

BERMAZ AUTO BERHAD
Registration No. 201001016854 (900557-M)
(Incorporated in Malaysia)
(the “Company” or “BAuto”)

An Extract of Minutes of the Tenth Annual General Meeting (“AGM”) of the Company held on a fully virtual basis from the broadcast venue (“Broadcast Venue”) at the Auditorium of Bermaz Auto Berhad, No. 7, Jalan Pelukis U1/46, Temasya Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 8 October 2020 at 10.00 a.m.

- CHAIRMAN : Dato’ Sri Yeoh Choon San presided as the Chairman of the meeting.
- PRESENT : The attendance list was set out in Appendix I attached.
- QUORUM : The Secretary confirmed that a quorum was present for the Meeting.
- NOTICE OF MEETING : The Notice of the Tenth AGM dated 28 August 2020 as contained on Page 164 to Page 166 of the Company's 2020 Annual Report was taken as read by the Secretary.

CHAIRMAN WELCOME SPEECH

Before the meeting proceeded, Dato’ Sri Yeoh Choon San, the Executive Chairman, on behalf of the Board of Directors (“Board”) of the Company extended a warm welcomed to the members and proxies for their participation at the Tenth AGM of the Company, which was also the Company’s first virtual AGM as provided under Section 327 of the Companies Act 2016.

The Chairman informed the members that the Tenth AGM which is conducted entirely online, is mainly due to the current Covid-19 pandemic and is for the safety and well-being of all shareholders, employees and Directors.

The Chairman further informed the members that for expediency, the Meeting would proceed according to the sequence in the agenda and the Board would deal with questions from the shareholders during the Questions and Answers (“Q&A”) session only after all the Agenda items have been tabled.

The Chairman then proceeded to introduce the members of the Board, the Company Secretary, the Management Team and the representative of the Company’s External Auditor, Messrs Ernst & Young PLT (“EY”), who were present at the Broadcast Venue and the remaining Board members who were in attendance remotely via live webcast.

VOTING MANNER

The Chairman informed that the voting for all the resolutions to be considered at the Tenth AGM would be put to vote by poll electronically pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Chairman further informed that the Company has appointed Boardroom Share Registrars Sdn Bhd (“Boardroom Share Registrars”) as the Poll Administrator to conduct the polling process and Boardroom Corporate Services Sdn Bhd as the Independent Scrutineer to validate the votes cast for all resolutions put to vote at the Meeting using the Remote Participation and Electronic Voting Facilities (“RPEV Facilities”) provided by Boardroom Share Registrars.

The Poll Administrator was then invited to brief the shareholders, corporate representative and proxies who have attended the Tenth AGM on the online remote voting procedures using RPEV Facilities (including posing questions).

The shareholders were informed that the online voting on the resolutions could be done at any time throughout the Meeting until the closure of the voting session and shareholders were allowed to cast their votes during the meeting procedures.

AUDITED FINANCIAL STATEMENTS

The Chairman informed that under the provisions of Section 340 subsection 1(a) of the Companies Act 2016, the Company was required to lay before the meeting the audited financial statements and reports for the financial year ended 30 April 2020. Hence, there was no resolution on Item 1 of the Agenda in respect of the adoption of audited financial statements, Directors’ and Auditors Reports for the financial year ended 30 April 2020 but shareholders would be able to ask questions and give comments on the Company’s audited financial statements after the presentation by the Auditors and the Management.

The Chairman then invited Mr Chong Tse Heng the representative of EY, the External Auditors of the Company, to present the Independent Auditors’ Report on the financial statements for the financial year ended 30 April 2020 to the members present.

The Chairman thanked Mr Chong Tse Heng on his presentation of the Auditors’ Report and then invited Mr Chong Boon Kian, the Chief Financial Officer (“CFO”) of the Company, to brief the shareholders on the Group’s financial performance for the financial year ended 30 April 2020 which was summarised in a slide presentation.

After the presentation by the CFO, it was recorded that the Company’s audited financial statements for the financial year ended 30 April 2020 together with the Directors’ and Auditors’ Reports were duly adopted.

**PRESENTATION ON QUESTIONS FROM
THE MINORITY SHAREHOLDER WATCH GROUP**

The Chairman informed that the Company has received questionnaire letter from the Minority Shareholders Watch Group (“MSWG”) dated 1 October 2020 in relation to the Strategic & Financial Matters of the Group.

The Chairman then invited Mr Chong Boon Kian again to read out the questions raised by MSWG and the Company’s responses thereof as set out in Appendix “II”.

ORDINARY BUSINESS

1) DIRECTORS' FEES

The Chairman proceeded with Ordinary Resolution 1 under item 2 of the agenda which was to approve the payment of Directors’ fees amounting to RM320,390/- for the financial year ended 30 April 2020.

