

Annual Report 2020

**EMBRACING
TECHNOLOGY**
DRIVING POTENTIAL



CONTENTS

- 01 Corporate Profile
- 02 Chairman's Message
- 04 Business Segments
- 08 Corporate Structure
- 09 Corporate Milestones
- 10 Board of Directors
- 12 Profiles of Directors
- 13 Management Team
- 15 Operations Review
- 18 Corporate Governance Report
- 41 Financial Statements



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 Catalyst. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this annual report. The contact person for the Sponsor is Mr Yee Chia Hsing, Head, Catalyst. 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 that operates two business segments - Manufacturing and Dealership. The Manufacturing business specialises in producing NVH (noise, vibration and harshness) and non-NVH components for the

automotive industry. It is also an Approved Supplier to many automotive manufacturers.

The Dealership business owns and operates several automobile dealerships under six automotive brands - Honda, Mazda, Peugeot, Hyundai, Ford and Mitsubishi - with a total of nine dealership outlets.



CHAIRMAN'S MESSAGE



Wong Cheong Chee
Executive Chairman and CEO

DEAR SHAREHOLDERS

I am pleased to present MeGroup Ltd.'s annual report for the financial year ended 31 March 2020 ("**FY2020**").

In the past year, we completed and achieved a number of milestones - In Dealership, MeGroup increased its stake in a subsidiary that operates the Honda dealerships (MJNMSB) to 80%, thereby further strengthening and consolidating its interest in the Honda Dealership operations. Other accomplishments in this segment include several 'firsts' such as securing the Group's first Hyundai, Ford, and Mitsubishi dealerships. The Hyundai, Ford and Mitsubishi dealerships began operations in June 2019, January 2020, and June 2020 respectively. The Group had also successfully upgraded its first Honda dealership in Cheras to achieve 4S status - it can now undertake paint and body repair work for all Honda vehicles.

Furthermore, MeGroup in March 2020 entered into a collaboration with Flux, a Mobility-as-a-Service service provider. Flux facilitates car leasing services between an inventory provider such as MeGroup, to the platform's subscribed users. This collaboration provides the Group an additional income stream and at the same time monetise

its unsold inventory. It also feeds into a growing demand for an alternative, flexible car leasing service, other than the conventional hire, purchase or loan options.

On the Manufacturing front, we secured a new project in October 2019 to produce and supply NVH and non-NVH components for a major carmaker in Malaysia, who is also a new customer for the Group. We hope to foster this new partnership so that we'll not only be able to continue supplying components to them, but perhaps one day even set up a dealership outlet under their brand.

During our IPO, we mentioned that we hoped to set up an R&D lab - we are delighted to be able to say that we have delivered on that promise and have completed construction of the sound testing lab. We are currently the only NVH supplier in Malaysia with such an R&D facility. This lab is expected to complement our existing manufacturing capabilities to ensure better quality control on product offerings as we continually strive to be at the forefront of our industry.

The past year also saw MeGroup proposing its first dividend payment to shareholders - an interim dividend of 0.17 Sen per share, and a special dividend of 0.76 Sen per share. We hope to be able to continue rewarding our shareholders for their loyal support, but also seek understanding in instances when we need to be prudent and conserve our resources.

Covid-19 struck us without warning, and the global economy was forced to come to a standstill as every country began going into lockdown. In Malaysia, the Movement Control Order (MCO) had us shutting our factories and dealership outlets while being told to stay home. It was a difficult and trying time for the Group, but we were not defeated and thought of ways to mitigate the situation.

We stepped up our digital presence for the Dealership business and began offering sales and marketing promotions online. We also implemented a forward appointment booking system so that our customers were able to make advance appointments to visit our showrooms when our operations had resumed. On top of that, we also started offering cleaning and disinfecting services and packages for our customers.

Despite the dent that Covid-19 brought about, we are working hard to ride through the challenges. While we were able to implement several new initiatives due to the situation we were in, we are unable to foretell how long this pandemic will last and what its full impact on the Group will be. However,



WE ARE CURRENTLY THE ONLY NVH SUPPLIER IN MALAYSIA WITH SUCH AN R&D FACILITY. THIS LAB IS EXPECTED TO COMPLEMENT OUR EXISTING MANUFACTURING CAPABILITIES TO ENSURE BETTER QUALITY CONTROL ON PRODUCT OFFERINGS AS WE CONTINUALLY STRIVE TO BE AT THE FOREFRONT OF OUR INDUSTRY

we remain optimistic that the automotive sector will continue to be in demand as it is considered a necessity in Malaysia.

