65 – 8.65	4.65 – 7.65
Finance lease liabilities	2.08 – 4.95	2.08 – 4.95	2.08 – 4.95

22. FINANCE LEASE LIABILITIES

The Group leases automobiles from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

	Group		
	31 March 2019	31 March 2018	1 April 2017
	RM	RM	RM
Minimum lease payments due			
- Not later than one year	742,808	436,818	383,497
- Between one and five years	2,044,759	594,609	580,748
	2,787,567	1,031,427	964,245
Less: Future finance charges	(231,515)	(76,580)	(60,268)
Present value of finance lease liabilities	2,556,052	954,847	903,977

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22. FINANCE LEASE LIABILITIES (CONTINUED)

The present values of finance lease liabilities are analysed as follows:

	Group		
	31 March 2019	31 March 2018	1 April 2017
	RM	RM	RM
Not later than one year (Note 21)	682,567	399,597	347,033
Between one and five years (Note 21)	1,873,485	555,250	556,944
Total	2,556,052	954,847	903,977

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:

	Group		
	31 March 2019	31 March 2018	1 April 2017
	RM	RM	RM
Deferred income tax liabilities			
- To be settled within one year	2,039,431	1,682,910	1,184,000
- To be settled after one year	816,041	954,589	–
	2,855,472	2,637,499	1,184,000

Movement in deferred income tax accounts is as follows:

	Group	
	2019	2018
	RM	RM
Beginning of financial year	2,637,499	1,184,000
Acquisition of a subsidiary corporation (Note 33)	–	954,589
Under/(over) provisions in prior financial year (Note 10(a))	232,164	(44,126)
Tax (credited)/charged to profit or loss (Note 10(a))	(14,191)	543,036
End of financial year	2,855,472	2,637,499

23. DEFERRED INCOME TAX LIABILITIES (CONTINUED)

The movement in deferred income tax liabilities is as follows:

	Group	
	2019	2018
	RM	RM
Accelerated tax depreciation/amortisation		
Beginning of financial year	2,637,499	1,184,000
Acquisition of a subsidiary corporation (Note 33)	–	954,589
Tax charged to profit or loss (Note 10(a))	217,973	498,910
End of financial year	2,855,472	2,637,499

24. SHARE CAPITAL

	Group		Company	
	No. of ordinary shares	Amount	No. of ordinary shares	Amount
		RM		RM
2018				
Beginning of financial year	1,499,852	1,499,852	–	–
Issuance of share at date of incorporation of the Company [a]	–	–	1	3
End of financial year/period	1,499,852	1,499,852	1	3
2019				
Beginning of financial year	1,499,852	1,499,852	1	3
Restructuring Exercise [b]	(1,499,852)	(1,499,852)	–	–
Issuance of new shares pursuant to Restructuring Exercise [b]	102,000,000	26,094,134	101,999,999	26,094,131
Issuance of new shares pursuant to IPO [c]	16,500,000	11,449,135	16,500,000	11,449,135
Share issue expenses	–	(821,240)	–	(821,240)
End of financial year	118,500,000	36,722,029	118,500,000	36,722,029

[a] The Company was incorporated on 7 February 2018 with a paid-up share capital of S$1 (equivalent to RM3) comprising of 1 ordinary share.

[b] Pursuant to the Restructuring Exercise, an aggregate of 102,000,000 shares of RM26,094,134 has been issued to acquire MNHSB and MNSB by the Company (see Note 1.2(h) to the financial statements).

[c] On 31 October 2018, the Company issued 16,500,000 ordinary shares at S$0.23 each by way of placement, resulting in gross proceeds raised of S$3,795,000 (equivalent to RM11,449,135).

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.

24. SHARE CAPITAL (CONTINUED)

For the Group's comparative figures for financial year ended 31 March 2018, the share capital of the Group represent the aggregate amounts of the paid-up share capital of the following subsidiary corporations:

	Group	
	No. of ordinary shares	Amount RM
Issued and fully paid:		
MNSB	1,499,850	1,499,850
MNHSB	2	2
	1,499,852	1,499,852

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 21 years and hold such rank as may be designated by the Remuneration Committee (the "RC") from time to time, and non-executive directors (including independent directors) of the Group, shall be eligible to participate in the MeGroup PSP at the absolute discretion of the RC.

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

(a) the aggregate number of shares over which awards may be granted under the MeGroup PSP to controlling shareholders or associates of controlling shareholders shall not exceed 25.0% of the shares available under the MeGroup PSP; and

(b) the number of shares over which an award may be granted under the MeGroup PSP to each controlling shareholder or an associate of a controlling shareholder shall not exceed 10.0% of the shares available under the MeGroup PSP.

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 three independent directors, namely Benjamin Choo Chin Chien, Chee Teck Kwong Patrick and Edmund Lai Sou Wei.

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.

24. SHARE CAPITAL (CONTINUED)

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 three independent directors, namely Benjamin Choo Chin Chien, Chee Teck Kwong Patrick and Edmund Lai Sou Wei.

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.

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	
	2019 RM	2018 RM
Beginning of financial year/At date of incorporation on 7 February 2018	–	–
Net loss for the financial year/period	(3,736,285)	–
End of financial year/period	(3,736,285)	–

26. MERGER RESERVE

	Group	
	2019 RM	2018 RM
Beginning of financial year	–	–
Net different between consideration paid and the share capital of the subsidiary corporations acquired	(24,594,282)	–
End of financial year	(24,594,282)	–

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

Merger reserve is non–distributable.

27. DIVIDENDS

	Group	
	2019 RM	2018 RM
Ordinary dividends declared and paid		
First interim single tier dividend of RM0.10 per share for the financial year ended 31 March 2018	–	149,985
Second interim single tier dividend of RM0.20 per share for the financial year ended 31 March 2018	–	299,970
Third interim single tier dividend of RM1.00 per share for the financial year ended 31 March 2018	–	1,499,850
Final single tier dividend of RM0.10 per share for the financial year ended 31 March 2018	149,985	–
	149,985	1,949,805

Dividends were declared and paid by one of the subsidiary corporation to the previous shareholders of the MNSB. For the financial years ended 31 March 2019 and 2018, the Group is under single–tier 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.