2) ADDITIONAL DIRECTORS’ REMUNERATION (EXCLUDING DIRECTORS’ FEES) FOR THE PERIOD FROM 5 OCTOBER 2019 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD IN 2020

The Chairman proceeded with Ordinary Resolution 2 under item 3 of the agenda which was to approve the additional payment of Directors’ remuneration (excluding Directors’ fees) to the Non-Executive Directors of the Company up to an amount of RM2,900.00 for the period from 5 October 2019 until the next Annual General Meeting of the Company to be held in 2020.

3) DIRECTORS’ REMUNERATION (EXCLUDING DIRECTORS’ FEES) FOR THE PERIOD FROM 9 OCTOBER 2020 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD IN 2021

The Chairman proceeded with Ordinary Resolution 3 under item 4 of the agenda which was to approve the payment of Directors’ remuneration (excluding Directors’ fees) to the Non-Executive Directors of the Company up to an amount of RM90,500.00 for the period from 9 October 2020 until the next Annual General Meeting of the Company to be held in 2021.

4) RE-ELECTION OF DIRECTORS

The Chairman informed the Meeting that in accordance to Clause 117 of the Company’s Constitution, one third (1/3) of the Directors shall retire by rotation and they are eligible to seek re-election at each AGM and that each Director shall submit himself/herself for re-election once every three (3) years.

At the Tenth AGM, three (3) Directors, namely Dato’ Syed Ariff Fadzillah Bin Syed Awalluddin, Mr Loh Chen Peng and Dato’ Kalsom Binti Abd. Rahman are subject to retirement pursuant to Clause 117 of the Company’s Constitution.

The Chairman further informed the shareholders that both Dato' Syed Ariff Fadzillah Bin Syed Awalluddin and Mr Loh Chen Peng have given notice that they do not wish to seek re-election as Directors of the Company and hence, they shall retire as Directors of the Company upon the conclusion of the Company's Tenth AGM.

The Chairman the proceeded with Ordinary Resolution 4 under item 5 of the agenda in relation to the re-election of Dato' Kalsom Binti Abd. Rahman who retires pursuant to Clause 117 of the Company's Constitution and being eligible has offered herself for re-election as a Director of the Company.

5) RE-APPOINTMENT OF AUDITORS

The Chairman proceeded with Ordinary Resolution 5 under item 6 of the agenda which was to approve the re-appointment of Messrs Ernst & Young PLT ("EY") as Auditors of the Company for the ensuing year until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.

The Chairman informed that EY has indicated their willingness to continue in office.

SPECIAL BUSINESS

6.1) Ordinary Resolution - Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Chairman proceeded with Ordinary Resolution 6 under item 7(i) of the agenda as special business which was to seek the shareholders' approval on the renewal of a general mandate which if passed, would empower the Directors of the Company to issue and allot additional shares in accordance with Section 75 and Section 76 of the Companies Act 2016. The full text of the proposed resolution was set out in the Notice of the Company's Tenth AGM.

The Chairman further informed the Meeting that as explained under the Explanatory Notes in the Notice of the Company's Tenth AGM, Resolution 6, if passed, will give the flexibility to the Board of Directors, when the need arises, to issue additional shares of up to 10% of the total number of issued share capital of the Company. This authority, shall, unless be revoked or varied by the Company in general meeting, expire at the next AGM of the Company.

The Chairman informed that as at the date of the Tenth AGM, the Company did not issue any shares pursuant to the mandate granted to the Directors at the last AGM held on 4 October 2019.

6.2) Ordinary Resolution - Proposed Renewal of Authority for the Company to Purchase its Own Shares

The Chairman proceeded with Ordinary Resolution 7 under item 7(ii) of the agenda as Special Business which was to seek the shareholders' approval to renew the mandate for the Company to purchase its own shares.

QUESTIONS AND ANSWERS SESSION

Following the presentation of all resolutions in the agenda, the Chairman then proceeded with the Q&A session and he began with addressing questions submitted by shareholders prior to the Company's Tenth AGM via the Company's corporate email and thereafter questions submitted by remote participants at the Tenth AGM.

The Chairman informed that the time allocated for the Q&A session is about 30 minutes. The Board will endeavor to answer as many questions posed which are related to the business of the Tenth AGM. Nevertheless, in the event the Board is unable to answer all the relevant questions in the allotted time, the responses to the remaining questions will be e-mailed to the shareholders at the earliest possible after the Tenth AGM and/or posted on the Company's website.

The questions and the Company's responses thereto were set out in Appendix III attached herewith.

VOTING ON THE RESOLUTIONS AND ANNOUNCEMENT OF POLL RESULTS

Upon the conclusion of the Q&A session, the Chairman advised the shareholders and proxies to proceed to cast and submit their votes via the RPEV facilities as the polling process would closed after 10 minutes, followed by a 15 minutes interval for the counting and validation process and thereafter the declaration of the poll results by the Independent Scrutineer.