We will keep sourcing for potential opportunities to grow our Manufacturing and Dealership businesses through securing new customers from the automotive sector and other industries, securing new dealership principals, and expanding our existing dealership brands.

In closing, we would not have made it here without the trust and faith our shareholders have placed in us. Because of this, I would like to extend my heartfelt gratitude to every shareholder who have continued to stand by us. I would also like to take this opportunity to thank our business partners and associates, professional advisers, and most definitely, the entire MeGroup team. Your dedication and hard work have not gone unnoticed. Together, we will emerge stronger from this pandemic.

Yours sincerely,

Wong Cheong Chee

Executive Chairman and CEO

BUSINESS SEGMENTS

MANUFACTURING



THE GROUP IS PLEASED TO DELIVER ON ITS IPO PROMISE OF SETTING UP A RESEARCH AND DEVELOPMENT (R&D) LAB

The Group operates two plants comprising the main manufacturing plant and the thermobonded felt plant, in Klang Valley, Selangor, Malaysia. It also has a Mazda assembly plant which was recently relocated from Batu Kawan in Pulau Pinang, to Kulim Hi-tech Park in Kedah.

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 that are used in the manufacturing of its NVH and non-NVH products.

The Group's products are developed and tailored to each customer's car marque and are usually supplied for the entire

lifecycle of the car model. Today, MeGroup is an Approved Supplier for Honda Malaysia, Perodua Manufacturing Sdn. Bhd., Perodua Global Manufacturing Sdn. Bhd., Mazda Malaysia Sdn. Bhd., Perusahaan Otomobil Nasional Sdn. Bhd., and another major carmaker in Malaysia.

It is also an Approved Supplier to Johnson Controls Hitachi, a Heating, Ventilation and Air-conditioning (HVAC) customer, whom the Group began supplying products to since January 2019. Johnson Controls Hitachi is MeGroup's first foray into an industry outside the automotive segment.

The Manufacturing business has also secured several new projects from various well-known automobile brands, and have expanded its customer base to other industries through the supply of similar products.

SOUND TEST LAB

The Group is pleased to deliver on its IPO promise of setting up a research and development (R&D) lab. This sound test lab was completed in February 2020 and MeGroup is currently the only NVH supplier in Malaysia to have built its own R&D lab. The lab will primarily be used for internal research and validation purposes, and it is expected to complement MeGroup's existing manufacturing capabilities for better quality control on product offerings.

Under-body shielding systems

Headliners

Engine compartment insulation

Interior system insulation

Trunk systems

NVH COMPONENTS AND NON-NVH COMPONENTS

■ Engine compartment insulation

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

■ Under-body shielding systems

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

■ Interior system insulation

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

■ Headliners

Headliners for Mazda are assembled at the assembly plant in Kulim Hi-tech Park.

■ Trunk systems

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

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. The 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 a wide range of Thermobonded Felts with different properties to meet each customer's specific requirements.



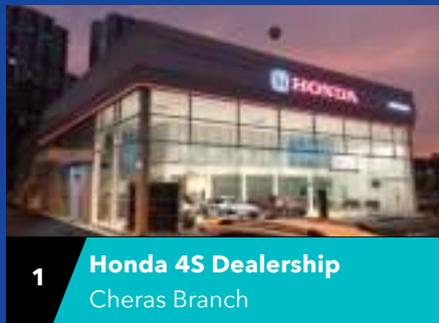
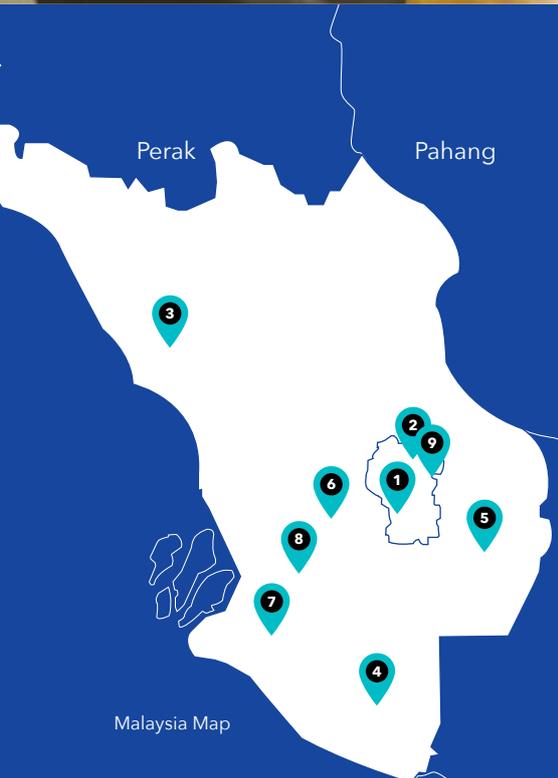
BUSINESS SEGMENTS