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28. COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at the reporting date but not recognised in the financial statements, are as follows:

	Group		
	31 March 2019	**31 March 2018**	**1 April 2017**
	RM	**RM**	**RM**
Property, plant and equipment	–	2,141,773	–

(b) Operating lease commitments – where the Group is a lessee

The Group leased office, warehouse spaces and workers' accommodation from non–related parties under non–cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non–cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group		
	31 March 2019	**31 March 2018**	**1 April 2017**
	RM	**RM**	**RM**
Not later than one year	2,629,730	2,108,080	1,158,800
Between one and five years	787,675	2,162,625	1,383,000
	3,417,405	4,270,705	2,541,800

29. CONTINGENCIES

The Company has issued a corporate guarantee amounting to RM3,500,000 (2018: RM Nil) 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.

30. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

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

(a) Market risk

(i) Currency risk

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

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

30. 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:

	MYR RM	USD RM	JPY RM	THB RM	SGD RM	Total RM
Group						
At 31 March 2019						
Financial assets						
Cash and cash equivalents	10,066,221	14,224	–	–	6,847,246	16,927,691
Trade and other receivables	20,066,848	–	–	–	251,378	20,318,226
Receivables from subsidiary corporations	4,782,290	–	–	–	–	4,782,290
	34,915,359	14,224	–	–	7,098,624	42,028,207
Financial liabilities						
Trade and other payables	(8,370,707)	(62,527)	(2,597,724)	(419,335)	(195,786)	(11,646,079)
Borrowings	(30,340,111)	–	–	–	–	(30,340,111)
Payables to subsidiary corporations	(4,782,290)	–	–	–	–	(4,782,290)
	(43,493,108)	(62,527)	(2,597,724)	(419,335)	(195,786)	(46,768,480)
Net financial (liabilities)/assets	(8,577,749)	(48,303)	(2,597,724)	(419,335)	6,902,838	(4,740,273)
Less: Net financial liabilities denominated on functional currencies of respective entities	8,577,749	–	–	–	–	8,577,749
Currency exposure	–	(48,303)	(2,597,724)	(419,335)	6,902,838	3,837,476

30. 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
Group						
At 31 March 2018						
Financial assets						
Cash and cash equivalents	11,004,622	14,225	–	–	–	11,018,847
Trade and other receivables	13,730,643	–	–	–	–	13,730,643
Receivables from subsidiary corporations	4,940,315	–	–	–	–	4,940,315
	29,675,580	14,225	–	–	–	29,689,805
Financial liabilities						
Trade and other payables	(6,254,828)	(9,612)	(1,552,345)	(472,042)	–	(8,288,827)
Borrowings	(27,322,233)	–	–	–	–	(27,322,233)
Payables to subsidiary corporations	(4,940,315)	–	–	–	–	(4,940,315)
	(38,517,376)	(9,612)	(1,552,345)	(472,042)	–	(40,551,375)
Net financial (liabilities)/assets	(8,841,796)	4,613	(1,552,345)	(472,042)	–	(10,861,570)
Less: Net financial liabilities denominated on functional currencies of respective entities	8,841,796	–	–	–	–	8,841,796
Currency exposure	–	4,613	(1,552,345)	(472,042)	–	(2,019,774)

30. 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
Group						
At 1 April 2017						
Financial assets						
Cash and cash equivalents	10,169,880	14,310	–	–	–	10,184,190
Trade and other receivables	12,596,634	–	–	–	–	12,596,634
Receivables from subsidiary corporations	3,080,398	–	–	–	–	3,080,398
	25,846,912	14,310	–	–	–	25,861,222
Financial liabilities						
Trade and other payables	(5,713,116)	(460,307)	(5,657,968)	(442,902)	–	(12,274,293)
Borrowings	(17,164,509)	–	–	–	–	(17,164,509)
Payables to subsidiary corporations	(3,080,398)	–	–	–	–	(3,080,398)
	(25,958,023)	(460,307)	(5,657,968)	(442,902)	–	(32,519,200)
Net financial liabilities	(111,111)	(445,997)	(5,657,968)	(442,902)	–	(6,657,978)
Less: Net financial liabilities denominated on functional currencies of respective entities	111,111	–	–	–	–	111,111
Currency exposure	–	(445,997)	(5,657,968)	(442,902)	–	(6,546,867)

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	MYR RM	USD RM	JPY RM	THB RM	SGD RM	Total RM
Company						
At 31 March 2019						
Financial assets						
Cash and cash equivalents	–	–	–	–	6,847,246	6,847,246
Trade and other receivables	–	–	–	–	258,944	258,944
	–	–	–	–	7,106,190	7,106,190
Financial liabilities						
Trade and other payables	–	–	–	–	(214,580)	(214,580)
	–	–	–	–	(214,580)	(214,580)
Net financial assets	–	–	–	–	6,891,610	6,891,610
Less: Net financial assets denominated in the Company's functional currency	–	–	–	–	–	–
Currency exposure	–	–	–	–	6,891,610	6,891,610

As at 31 March 2018, the Company does not have any significant exposure to currency risk as the transactions in foreign currencies are minimal.