At this juncture, the Chairman was informed the Meeting that in his capacity as Chairman of the Meeting, he was appointed to act as proxy to vote on behalf of some shareholders in accordance to their instructions as stipulated in the proxy forms.

The Chairman then declared the meeting adjourned at 11.24 a.m.

After the votes had been counted and verified by the Independent Scrutineer, the Chairman called the Meeting to order at 11.35 a.m. and the Independent Scrutineer reported the results of the poll as follows:-

No.	Resolutions	Votes For		Votes Against	
		No. of Shares	%	No. of Shares	%
1.	Payment of Directors' fees	831,982,854	99.737876	2,186,555	0.262124
2.	Additional payment of Directors' Remuneration (excluding Directors' fees) for the period from 5 October 2019 until the next Annual General Meeting of the Company	834,078,967	99.989175	90,302	0.010825

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 - Minutes of 10th Annual General Meeting held on 8 October 2020

3.	Payment of Directors' Remuneration (excluding Directors' fees) for the period from 9 October 2020 until the next Annual General Meeting of the Company	834,131,574	99.992588	61,835	0.007412
4.	Re-election of Dato' Kalsom Binti Abd. Rahman	829,192,235	99.400004	5,005,154	0.599996
5.	Re-appointment of Ernst & Young PLT as Auditors	834,186,338	99.995870	34,451	0.004130
6.	Authority to issue and allot shares under Sections 75 & 76	641,073,536	76.847040	193,146,673	23.152960
7.	Renewal of Share Buy-Back Authority	834,215,948	99.999420	4,841	0.00580

The Chairman then declared that all the resolutions tabled at the AGM were duly carried as follows:-

- 1) "THAT the payment of Directors' fees amounting to RM320,390/= to the Non-Executive Directors of the Company for the financial year ended 30 April 2020 be and is hereby approved."
- 2) "THAT the additional payment of Directors' Remuneration (excluding Directors' Fees) to the Non-Executive Directors of the Company up to an amount of RM2,900/= for the period from 5 October 2019 until the next Annual General Meeting of the Company to be held in 2020 be and is hereby approved."
- 3) "THAT the payment of Directors' Remuneration (excluding Directors' Fees) to the Non-Executive Directors of the Company up to an amount of RM90,500/= for the period from 9 October 2020 until the next Annual General Meeting of the Company to be held in 2021 be and is hereby approved."
- 4) "THAT Dato' Kalsom Binti Abd. Rahman, being the Director retiring pursuant to Clause 117 of the Company's Constitution, be and is hereby re-elected as a Director of the Company."
- 5) "THAT Messrs Ernst & Young PLT be and are hereby appointed as Auditors of the Company until the conclusion of the next Annual General Meeting and that the Directors be authorised to fix their remuneration."
- 6) "THAT, subject always to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Constitution of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares in the Company from time to time at such price and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the

listing and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

- 7) “THAT, subject always to the Companies Act 2016 (“Act”), rules, regulations and orders made pursuant to the Act, provisions of the Company’s Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Exchange”) and the requirements of any other relevant authority, the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares in the Company (“BAuto Shares”) through the Exchange and to take all such steps as are necessary (including the opening and maintaining of a central depositories account under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things in the best interests of the Company, subject further to the following:-
1. the maximum number of ordinary shares which may be purchased and held by the Company shall be equivalent to ten per centum (10%) of the total number of issued shares of the Company;
 2. the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profits of the Company;
 3. the authority shall commence immediately upon passing of this ordinary resolution until:-
 - (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the AGM at which such ordinary resolution was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (b) the expiration of the period within which the next AGM after that date it is required by law to be held; or
 - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first;

AND THAT upon completion of the purchase(s) of the BAUTO Shares or any part thereof by the Company, the Directors of the Company be and are hereby authorised to deal with any BAUTO Shares so purchased by the Company in the following manner:-

- (a) cancel all the BAUTO Shares so purchased; or

- (b) retain all the BAUTO Shares as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act); or
- (c) retain part thereof as treasury shares and subsequently cancelling the balance; or
- (d) in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Exchange and any other relevant authority for the time being in force.”

NOTE OF APPRECIATION FOR THE RETIRING DIRECTORS

The Chairman, on behalf of the Board and the Company, recorded their utmost appreciation and gratitude to two (2) of the Board members namely, Dato’ Syed Ariff Fadzillah Bin Syed Awalluddin and Mr Loh Chen Peng, who have not sought re-election as Directors of the Company and had retired upon the conclusion of the Company’s Tenth AGM.

The Chairman cited that it has been a great honour and privilege to be given the opportunity to work with them and their invaluable contribution and services rendered to the Board and to the Company are much appreciated. On behalf of the Company and the Board, the Chairman wished them well and every success in their future endeavours.

This was followed by a reciprocal note of thanks from Dato’ Syed Ariff Fadzillah Bin Syed Awalluddin.