DEALERSHIP



Over the past year, MeGroup had made new inroads in this segment and secured new brand principals - Hyundai, Ford and Mitsubishi. The Group now has 9 operating dealerships under its wing - Honda, Mazda, Peugeot, Hyundai, Ford, and Mitsubishi.

It had also upgraded one of its existing 3S Honda dealerships into a 4S Body and Paint centre, and collaborated with Flux, a Mobility-as-a-Service provider, to offer the Group's unsold inventory on a car leasing platform.

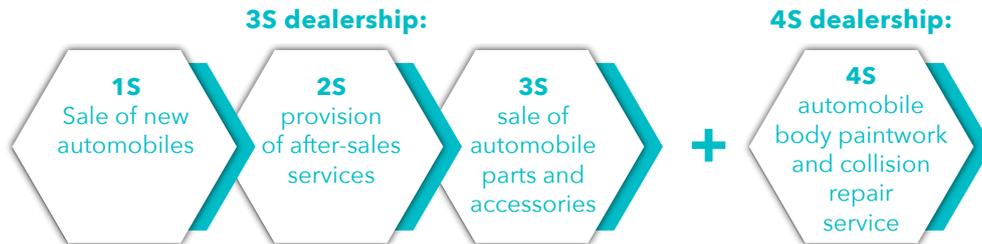


Malaysia Map

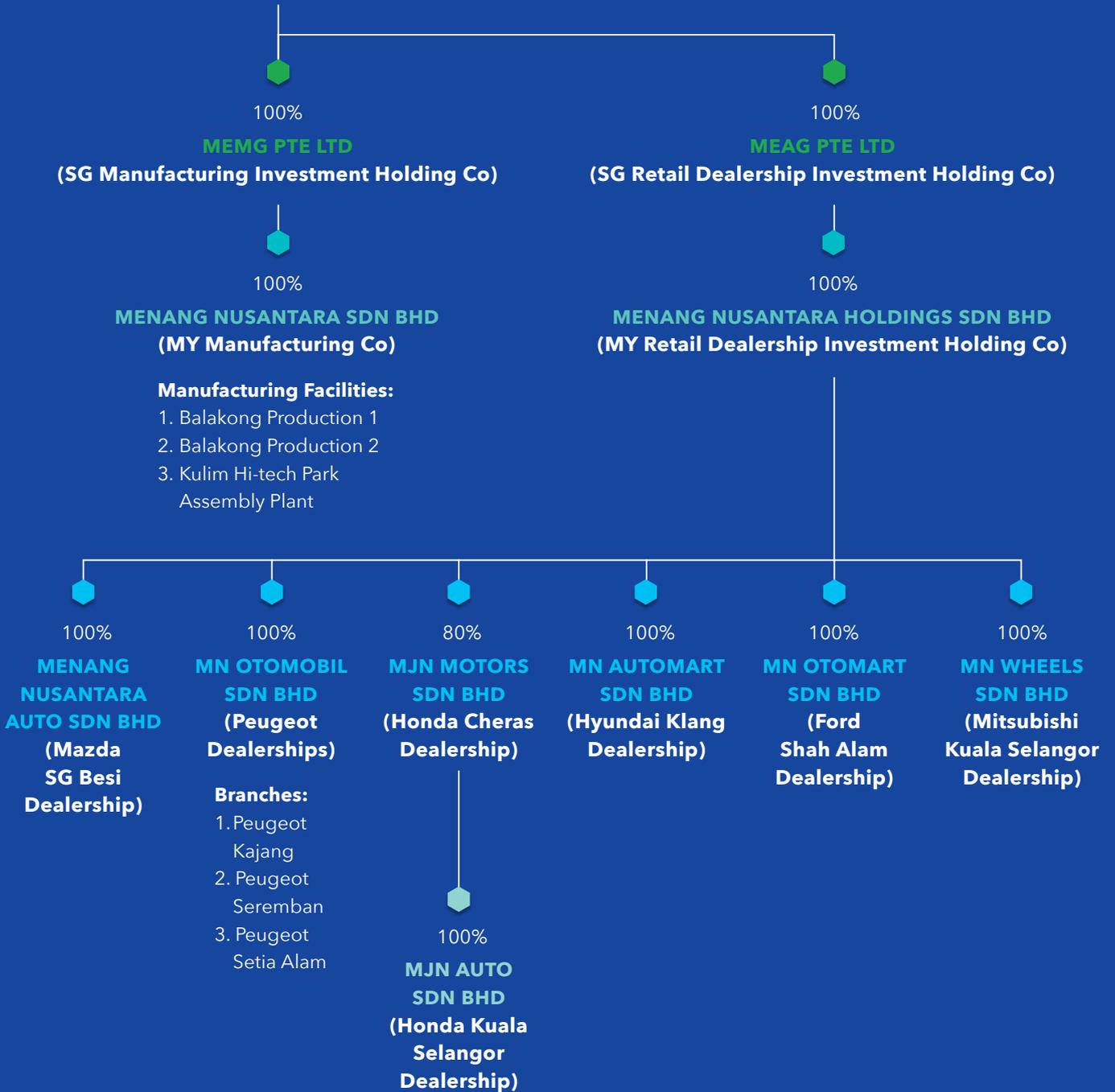


During Malaysia's Movement Control Order (MCO), MeGroup improved its online footprint through social media platforms and other digital marketing strategies. It has also implemented an online appointment booking

system for customers to make forward appointments to visit showrooms, in order to maintain and comply with proper safe distancing measures among customers in its premises.



CORPORATE STRUCTURE



CORPORATE MILESTONES

2019

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

2020

- Awarded 1st Mitsubishi dealership
- Completed construction of sound test lab

2021

2017

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

2018

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

2015

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

2016

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

2013

- Established Thermobonded Felt line at Main Manufacturing Plant

2014

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

2011

- Enrolled into Kaizen programme to further improve manufacturing process

2012

- Launched 1st Mazda 3S dealership at Sungei Besi

2004

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

2008

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

2000

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

2001

- ISO 9002 certification for manufacturing interior parts for NVH insulations