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD, JPY, THB and SGD change against the RM by 6%, 1%, 4% and 2% (31 March 2018: 13%, 8% and 4%; 1 April 2017: 13%, 13% and 15%) 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	
	31 March 2019 RM	31 March 2018 RM	1 April 2017 RM	31 March 2019 RM	31 March 2018 RM
USD against MYR					
- Strengthened	(2,203)	456	(44,064)	–	–
- Weakened	2,203	(456)	44,064	–	–
JPY against MYR					
- Strengthened	(19,743)	(94,382)	(559,007)	–	–
- Weakened	19,743	94,382	559,007	–	–
THB against MYR					
- Strengthened	(12,748)	(14,350)	(50,491)	–	–
- Weakened	12,748	14,350	50,491	–	–
SGD against MYR					
- Strengthened	104,923	–	–	104,752	–
- Weakened	(104,923)	–	–	(104,752)	–

(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% (31 March 2018: 0.50%; 1 April 2017: 0.50%) with all other variables including tax rate being held constant, the profit after tax would been lower/higher by RM105,579 (31 March 2018: RM100,196; 1 April 2017: RM61,790).

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

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

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

- Customers of appropriate credit standing and history, and obtaining sufficient collaterals where appropriate to mitigate credit risk; and

- High credit quality counterparties of at least 'A' rating by external credit rating companies.

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

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

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

	Company	
	31 March 2019	**31 March 2018**
	RM	**RM**
Corporate guarantee provided to banks on certain subsidiary corporations' borrowings	3,500,000	–

The trade receivables of the Group comprise 4 debtors (31 March 2018: 4 debtors; 1 April 2017: 4 debtors) that individually represented 5% – 12% (31 March 2018: 8% – 24%; 1 April 2017: 9% – 44%) 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 rates, the Group considers the historical loss rates for each category of customers and/or counterparties and adjusts to reflect current and forward–looking macroeconomic factors affecting the customer's ability to settle the receivables. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Trade receivables (continued)

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

The Group's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 31 March 2019 is as follows. No expected loss rate are assigned and no loss allowance are recognised as the Group do not expect any credit losses from its trade receivables which are all within expected payment period.

		Trade receivables days past due						
Group	**Current**	**1 – 30 days**	**31 – 60 days**	**61 – 90 days**	**91 – 120 days**	**121 – 150 days**	**More than 150 days**	**Total**
2019	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Trade receivables	10,382,638	2,296,887	822,749	383,668	127, 686	2,450,087	14,181	16,477,896

Cash and cash equivalents and other receivables due from subsidiary corporations are subject to immaterial credit loss.

Previous accounting policy for impairment of trade receivables

In 2018, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Group considered that there was evidence if any of the following indicators were present:
- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation; and
- Default or delinquency in payments.

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit ratings assigned by international credit–rating agencies. Trade receivables that are neither past due nor impaired are substantially within credit terms and individuals or companies with a good collection track record with the Group.

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Previous accounting policy for impairment of trade receivables (continued)

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired as follows:

	Group	
	31 March 2018	**1 April 2017**
	RM	**RM**
Past due < 3 months	2,982,744	1,583,296
Past due > 3 months	460,069	184,782
	3,442,813	1,768,078

At the reporting date, management has assessed that no allowance for impairment is required for the trade receivables.

(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.

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

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

	Less than 1 year RM	Between 1 and 5 years RM	Over 5 years RM
Group			
At 31 March 2019			
Trade and other payables	11,646,079	–	–
Borrowings	13,625,843	11,770,445	9,343,522
	25,271,922	11,770,445	9,343,522
At 31 March 2018			
Trade and other payables	8,288,827	–	–
Borrowings	8,550,382	10,864,524	11,101,320
	16,839,209	10,864,524	11,101,320
At 1 April 2017			
Trade and other payables	12,274,293	–	–
Borrowings	2,598,255	7,308,750	13,782,927
	14,872,548	7,308,750	13,782,927
Company			
At 31 March 2019			
Trade and other payables	214,580	–	–
Financial guarantee	3,500,000	–	–
	3,714,580	–	–

(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.

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30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk (continued)

	Group			Company	
	31 March 2019 RM	31 March 2018 RM	1 April 2017 RM	31 March 2019 RM	31 March 2018 RM
Net debt	26,950,005	25,181,746	19,637,182	(6,632,666)	–
Total equity	44,772,569	32,351,971	23,507,279	32,985,744	3
Total capital	71,722,574	57,533,717	43,144,461	26,353,078	3
Gearing ratio	38%	44%	46%	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 2019 and 2018 and 1 April 2017.

(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
31 March 2019		
Financial assets at amortised cost	37,245,917	7,106,190
Financial liabilities at amortised cost	41,986,190	214,580
31 March 2018		
Loans and receivables	24,749,490	3
Financial liabilities at amortised cost	35,611,060	–
1 April 2017		
Loans and receivables	22,780,824	–
Financial liabilities at amortised cost	29,438,802	–

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31. RELATED PARTY TRANSACTIONS

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

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

	Group	
	2019	2018
	RM	RM
Management fee received from a related party	132,000	50,199

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 2019 and 2018 and 1 April 2017, 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:

	Group	
	2019	2018
	RM	RM
Wages and salaries	2,426,597	2,793,507
Directors' fees	173,855	–
Employer's contribution to defined contribution plans, including Employee Provident Fund and SOCSO	141,727	158,137
	2,742,179	2,951,644
Comprised amounts paid to:		
Directors of the Company	1,297,141	1,338,454

32. 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 2019 and 2018, 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 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 and Peugeot. 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 and Peugeot 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.