On behalf of Dato’ Kalsom Binti Abd. Rahman, the Chairman thanked the shareholders on her behalf for her re-appointment as a Director of the Company.

Mr Chong Tse Heng, the representative from EY, also thanked the shareholders for their re-appointment as Auditors of the Company.

CONCLUSION

The Chairman concluded and closed the Meeting at 11.56 a.m. and thanked the members for their presence and participation at the Meeting.

Confirmed,

CHAIRMAN

Dated: 8 October 2020

BERMAZ AUTO BERHAD

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TENTH ANNUAL GENERAL MEETING HELD ON 8 OCTOBER 2020**Present:**

Dato' Sri Yeoh Choon San	- Executive Chairman
Dato' Lee Kok Chuan	- Chief Executive Officer
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin	- Director
Dato' Abdul Manap Bin Abd Wahab	- Director
Datuk Syed Hisham Bin Syed Wazir	- Director
Mr Chong Boon Kian	- Chief Financial Officer

Directors present remotely via live webcast:

Mr Loh Chen Peng	- Director
Dato' Kalsom Binti Abd. Rahman	- Director
Puan Adibah Khairiah Binti Ismail @ Daud	- Director

Management team and by invitation:

Dato' Amer Hamzah Bin Ahmad	}	Representatives from Bermaz Motor Sdn Bhd
Cik Nor Ashikin Binti Akbar		
Mr Hiew Hock Ngan		
Mr Foo Chuen Wah		
Ms Lee Ai Hoon		
Mr Toh Chin Fong		
Ms Ng Kah Yean		
Ms Lee Xiao Pei		
Mr Low Wen Han		
Ms Ng Wai Kuen		
Mr David Tai Lik Han		
Mr Michael Moh		
Dato' Wong Kin Foo		
Mr Chin Boon Chye		
Ms Lee Shuh Fang		
Ms Donna Wong Ee Leen		

Mr Tan Thiam Chai	}	Representatives from Group Accounts & Budgets, Berjaya Corporation Berhad
Mr Lau Lub Ding		
Ms Janine Thong		

Mr Chong Tse Heng	}	Representatives from Ernst & Young PLT
Mr Wong Hur Kuan		

Poll administrator - Boardroom Share Registrars Sdn Bhd

Independent scrutineer - Boardroom Corporate Services Sdn Bhd

In Attendance:

Ms Tham Lai Heng Michelle	- Company Secretary
Ms Teh Pei Fen	- Secretarial Manager

Shareholders, Proxies and Corporate Representatives

As per the attendance sheets.



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

1 October 2020

BY FAX/HAND
(Fax No: 603-2143 1685)

The Board of Directors
Bermaz Auto Berhad
Lot 13-01A, Level 13 (East Wing)
Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur

Attention: Ms. Tham Lai Heng Michelle/ Ms. Wong Siew Guek
Company Secretaries

Dear Directors,

Re: **10th Annual General Meeting (“AGM”) of Bermaz Auto Berhad (“BERMAZ” or the “Company”) to be held on Thursday, 8 October 2020**

In the interest of minority shareholders and all other stakeholders of the Company, we would like to raise the following questions: -

Strategy & Financial Matters

1. The lower domestic sales volume for the financial year was mainly attributed to the delay in delivery of the new facelift CX-5 and all new CX-8 models caused by the protracted resolution of certain pricing issues as well as the closure of businesses for about one and half months during the last quarter of the financial year arising from the imposition of the Movement Control Order (“MCO”) to curb the COVID-19 pandemic (page 14 of Annual Report 2020 (“AR2020”).

What is the current demand for the new facelift CX-5 and the all new CX-8 models?
What is the outlook? How are these cars faring compared to its competitors?

2. The Directors anticipate the performance of the Group to remain challenging and will continue to assess the extent to which the COVID-19 pandemic may impact the Group's financial position or results of operations, for the next financial year ending 30 April 2021 (Note 39, page 154 of AR2020).
 - (a) How has Covid-19 pandemic impact the Group in terms of changes to the Group's plans for launches of new and/or new facelifts Mazda models?
 - (b) How many new and/or new facelifts Mazda models are expected to be launched in 2021?

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia . Company No:524989-M)
TINGKAT 11, BANGUNAN KWSP, NO.3, CHANGKAT RAJA CHULAN, OFF JALAN RAJA CHULAN,
50200 KUALA LUMPUR. TEL: (603)20709090 FAX: (603)20709107
E-mail: mswatch@mswg.org.my Website: www.mswg.org.my

3. How will the Covid-19 pandemic affect the Group's capital expenditure for the financial year ending 2021? What would be the estimated amount?
4. Allowance for expected credit loss on trade receivables increased to RM5.8 million (2019: RM3.1 million) (Note 10, page 128 of AR2019).
 - (a) Given the nature of Bermaz's business, i.e. car sales, how did these credit losses arise?
 - (b) What actions have been taken to recover the said amount?
 - (c) What is the probability of recovering the impaired amount? To-date, how much of the impairment losses on trade receivables have been recovered?
5. The Executive Directors salaries and other emoluments had increased to RM5.8 million (2019: RM4.5 million) (Note 25, page 140 of AR2020). The Group also expects to implement appropriate austerity measures to mitigate the current conditions such as tightening of operational costs and overheads and introducing new marketing strategies via e-platform to cater for the "new normal" (Note 39, page 154 of AR2020).