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

1999

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

BOARD OF DIRECTORS



Group Chairman and Executive

Group Independent Director

1. 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.

2. 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.

3. 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 subcommittee of National Crime Prevention Council, Singapore, and worked with National Productivity Board, Singapore in developing and seeing the successful launch of some wellknown franchises in Singapore in the early 1990s. From 2002 to 2013, Mr Chee was the Organising Chairman of the "National Street Soccer League - Lee Hsien Loong Challenge Trophy".

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

4. 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.

5. MR BENJAMIN CHOO CHIH CHIEN / Independent Director

Mr Benjamin Choo Chih Chien 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.

OTHER LISTED COMPANY DIRECTORSHIPS AND PRINCIPAL COMMITMENTS

Name of Director	Mr Wong Cheong Chee	Ms Wong Keat Yee	Mr Chee Teck Kwong Patrick	Mr Edmund Lai Sou Wei	Mr Benjamin Choo Chih Chien
	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Menang Nusantara Sdn. Bhd. • MN Otomobil Sdn. Bhd. • MeAG Pte. Ltd. • MeMG Pte. Ltd. • Yatta Group Sdn. Bhd. • MN Automart Sdn. Bhd. 	<ul style="list-style-type: none"> • China International Holdings Limited • Hai Leck Holdings Limited • OneApex Limited 	<ul style="list-style-type: none"> • Polaris Corporate Solutions Sdn. Bhd. • MSA Restructuring Sdn. Bhd. 	<ul style="list-style-type: none"> • Genesis Law Corporation • PT Property Gama Investment Pte. Ltd. • Global Beacon Pte. Ltd. • Bloom Technologies Pte. Ltd. • Talent Beacon Student Care Limited • Pipeline Engineering Limited

MANAGEMENT TEAM



Group of Management

1. 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.

2. 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.