32. SEGMENT INFORMATION (CONTINUED)

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

	Manufacturing business RM	Dealership business RM	Other RM	Total for continuing operations RM
2019				
Sales				
Total segment sales, representing sales to external parties	36,160,091	207,298,366	–	243,458,457
Adjusted EBITDA	5,333,834	7,519,210	(3,775,672)	9,077,372
Depreciation of property, plant and equipment	1,855,475	902,427	–	2,757,902
Amortisation of intangible assets	–	662,909	–	662,909
Finance expenses	1,140,155	751,673	–	1,891,828
Segment assets	42,768,360	41,795,240	7,098,626	91,662,226
Segment assets includes:				
Additions to property, plant and equipment	2,210,934	2,359,315	–	4,570,249
Segment liabilities	(4,297,789)	(9,013,010)	(226,786)	(13,537,585)
2018				
Sales				
Total segment sales, representing sales to external parties	38,051,179	107,178,830	–	145,230,009
Adjusted EBITDA	8,399,891	6,527,742	(36,209)	14,891,424
Depreciation of property, plant and equipment	1,765,518	487,373	–	2,252,891
Amortisation of intangible assets	–	386,697	–	386,697
Finance expenses	529,237	284,217	–	813,454
Segment assets	41,119,322	30,257,813	548,813	71,925,948
Segment assets includes:				
Additions to:				
- property, plant and equipment	1,418,410	6,622,255	–	8,040,665
- intangible assets	–	4,353,995	–	4,353,995
Segment liabilities	(4,024,215)	(4,821,145)	(33,000)	(8,878,360)

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.

32. 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 and discontinued operations is as follows:

	2019 RM	2018 RM
Adjusted EBITDA for reportable segments	12,853,044	14,927,633
Adjusted LBITDA for other segments	(3,775,672)	(36,209)
Amortisation of intangible assets	(662,909)	(386,697)
Depreciation of property, plant and equipment	(2,757,902)	(2,252,891)
Finance expenses	(1,891,828)	(813,454)
Interest income	123,237	55,834
Profit before income tax and discontinued operations	3,887,970	11,494,216

(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:

	2019 RM	2018 RM
Segment assets for reportable segments	84,563,600	71,377,135
Other segments assets	7,098,626	548,813
Unallocated:		
- Tax recoverable	813,778	–
	92,476,004	71,925,948

32. 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:

	2019 RM	2018 RM
Segment liabilities for reportable segments	13,310,799	8,845,360
Other segment liabilities	226,786	33,000
Unallocated:		
- Current income tax liabilities	970,267	735,885
- Borrowings	30,340,111	27,322,233
- Deferred tax liabilities	2,855,472	2,637,499
	47,703,435	39,573,977

(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:

	2019 RM	2018 RM
Manufacturing		
Sales of NVH components and other non–NVH components	36,160,091	38,051,179
Dealership		
Sales of automobiles	182,258,463	91,600,395
After–sales automobile services	21,459,187	13,945,531
Incentives received from distributors	2,047,433	936,762
Handling fees	971,969	441,356
Agency fee income	561,314	254,786
	207,298,366	107,178,830
	243,458,457	145,230,009

(c) Geographical information

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

Revenue of RM12,944,974 (2018: RM15,075,538) are derived from a single external customer. These revenue are attributable to the manufacturing business segment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

33. BUSINESS COMBINATION

The Company through its wholly–owned subsidiary corporations, Menang Nusantara Auto Sdn. Bhd. ("MNASB") entered into a sales of shares agreement on 18 August 2017 and supplemental agreement on 29 September 2017 to acquire an aggregate of 55 ordinary shares, representing 55% of the issued and fully–paid ordinary share of MJN Motors Sdn. Bhd. ("MJNMSB") for a cash consideration of RM2,131,250.

Details of the consideration paid, the assets acquired and liabilities assumed, the non–controlling interests recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(i) Purchase consideration

	Group 2018 RM
Cash paid by MNASB, representing total purchase consideration by MNASB	2,131,250

(ii) Effect on cash flows

	Group 2018 RM
Cash paid by MNASB, representing total cash outflows on acquisition	(2,131,250)

(iii) Identifiable assets acquired and liabilities assumed

	Group At fair value RM
Property, plant and equipment (Note 16)	167,515
Intangible assets (Note 17)	3,977,454
Total assets	4,144,969
Deferred income tax liabilities (Note 23)	(954,589)
Total liabilities	(954,589)
Total identifiable net assets	3,190,380
Less: Non-controlling interests measured at the non-controlling interests' proportionate share of MJNMSB's total identifiable net assets	(1,435,671)
Add: Goodwill (Note 17)	376,541
Total purchase consideration	2,131,250

(iv) Fair value

The fair value of the acquired identifiable intangible assets of RM3,977,454 (customer relationship and licence) was finalised in the financial year ended 2018.

33. BUSINESS COMBINATION (CONTINUED)

(v) Acquisition-related costs

Acquisition-related costs of RM30,597 are included in "Administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows for the financial year ended 31 March 2019.

(vi) Goodwill

The goodwill of RM376,541 arising from the acquisition is attributable to the synergies expected to arise from the economies of scale in managing the dealership business of the Group.

(vii) Revenue and profit contribution

The acquired business contributed revenue of RM48,588,472 and net loss of RM79,254 to the Group from the period from 18 August 2017 (date of acquisition) to 31 March 2018. MJNMSB is not in business operation prior to the acquisition, therefore, there was no revenue and profit prior to the acquisition.

34. DISCONTINUED OPERATIONS

Following the disposal of Yatta Group Sdn. Bhd. ("Yatta Group") on 30 March 2018, the entire results of Yatta Group are presented separately on the consolidated statement of comprehensive income as "Discontinued operations".

(a) The results of the discontinued operations are as follows:

	Group
	2018
	RM
Revenue	501,822
Expenses	(912,043)
Loss before tax from discontinued operations	(410,221)
Income tax expense	–
Loss after tax from discontinued operations	(410,221)

(b) The impact of the discontinued operations on the cash flows of the Group is as follows:

	Group
	2018
	RM
Operating cash inflows	660,914
Investing cash outflows	(995,930)
Total cash outflows	(335,016)

35. EVENTS OCCURRING AFTER REPORTING DATE

On 15 April 2019, the Group through its wholly-owned subsidiary corporation, Menang Nusantara Holdings Sdn. Bhd., incorporated a wholly-owned subsidiary corporation in Malaysia, MN Automart Sdn. Bhd. ("MNAM") to hold the new Hyundai dealership awarded to the Group. The issued and paid-up capital of MNAM amounted to RM1,000,000.