Are there any plans to review the salaries of the Directors as part of the Group's austerity measures to mitigate the current conditions for the financial year ending 2021?

Please present the questions raised herein, and the related answers, to the shareholders present at the forthcoming AGM. At the same time, we await a written reply as soon as possible for our records.

Thank you.

Yours sincerely



Devanesan Evanson
Chief Executive Officer
DE/ECYL/BERMAZ/AGM 2020

8 October 2020

Chief Executive Officer
Minority Shareholders Watch Group
Tingkat 11, Bangunan KWSP
No.3, Changkat Raja Chulan
Off Jalan Raja Chulan
50200 Kuala Lumpur

Attn: Mr. Devanesan Evanson

Dear Sir,

BERMAZ AUTO BERHAD (“BAUTO”)
10th ANNUAL GENERAL MEETING OF BAUTO - FOR FINANCIAL YEAR ENDED
30 APRIL 2020

We refer to your letter dated 1 October 2020 raising certain points and questions in respect of BAUTO’s Annual Report for the financial year ended 30 April 2020 and are pleased to furnish herewith our replies (in the same sequential order as the questions raised) as follows:

Strategy and Financial Matters

1. MD&A (page 14)

(i) What is the current demand for the new facelift CX-5 and the new CX-8 models?

CX-5 and CX-8 models contributed in total approximately 68% to the overall unit sales for Q1 financial year ending 2021 (May – July 2020), details are as follows:

Model	Unit Sales	Sales Mix
CX-5	1,486	56%
CX-8	333	12%
Others	844	32%
Overall Sales	2,663	100%

(ii) What is the outlook?

The facelift CX-5 and the new CX-8 models, both of which are Completely Knock-Down (“CKD”) models, have become our key popular selling models since its launch in October 2019 and have been well received and are popular selling models in the C-SUV and C-SUV (7 seaters) segments respectively.

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Despite the current challenging trading conditions, the management remains cautious but confident that these models will continue to perform well.

(iii) How are these cars faring compared to its competitors?

Mazda cars are considered premium Japanese cars when compared to other Japanese cars such as Honda and Toyota. With its sleek and sporty designs, spacious interior and comfortable driving, the CX-5 and CX-8 are fast becoming the choice SUV for customers. In addition, our products under its current promotion, offer 'peace of mind' ownership experience by giving 6 years warranty and 6 years Free Service maintenance including parts and labour.

2. Audited Financial Statements, Note 39 to the Financial Statements (page 154)

a. How has Covid-19 pandemic impact the Group in terms of changes to the Group's plans for launches of new and/or new facelifts Mazda models?

b. How many new and/or new facelifts Mazda models are expected to be launched in 2021?

The COVID-19 pandemic has caused a setback to the launching of our new Mazda models namely, the MX-30 and BT-50. These new models together with certain facelift models including CX-3, Mazda 6, CX-9 and MX5 were previously targeted to be launched in 2020/2021.

Due to current global economic conditions, Mazda Motor Corporation, Japan had temporarily put on hold the launching of MX-30 and BT-50 until further notice. BAuto is however ready to put in the orders should the economic conditions improve later.

3. How will the Covid-19 pandemic affect the Group's capital expenditure for the financial year ending 2021? What would be the estimated amount?

In view of the COVID-19 pandemic, the Group has been monitoring its cashflow and capital expenditure closely to ensure that there is sustainability in its business operations. Estimated capital expenditure of approximately RM3.0 million will be incurred mainly for branch expansions.

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4. Audited Financial Statements, Note 10 to the Financial Statements (page 128)

a. Given the nature of Bermaz's business, i.e. car sales, how did these credit losses arise?

Bermaz's business is to distribute vehicles to third party dealers and retail of vehicles directly to end customers. Credit terms are only granted to third party dealers while sales to end customers are on cash terms or secured by the undertaking of the customers' financiers.

The allowance for expected credit loss on trade receivables arises due to the adoption of MFRS 9, which requires the Group to recognise a higher allowance based on expected credit losses, taking into consideration of forward-looking information rather than incurred credit losses as is the case under MFRS 139. The Group's provision matrix is based on its historical credit loss experience for its trade receivables (vehicles sales to dealers).