MANAGEMENT TEAM



3. 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).

4. MR FELIX CHEAH YAO JIAN / Group Financial Controller

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

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

OPERATIONS REVIEW

REVENUE BREAKDOWN BY SEGMENT

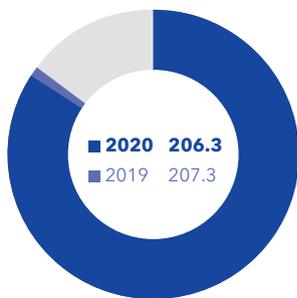
(RM'million)

Dealership business

RM206.3MIL

0.5% ▼

(FY2019 : RM207.3 MIL)



Manufacturing business

RM39.5MIL

9.3% ▲

(FY2019 : RM36.2 MIL)



REVENUE FY2020

RM245.8MIL

1.0% ▲

(FY2019 : RM243.5 MIL)



GROSS PROFIT FY2020

RM26.5MIL

8.0% ▲

(FY2019 : RM24.5 MIL)



NET PROFIT FY2020

RM1.2MIL

38.4% ▼

(FY2019 : RM1.9 MIL)



For FY2020, the Group's revenue increased by 1.0% or approximately RM2.3 million, to RM245.8 million as compared to the preceding year (FY2019). The increase was mainly attributable to the Group's Manufacturing business, where there was an increase in demand of NVH components supplied.

On a segmental level, revenue from the Group's Manufacturing business increased by 9.3% or RM3.3 million from RM36.2 million in FY2019 to RM39.5 million in FY2020. This increase was largely due to the rise in demand of NVH components supplied as mentioned above.

On the other hand, the Group's Dealership business decreased slightly by 0.5% or RM1.0 million from RM207.3 million in FY2019 to RM206.3 million in FY2020. The slight decrease in revenue was due to a drop in revenue in March 2020, attributed to the MCO imposed by the Malaysian government to curb community spread of Covid-19. Notwithstanding this, the average monthly revenue generated for the first 11 months of FY2020 was RM17.7 million as compared to RM17.3 million in FY2019. The improvement was primarily due to revenue contribution from a full year of operations at the Honda Kuala Selangor outlet, and the new body and paint 4S centre in the Honda Cheras outlet.

Gross profit for the period under review increased by 8.0% or approximately RM2.0 million, from RM24.5 million in FY2019 to RM26.5 million in FY2020. This increase is in tandem with the higher revenue from the Manufacturing business over the same period.

OPERATIONS REVIEW

The Group's FY2020 gross profit margin remained healthy at 10.8%, as compared to 10.1% in FY2019. The increase in gross profit margin was due to cost-saving activities implemented in FY2020, as well as an increase in the Dealership business' after-sales services which commanded higher margins compared to the sale of automobiles.

Earnings before interest, tax, depreciation and amortisation (EBITDA) was RM12.2 million. Profit before income tax was RM2.3 million in FY2020 compared to RM3.9 million in FY2019. The 40.6% decrease was largely due to higher selling and distribution expenses as a result of investment in the new Hyundai and Ford dealerships during the financial year, and the impact from the adoption of SFRS(I) 16 Leases in FY2020.

As at 31 March 2020, the Group's total assets stood at RM105.6 million as compared to RM92.5 million as at 31 March 2019. The increase was mainly due to the recognition of the right-of-use assets from the adoption of SFRS(I)16 Leases.

The Group's total liabilities increased by RM13.5 million to RM61.2 million and was mostly attributed to the newly adopted accounting standard of SFRS(I). The Group's total equity remained relatively stable at RM44.4 million as at 31 March 2020, as compared to RM44.8 million a year ago.

In FY2020, MeGroup's net cash generated from operating activities amounted to RM17.0 million (mainly due to a decrease in trade and other receivables). In FY2019, the Group reported a net cash used in operating activities by RM1.8 million. However, net cash used in investing activities was at RM10.4 million (mainly due to building and renovation costs and purchase of new tools and machinery), while FY2019 was at RM1.6 million. Net cash used in financing activities in FY2020 was reported at RM9.1 million (mainly due to repayment of loans, lease liabilities, interest and dividends) whereas FY2019 reported a net cash generation of RM9.1 million.

Net asset value (NAV) per share increased for FY2020 to 36.29 Sen as compared to 35.76 Sen per share in FY2019.