On 5 July 2019, the Group through its wholly-owned subsidiary corporation, Menang Nusantara Holdings Sdn. Bhd., incorporated a wholly-owned subsidiary corporation in Malaysia, MN Otomart Sdn. Bhd. ("MNOM") to hold the new Ford dealership awarded to the Group. The issued and paid-up capital of MNOM amounted to RM1.

The above events are not expected to have a material effect to the Group for the financial year ending 31 March 2020.

36. 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 Group's accounting periods beginning on or after 1 April 2019 and which the Group has not early adopted:

SFRS(I) 16 *Leases* (effective for annual periods beginning on or after 1 January 2019)

SFRS(I) 16 will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short–term and low–value leases. The accounting for lessors will not change significantly.

The Group will apply the standard from its mandatory adoption date of 1 April 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right–of–use assets for property leases will be measured on transition as if the new rules had always been applied. All other right–of–use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

As at 31 March 2019, the Group has non-cancellable operating lease commitment of RM3,417,405 (Note 28(b)). However, the Group has yet to determine to what extend these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's loss and classification of cash flows.

SFRS(I) INT 23 *Uncertainty Over Income Tax Treatments* (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

(i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;

(ii) that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;

(iii) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

SFRS(I) INT 23 *Uncertainty Over Income Tax Treatments* (effective for annual periods beginning on or after 1 January 2019) (continued)

(iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and

(v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Group does not expect additional tax liability to be recognised arising from the uncertain tax positions on the adoption of the interpretation on 1 April 2019.

<u>Effective for annual periods beginning on or after 1 January 2020</u>

- Amendments to SFRS(I) 3 *Business Combinations – definition of a business*
- Amendments to SFRS(I) 1–1 and SFRS(I) 1–8: *Definition of material*
- Amendments to References to the Conceptual Framework in SFRS(I) standards
- Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements

<u>Effective for annual periods beginning on or after 1 January 2021</u>

- SFRS(I) 17 *Insurance Contracts*

<u>Effective date: to be determined*</u>

- Amendments to SFRS(I) 10 and SFRS(I) 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

* *The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore ("ASC") in December 2015.*

37. 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 5 July 2019.

STATISTICS OF SHAREHOLDINGS

AS AT 1 JULY 2019

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
100 - 1,000	27	25.00	26,100	0.02
1,001 - 10,000	42	38.89	188,000	0.16
10,001 - 1,000,000	30	27.78	4,301,522	3.63
1,000,001 AND ABOVE	9	8.33	113,984,378	96.19
TOTAL	**108**	**100.00**	**118,500,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	JCWW HOLDINGS PTE. LTD.	60,677,497	51.20
2	LEE KHOON CHUAN	15,468,947	13.05
3	CRIMSON CLOUD SDN. BHD.	12,117,353	10.23
4	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	12,042,100	10.16
5	NG BEE ENG	3,514,906	2.97
6	NG TIN POH @ NG SAY HENG	3,514,906	2.97
7	WONG SAI HOU	3,393,264	2.86
8	BADARIYAH BINTI HUSSEIN	1,774,254	1.50
9	ONG HOCK SENG	1,481,151	1.25
10	DBS NOMINEES (PRIVATE) LIMITED	956,000	0.81
11	SEAW WEI TAT	543,500	0.46
12	KHONG TUCK WENG	434,000	0.37
13	AHMAD IZZUDDIN BIN MD. ISA	338,722	0.29
14	OCBC SECURITIES PRIVATE LIMITED	312,600	0.26
15	KEK SIN SHEN STEVE (GUO XINSHENG)	235,000	0.20
16	RHB SECURITIES SINGAPORE PTE. LTD.	226,900	0.19
17	NATHAN CHEN	142,900	0.12
18	CHEE CHAI BOON	130,000	0.11
19	LEONG KOK FAI	130,000	0.11
20	LIM KWEE CHEW	101,000	0.09
	TOTAL	**117,535,000**	**99.20**

STATISTICS OF SHAREHOLDINGS

AS AT 1 JULY 2019

SHARE CAPITAL

Issued and fully paid up capital:	S$25,122,455.45
No of shares:	118,500,000
Class of shares:	Ordinary Shares
Voting Rights:	One vote per ordinary share
Treasury Shares:	Nil

SUBSTANTIAL SHAREHOLDERS AS AT 1 JULY 2019

	DIRECT INTEREST		DEEMED INTEREST	
NAME	**NO. OF SHARES**	**%**	**NO. OF SHARES**	**%**
JCWW HOLDINGS PTE. LTD.[2]	60,677,497	51.20	–	–
WONG CHEONG CHEE[1][3]	–	–	60,677,497	51.20
LEE SOH HONG[1][3]	–	–	60,677,497	51.20
CRIMSON CLOUD SDN. BHD.[4]	12,117,353	10.23	–	–
ABDUL RAZAK BIN MONTEL[4]	–	–	12,117,353	10.23
LEE KHOON CHUAN[1]	15,468,947	13.05	–	–

Notes:

[1] Our Executive Chairman and CEO, Mr Wong Cheong Chee, is the husband of Mdm Lee Soh Hong. Mr Lee Khoon Chuan is the nephew of Mdm Lee Soh Hong.

[2] JCWW Holdings Pte. Ltd. is our Controlling Shareholder. JCWW Holdings Pte. Ltd. is a company incorporated in Singapore. Our Executive Chairman & CEO, Mr Wong Cheong Chee and his wife, Mdm Lee Soh Hong (who own 70% of the shares of JCWW Holdings Pte. Ltd. in joint names)

[3] Mr Wong Cheong Chee and Mdm Lee Soh Hong are deemed to be interested in the shares held by JCWW Holdings Pte. Ltd. by virtue of Section 4 of the SFA.