The incremental expected credit losses of RM2.7 million mainly arose from late payment of trade receivables by dealers as of 30 April 2020. There was a substantial increase in the trade receivables which were past due as a direct result of the Movement Control Order ("MCO") lockdown from 18 March 2020, which required temporary closure of the business. This had caused the dealers to face difficulties in selling existing inventory and thus they were unable to make timely payments to Bermaz which in turn resulted in higher allowance on these receivables.

b. What actions have been taken to recover the said amount?

The incremental allowance for expected credit loss during the financial year was a reflection of the heightened risk of credit loss based on the uncertainty of the duration of the MCO period and the impact of the COVID-19 pandemic as at the reporting date. However, after the reporting date various government initiatives were implemented to cushion the financial impact of the pandemic and to boost the economy of the country. The management has also undertaken aggressive promotional campaigns such as the 6 years free warranty and 6 years free maintenance services including parts and labour to promote sales so that the dealers will be able to sell their inventory and settle the outstanding debts.

c. What is the probability of recovering the impaired amount? To-date, how much of the impairment losses on trade receivables have been recovered?

As explained above, the incremental allowance made during the financial year was a reflection of the heightened credit risk at the reporting date and not for any specific debtors. As at today, the trade receivables in relation to the incremental allowance made at the reporting date has been fully received.

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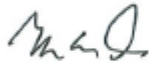
5. Audited Financial Statements, Notes 25 and 39 to the Financial Statements (page 140 and page 154)

Are there any plans to review the salaries of the Directors as part of the Group's austerity measures to mitigate the current conditions for the financial year ending 2021?

There are no plans at this juncture to review the Directors' remuneration. The increase was mainly due to the full year impact of the salary adjustments, made in January 2019, which commensurate with the added responsibilities assumed by the Directors upon the change in designations from their previous roles to Executive Chairman and the CEO respectively.

We trust the above have clarified the points raised.

Yours faithfully,
For and on behalf of
Bermaz Auto Berhad



Dato' Sri Yeoh Choon San
Executive Chairman

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A – Questions received via corporate enquiry email

NO.	QUESTIONS AND ANSWERS
Q1.	<p>With the introduction of Malaysia National Automotive Policy (NAP) 2020 which focuses on Next-Generation Vehicle (NxGV), is there any plan for BAuto in talks with Mazda principal to introduce MX-30 Mild Hybrid Electric Vehicle (MHEV) model (in Complete Knocked Down (CKD) form to enjoy Enhanced Environmentally Friendly Vehicle (EEV) incentives) in the near future?</p> <p>If yes, what is the projected sales and revenue growth MX-30 model can bring to BAuto.</p> <p>The Chairman replied that any launch of new and/or facelifts Mazda models would depend on the market sentiments and economic conditions.</p> <p>He commented that the features of the current Mazda models are in line with Malaysia NAP 2020 which focuses on environmental issues and safety standards. For example, the all new CX-5 and CX-8 models have a high level of electrification and its engines are green and clean. Autonomous and safety features are being built into our car as well.</p>
Q2.	<p>Considering the automotive sector in Malaysia will remain challenging due to Covid-19 pandemic, will the Management consider revising dividend payout policy in order to maintain healthy cash flow as discussed by the Chief Executive Officer, Dato’ Lee Kok Chuan in an episode of The Breakfast Grille by BFM aired on 13 August 2020?</p> <p>The Chairman replied that the Management has capped the dividend payout to not exceeding 50% of the profit from the Malaysia’s operation.</p>
Q3.	<p>In the latest Annual Report, it was mentioned that BAuto is keen to explore new range of products from non-conflicting manufacturers.</p> <p>What is the current status of this activity?</p> <p>The Chairman replied that BAuto will continue to explore new businesses and franchises that do not conflict with BAuto current range of Mazda’s vehicles and the Company will make an appropriate announcement accordingly when the time is appropriate.</p>
Q4.	<p>Based on the latest Annual Report 2020, inventories stood at RM684 million (with about RM64 million net realizable value) as compared to around RM284 million in Annual Report 2019 (with about RM44 million net realizable value).</p>