[4] Crimson Cloud Sdn. Bhd. 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 Cloud Sdn. Bhd. by virtue of Section 4 of the SFA.

PERCENTAGE OF SHAREHOLDINGS HELD BY PUBLIC

Based on the information available to the Company as at 1 July 2019, approximately 22.65% of the total issued ordinary shares of the Company are held by the public and therefore, Rule 723 of Catalist Rules has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the First Annual General Meeting ("**AGM**") of MeGroup Ltd. (the "**Company**") will be held at Level 2, Event Hall, DISTRii, 9 Raffles Place, Republic Plaza, Singapore 048619 on Tuesday, 30 July 2019 at 10.00 a.m. for 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 2019 together with the Auditors' Report thereon.
(Resolution 1)

2. To re-elect Mr Wong Cheong Chee as a Director retiring pursuant to Regulation 100 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 100 of the Company's Constitution. [See Explanatory Note (ii)] **(Resolution 3)**

4. To re-elect Mr Chee Teck Kwong Patrick as a Director retiring pursuant to Regulation 100 of the Company's Constitution. [See Explanatory Note (iii)] **(Resolution 4)**

5. To re-elect Mr Benjamin Choo as a Director retiring pursuant to Regulation 100 of the Company's Constitution. [See Explanatory Note (iv)] **(Resolution 5)**

6. To re-elect Mr Edmund Lai Sou Wei as a Director retiring pursuant to Regulation 100 of the Company's Constitution. [See Explanatory Note (v)] **(Resolution 6)**

7. To approve the payment of Directors' fees of S$57,500.00 for the financial year ended 31 March 2019, to be paid quarterly in arrears. **(Resolution 7)**

8. To re-appoint Nexia TS Public Accounting Corporation as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 8)**

9. To transact any other ordinary business which may properly be transacted at an AGM.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

10. Authority to allot and issue shares

That pursuant to Section 161 of the Companies Act, Cap. 50 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 its 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

(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;

(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

(4) 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.

(Resolution 9)

[See Explanatory Note (vi)]

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

That pursuant to Section 161 of the Companies 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 SOS"); 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 SOS (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 SOS when aggregated together with Shares issued and/or issuable in respect of all Options granted under the MeGroup SOS, all other existing share schemes or share plans of the Company for the time being shall not exceed 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.

(Resolution 10)

[See Explanatory Note (vii)]

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

That pursuant to Section 161 of the Companies 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 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.

(Resolution 11)

[See Explanatory Note (viii)]

NOTICE OF ANNUAL GENERAL MEETING

13. Proposed Adoption of the Share Buyback Mandate

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:

(i) 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

(ii) 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:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which purchases and acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated; and

(iii) 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. **(Resolution 12)**

[See Explanatory Note (ix)]

By Order of the Board

Kevin Cho
Joint Company Secretary
Singapore, 15 July 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr Wong Cheong Chee will, upon re-election as a Director of the Company, remain as an Executive Chairman and Chief Executive Officer. Please refer to Additional Information on Directors Seeking Re-appointment in the Annual Report for additional information on Mr Wong.

(ii) Ms Wong Keat Yee will, upon re-election as a Director of the Company, remain as an Executive Director and Head of Operations, Manufacturing. Please refer to Additional Information on Directors Seeking Re-appointment in the Annual Report for additional information on Ms Wong.

(iii) Mr Chee Teck Kwong Patrick will, upon re-election as a Director of the Company, remain as the Lead Independent Director, Chairman of the Nominating Committee and members of the Audit Committee and Remuneration Committee. Please refer to Additional Information on Directors Seeking Re-appointment in the Annual Report for additional information on Mr Chee.

(iv) Mr Benjamin Choo will, upon re-election as a Director of the Company, remain as an Independent Director, Chairman of Remuneration Committee and members of the Audit Committee and Nominating Committee. Please refer to Additional Information on Directors Seeking Re-appointment in the Annual Report for additional information on Mr Choo.

(v) Mr Edmund Lai Sou Wei will, upon re-election as a Director of the Company, remain as Independent Director, Chairman of Audit Committee and members of Nominating Committee and Remuneration Committee. Please refer to Additional Information on Directors Seeking Re-appointment in the Annual Report for additional information on Mr Lai.

(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 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.

(vii) The Ordinary Resolution 10 in item 11 above, if passed, will empower the Directors of the Company, from the date of this Meeting (as defined below) 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 SOS and all other sharebased 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.

(viii) The Ordinary Resolution 11 in item 12 above, if passed, will empower the Directors of the Company, from the date of this Meeting (as defined below) 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.

(ix) The Ordinary Resolution 12 in item 13 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 12 and the Appendix to Shareholders dated 15 July 2019. 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. (a) A member who is not a Relevant Intermediary (as defined below) entitled to attend the AGM (the "**Meeting**") and vote, is entitled to appoint one or two proxies to attend and vote at the Meeting.

   (b) A member who is a Relevant Intermediary entitled to attend the Meeting and vote, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company 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 Meeting.

5. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the meeting in order for the Depositor to be entitled to attend and vote at the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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

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

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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Pursuant to Rule 720(6) and Appendix 7.4.1 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the following additional information on Mr Wong Cheong Chee, Ms Wong Keat Yee, Mr Chee Teck Kwong Patrick, Mr Benjamin Choo and Mr Edmund Lai Sou Wei, all of whom are seeking re-appointment as Directors at 2019 Annual General Meeting is set out below:

Name of Director	Mr Wong Cheong Chee	Ms Wong Keat Yee	Mr Chee Teck Kwong Patrick	Mr Benjamin Choo	Mr Edmund Lai Sou Wei
Date of Appointment	26 September 2018	26 September 2018	26 September 2018	26 September 2018	26 September 2018
Date of Last-Re-Appointment	N/A	N/A	N/A	N/A	N/A
Age	71	40	64	42	44
Country of Principal Residence	Malaysia	Malaysia	Singapore	Singapore	Malaysia
The Board's comments on the re-appointment	Based on the recommendation of the Nominating Committee, the Board (he abstained from deliberating his own re-election) propose to the Company's shareholders to approve the re-election of Mr Wong as Director of the Company.	Based on the recommendation of the Nominating Committee, the Board (She abstained from deliberating her own re-election) propose to the Company's shareholders to approve the re-election of Ms Wong as Director of the Company.	Based on the recommendation of the Nominating Committee, the Board (he abstained from deliberating his own re-election) propose to the Company's shareholders to approve the re-election of Mr Chee as Director of the Company.	Based on the recommendation of the Nominating Committee, the Board (he abstained from deliberating his own re-election) propose to the Company's shareholders to approve the re-election of Mr Choo as Director of the Company.	Based on the recommendation of the Nominating Committee, the Board (he abstained from deliberating his own re-election) propose to the Company's shareholders to approve the re-election of Mr Lai as Director of the Company.
Whether the appointment is executive, and if so the area of responsibility	Executive	Executive	Independent	Independent	Independent
Job Title	Executive Chairman and CEO	Executive Director and Head of Operations, Manufacturing	Lead Independent Director, Chairman of Nominating Committee and members of Audit Committee and Remuneration Committee	Independent Director, Chairman of Remuneration Committee and members of Audit Committee and Nominating Committee	Independent Director, Chairman of Audit Committee and members of Remuneration Committee and Nominating Committee
Professional Qualifications	Degree in Mechanical Engineering from the University of Malaya.	Pre-university programme from the South Australian Matriculation conducted by Taylor's College, Malaysia.	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.	Bachelor of Law (Hons) Degree from the National University of Singapore.	Bachelor of Commerce in Accounting & Finance from Monash University.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Name of Director	Mr Wong Cheong Chee	Ms Wong Keat Yee	Mr Chee Teck Kwong Patrick	Mr Benjamin Choo	Mr Edmund Lai Sou Wei
Working Experience and occupation(s) in the past 10 years	Mr Wong is Executive Chairman and CEO. 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 the Group's strategic direction and expansion plans for both the Group's Manufacturing Business and Dealership Business and has been instrumental in the Group's growth, leading to the expansion of the Manufacturing Business and operations.	Ms Wong is Executive Director and Head of Operations, Manufacturing. She is responsible for the overall operations of Manufacturing Business, including overseeing the Group's human resources, purchasing and procurement departments. Ms Wong is also responsible for Manufacturing Business's supply chain strategy. Ms Wong has been with the Group since 2001, and joined as an executive in the production and planning department of the Manufacturing Business. During her time with the Group,	Mr Chee is the Lead Independent Director. He 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 Choo is the Independent Director. He 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 corporatized 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.	Mr Lai is the Independent Director. He 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.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Name of Director	Mr Wong Cheong Chee	Ms Wong Keat Yee	Mr Chee Teck Kwong Patrick	Mr Benjamin Choo	Mr Edmund Lai Sou Wei
Working Experience and occupation(s) in the past 10 years		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 the Group's Kaizen and 5S practice committees.	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 sub-committee 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.	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.	

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Name of Director	Mr Wong Cheong Chee	Ms Wong Keat Yee	Mr Chee Teck Kwong Patrick	Mr Benjamin Choo	Mr Edmund Lai Sou Wei
Working Experience and occupation(s) in the past 10 years			Mr Chee is also the recipient of the National Day Awards 2003 – "The Public Service Medal (Pingat Bakti Masayarakat)" from the President of Republic of Singapore.		
Shareholding interest in the listed issuer and its subsidiaries	Deemed Interest: 60,677,497	Nil	Nil	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive director, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Wong Cheong Chee is the father of Ms Wong Keat Yee (Executive Director), Mr Wong Sai Hou (Head, Group Expansion & Strategy and Head, Dealership) and Mr Wong Sai Keat (Head of Engineering and R&D, Manufacturing). Mdm Lee Soh Hong, who is a joint owner of 70% of JCWW Holdings Pte. Ltd. (Controlling Shareholder of the Company), is the spouse of Mr Wong Cheong Chee.	Ms Wong Keat Yee is the daughter of Mr Wong Cheong Chee (Executive Chairman and Chief Executive Officer). She is the sister of Mr Wong Sai Hou (Head, Group Expansion & Strategy and Head, Dealership) and Mr Wong Sai Keat (Head of Engineering and R&D, Manufacturing). Mdm Lee Soh Hong, who is a joint owner of 70% of JCWW Holdings Pte. Ltd. (Controlling Shareholder of the Company) is the mother Ms Wong.	No	No	No
Conflict of Interest (including any competing business)	No	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Name of Director	Mr Wong Cheong Chee	Ms Wong Keat Yee	Mr Chee Teck Kwong Patrick	Mr Benjamin Choo	Mr Edmund Lai Sou Wei
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes	Yes	Yes	Yes	Yes
Other Principal Commitments Including Directorships					
Past (for the last 5 years)	• MNJ Motors Sdn. Bhd • Menang Nusantara Electrical Industries (M) Sdn. Bhd	• Menang Nusantara Auto Sdn. Bhd.	• CSC Holdings Limited • Hanwell Holdings Limited • Tat Seng Packaging Group Ltd Singapore • Singapore Myanmar Investco Limited • HengXin Technology Ltd. • Ramba Energy Limited	• Edmond Pereira Law Corporation • Expat Dental Initiative Pte. Ltd. • Restaurant Home Pte. Ltd. • Antioch Communications Pte. Ltd. • AGV Group Ltd. • Chart. IT Pte. Ltd.	Nil
Present	• Menang Nusantara Sdn. Bhd. • Menang Nusantara Holdings Sdn. Bhd. • MJN Motors Sdn. Bhd. • MJN Auto Sdn. Bhd. • MeAG Pte. Ltd. • MeMG Pte. Ltd. • JCWW Holdings Pte. Ltd.	• Menang Nusantara Sdn. Bhd. • MN Otomobil Sdn. Bhd. • MeAG Pte. Ltd. • MeMG Pte. Ltd. • Yatta Group Sdn. Bhd. • MN Automart Sdn Bhd	• China International Holdings Limited • Hai Leck Holdings Limited • OneApex Limited	• Genesis Law Corporation • PT Property Gamma Investment Pte. Ltd. • Global Beacon Pte. Ltd. • Bloom Technologies Pte. Ltd. • Talent Beacon Student Care Limited • Pipeline Engineering Holdings Limited	• Polaris Corporate Solutions Sdn Bhd • MSA Restructuring Sdn. Bhd.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Name of Director	Mr Wong Cheong Chee	Ms Wong Keat Yee	Mr Chee Teck Kwong Patrick	Mr Benjamin Choo	Mr Edmund Lai Sou Wei
Information required pursuant to Listing Rule 704(7)					
(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	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Name of Director	Mr Wong Cheong Chee	Ms Wong Keat Yee	Mr Chee Teck Kwong Patrick	Mr Benjamin Choo	Mr Edmund Lai Sou Wei
(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	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Name of Director	Mr Wong Cheong Chee	Ms Wong Keat Yee	Mr Chee Teck Kwong Patrick	Mr Benjamin Choo	Mr Edmund Lai Sou Wei
(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	No	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	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Name of Director	Mr Wong Cheong Chee	Ms Wong Keat Yee	Mr Chee Teck Kwong Patrick	Mr Benjamin Choo	Mr Edmund Lai Sou Wei
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	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	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Name of Director	Mr Wong Cheong Chee	Ms Wong Keat Yee	Mr Chee Teck Kwong Patrick	Mr Benjamin Choo	Mr Edmund Lai Sou Wei
(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	No	No	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	No	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:	No	No	No	No	No
(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	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Name of Director	Mr Wong Cheong Chee	Ms Wong Keat Yee	Mr Chee Teck Kwong Patrick	Mr Benjamin Choo	Mr Edmund Lai Sou Wei
(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	No	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	No	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	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Name of Director	Mr Wong Cheong Chee	Ms Wong Keat Yee	Mr Chee Teck Kwong Patrick	Mr Benjamin Choo	Mr Edmund Lai Sou Wei
(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	No	No	No