	<p>What will be the approach from the Management to reduce the inventory to a healthy level? Based on the estimation from the Management, how long will it take for BAUTO inventory to return to a healthy level?</p> <p>The Chief Executive Officer (“CEO”), Dato’ Lee Kok Chuan replied that the higher inventory was due to the implementation of Movement Control Order whereby sales of vehicles were halted for about one and half months. Hence, there was a built up of inventory.</p> <p>The Company has now reduced its inventory to a very satisfactory level due to the Short-Term Recover Plan (“Penjana”) introduced by the Government during the Recovery Movement Control Order (“RMCO”) which includes measure to help the automotive industry as a catalyst to gradually drive market demand. These measures included a 100% sales tax exemption on CKD models and 50% sales tax exemption on completely built-up (“CBU”) models from 15 June to 31 December 2020.</p> <p>The CEO further added that the marketing campaign to have free 6-Years warranty and free service maintenance have driven up the market demand on Mazda vehicles and hence, there was an increase in booking of Mazda vehicles.</p>
<p>Q5.</p>	<p>Based on the latest Annual Report, the financial cost has increased 10 times from RM698k to RM6,665k due to short term borrowing.</p> <p>Is there any plan for the Management to lower the financial cost or rationalize OPEX spending to a healthy level so that it will not eat up BAUTO profitability?</p> <p>The CEO replied that the increase was mainly due to the recognition of right-of-use assets arising from the implementation of MFRS 16. The Group has lease contracts for premises such as showrooms, service centres and warehouses. Before the adoption of MFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.</p> <p>Upon adoption of MFRS 16, a lessee is required to recognise an asset representing the right to use the underlying asset and a liability representing future lease payments.</p>
<p>Q6.</p>	<p>How much profit margin per vehicle sold is reduced due to aggressive sales campaigns (6 years warranty + 6 years free service)?.</p> <p>The Chairman replied that this matter is a non-disclosure item and/or confidential as it was related to specific gross profit margin.</p> <p>The Chairman further disclosed that based on the competitiveness in the automotive industry and the Group’s position, he opined that BAUTO have a relatively comfortable gross margin.</p>
<p>Q7.</p>	<p>As part of “new normal” due to Covid-19 pandemic, has the Management considered putting more investment on “digital showroom” using Virtual Reality (VR) /Augmented Reality (AR) technology?</p>

	<p>Also increasing Mazda cars sales growth via partnership with some reputable e-commerce platform in Malaysia?</p> <p>The Chairman replied that the Group had remapped its IT landscape needs to cater for the digitalization of business process and the digitalization make the Group's operation and promotional activities becomes more efficient and reducing manpower needs.</p>
Q8.	<p>For the benefit of media exposure and also served as an update to BAUTO shareholders, may I suggest BAUTO's Management to issue press releases/statements on Mazda monthly sales figures on a regular basis?</p> <p>I believe this approach has been widely applied by other brands such as Proton, Perodua and Honda.</p> <p>The Chairman replied that the Company do submit its sales data on a monthly basis to Malaysian Automotive Association ("MAA"), and MAA is the association responsible for consolidating all the performance from the various distributors.</p> <p>The data submitted to MAA are published on a monthly basis and is make readily available to the public.</p>
Q9.	<p>While BAUTO mainly focus on the sales of current Mazda CKD models (CX-5, CX-8), is there any plan for BAUTO to convince Mazda Malaysia Sdn Bhd for more new CKD models in Malaysia, such as CX-30 in B segment SUV or Mazda-3 in C segment sedan which are currently dominated by Honda Malaysia?</p> <p>The Chairman replied that the consideration for CKD programme is basically not only for the Malaysian market but also for the regional market as we are exporting within the ASEAN region.</p> <p>The Company will be working closely with Mazda Motor Corporation ("Mazda Japan") and Mazda Malaysia Sdn Bhd to continuously seek ways to increase local content and reduce its cost. The Company would also step up its effort to introduce more new CKD models in the future.</p>
Q10.	<p>Is there any plan for BAUTO to expand the Mazda distribution network to other countries other than the Philippines?</p> <p>The Chairman replied that most of the countries already have their own Mazda distributors or Mazda is already in the region with their national companies.</p>
Q11.	<p>Traditionally Mazda competes against other foreign marques. Does the Group now face increased competition from a resurgent Proton at the lower end?</p> <p>Does the Group experience customer down-trending due to economic uncertainty?</p>

	<p>The Chairman replied that the Company has positioned Mazda vehicles as a premium Japanese brand. As such, the Company do not compete with other carmakers such as Proton and Perodua and our customer profiles are different.</p> <p>He further added that the sales volume during RMCO does not reflect any down-trending.</p>
Q12.	<p>Last year sales were disrupted by the delay in pricing approval (refer page 12 of Annual Report). What actually happened? Have such disruptions happened to the Group or other players before?. How to mitigate similar risks in the future?</p> <p>The Chairman explained that it is normal for the automotive companies to seek for pricing approval from the government for the introductions of new model. The authorities had during the second half of the year implemented a new application methodology and BAUTO was the first company that went in for the application immediately after the new implementation.</p> <p>Once the authorities has resolved this upon the initial application with the distributor, it will not be recurred in the future.</p>
Q13.	<p>Page 13 of the Annual Report mentioned that “the Group will continue to consolidate its dealership network...”</p> <p>The consolidation exercise was actually first mentioned in the 2017 Annual Report.</p> <p>What have been the results and challenges faced since 2017? What are the timeframe and targets for the consolidation?</p> <p>The Chairman explained that in the beginning, there were independent sales dealers and independent service dealers. The Group have then consolidated its dealership network to further strengthen its brand position while simultaneously continuing to seize timely opportunities to further expand its sales dealership network in order to increase its geographical coverage as well as sales volume.</p>
Q14.	<p>Page 13 of the Annual Report states that “the Group will explore new range of products from non-conflicting manufacturers”.</p> <p>Does it mean that the Group may distribute non-franchise vehicles? Please elaborate.</p> <p>The Chairman cited that the Company will continue to explore new business opportunities under BAUTO and if this opportunity arises it will add value to the existing business. Hence, if we are able to adopt such new opportunities, an appropriate announcement will be made appropriately when the Group has secured of any franchise.</p>