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

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy the MeGroup Ltd's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ____________________

of ____________________

being a member/members of MeGroup Ltd. (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Level 2, Event Hall, DISTRii, 9 Raffles Place, Republic Plaza, Singapore 048619 on Tuesday, 30 July 2019 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion. All resolutions put to vote at the Meeting shall be decided by way of poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1.	To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 March 2019 together with the Independent Auditors' Report thereon.		
2.	Re-election of Mr Wong Cheong Chee as a Director.		
3.	Re-election of Ms Wong Keat Yee as a Director.		
4.	Re-election of Mr Chee Teck Kwong Patrick as a Director.		
5.	Re-election of Mr Benjamin Choo as a Director.		
6.	Re-election of Mr Edmund Lai Sou Wei as a Director.		
7.	Approval of the payment of Directors' fees of S$57,500.00 for the financial year ended 31 March 2019, to be paid quarterly in arrears.		
8.	Re-appointment of Nexia TS Public Accounting Corporation as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration.		
9.	Authority to allot and issue shares.		
10.	Authority to allot and issue Shares under the MeGroup Employee Share Option Scheme.		
11.	Authority to allot and issue Shares under the MeGroup Performance Share Plan.		
12.	Adoption of Share Buy-Back Mandate.		

Dated this______________day of_____________ 2019

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

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member who is not a Relevant Intermediary entitled to attend the Meeting and vote, is entitled to appoint one or two proxies to attend and vote at the Meeting. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a Relevant Intermediary entitled to attend the Meeting and vote, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Affix
Postage
Stamp

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 72 hours before the time appointed for the Meeting.

7. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the Meeting in order for the Depositor to be entitled to attend and vote at the Meeting.

8. The Company shall be entitled to reject the form of 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 form of proxy (including any related attachment). In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any form of proxy lodged if the member, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act (Cap. 50) of Singapore.

PERSONAL DATA PRIVACY:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 July 2019.

General:
The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. 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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS
Mr Wong Cheong Chee
Executive Chairman and CEO

Ms Wong Keat Yee
Executive Director

Mr Chee Teck Kwong Patrick
Lead Independent Director

Mr Benjamin Choo
Independent Director

Mr Edmund Lai Sou Wei
Independent Director

AUDIT COMMITTEE
Mr Edmund Lai Sou Wei
Chairman

Mr Chee Teck Kwong Patrick
Member

Mr Benjamin Choo
Member

NOMINATING COMMITTEE
Mr Chee Teck Kwong Patrick
Chairman

Mr Edmund Lai Sou Wei
Member

Mr Benjamin Choo
Member

REMUNERATION COMMITTEE
Mr Benjamin Choo
Chairman

Mr Chee Teck Kwong Patrick
Member

Mr Edmund Lai Sou Wei
Member

COMPANY SECRETARIES
Mr Lai Kuan Loong, Victor
Mr 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
100 Beach Road
Shaw Tower, #30-00
Singapore 189702

Director-in-charge:
Ms Chan Siew Ting
(appointed from financial year ended 31 March 2019)

PRINCIPAL BANKERS
Malayan Banking Berhad
AmBank (M) Berhad
Public Bank Berhad

CATALIST SPONSOR
CIMB Bank Berhad, Singapore Branch
50 Raffles Place
#09-01 Singapore Land Tower
Singapore 048623

IMPROVING EFFICIENCY
EXPANDING CAPABILITIES

MEGROUP LTD.
Company Registration Number: 201804996H

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