<p>Q15.</p>	<p>What are the end dates of the Distribution Agreements with Mazda Japan, for both Malaysia and Philippines respectively?</p> <p>Are they exclusive distribution agreements?</p> <p>What are the risk and mitigation against non-renewal or competing Mazda distributors?</p> <p>The Chairman informed that the agreement will be expiring in 2021 and the Management is in the midst of executing the renewal of the distributorship agreement for both the CBU and CKD business. The group do not foresee any risks of non-renewal due to the good business relationship between Mazda Japan and BAuto.</p>
<p>Q16.</p>	<p>What are the implications of the National Automotive Policy (NAP) 2020 to the Group?</p> <p>The Chairman replied that the NAP emphasized on NxGV that focuses on environment and safety features and electrification of vehicles. As far as Mazda is concern, all new generation products and sustainable green engine has been developed and incorporated into Mazda new cars and hence Mazda cars are in line with the new order demanded by the industry. The NAP 2020 is in favour to Mazda cars.</p>
<p>Q17.</p>	<p>The Group has now offered a 6-Year warranty instead of 5-Year warranty.</p> <p>What is the estimated additional contract liability due to this extra year of warranty?</p> <p>The Chairman replied that this matter is a non-disclosure item and/or confidential as it was related to specific gross profit margin.</p>
<p>Q18.</p>	<p>What is the Group's view on the development of electric vehicles in Malaysia? How will the Group and Mazda Japan respond?</p> <p>The Chairman responded that factors such as low infrastructure availability remain deterrent to the growth of the electric vehicles industry in Malaysia. However, there are opportunities for the Company to introduce vehicles that have high level of electrification.</p>
<p>Q19.</p>	<p>Virtual AGM is convenient for shareholders who live far away and/or have limited time.</p> <p>It encourages shareholders' participation and is more environmentally friendly.</p> <p>Can the Group offer an online participation option in its future AGMs?</p> <p>The Chairman responded that this is encouraging and the Company will definitely be considering this option for its future AGMs.</p>

Part B – Questions received via query box

NO.	QUESTIONS AND ANSWERS
Q1.	<p>Covid-19 pandemic has caused some negative impact on the Company. Going forward what is the business performance expectation and the Company's sales tax exemption after the end of the year. What then for the auto sector and the Company's future sales?</p> <p>The Chairman informed that currently the Company has an outstanding booking for our CKD models and we anticipate that if the economic environment is good, our sales especially for the CX-5 and CX-8 models will continue.</p>
Q2.	<p>How do you see the outlook of both the Company and the domestic car market?</p> <p>The Chairman replied that the Company is hoping for the best, but the pandemic is forecasted to be a prolong pandemic and the possible solution is the vaccine but it will only be available in another 2 to 3 years' time. We hope that the economic environment will be stabilized and the pandemic will be under control.</p> <p>The Chairman cited that the Company is optimistic that the environment for the car market will not shrink and the market outlook will still be stable. Even though the Company is looking at the possibility of new product introduction, they will hold back first so that the current models which are popular will continue to be assembled.</p>
Q3.	<p>What is the Company's strategy in light of the intense competition in SUV segment in Malaysia?</p> <p>The Chairman replied that the Company's existing brand is slightly different, driver friendly, renowned styling, higher specification with a lot of autonomous technology and that will make Mazda car very competitive.</p>
Q4.	<p>Would you be kind enough to give discount to Shareholders who are interested to purchase a Mazda car?</p> <p>The Chairman responded that the Company will endeavor to give a very competitive product and some other rewards for shareholders to buy Mazda car.</p> <p>However, direct discount will not be given as it will disrupt the pricing structure in the market. As far as Mazda car is concern, the Company is very conservative in their pricing structure.</p>
Q5.	<p>What is the status of Inokom's expansion?</p> <p>The Chairman informed that Inokom is only an associate company and is not in the position to deliberate much about the expansion plan in Inokom.</p>

<p>Q6.</p>	<p>How is the current outlook and what waiting period for customer to receive their Mazda car?</p> <p>The Chairman informed that the Company has long outstanding orders for their Mazda cars and there are a lot of issues and disruption because of the pandemic in Malaysia and Japan.</p> <p>The waiting time is slowly being reduced from the current 3 months to about 4-8 weeks depending on the type of model.</p>
<p>Q7.</p>	<p>Will the management implement same strategy during GST exemption period that is to absorb the tax for all booking received until the end of the SST period.</p> <p>The Chairman informed that the Company is in the midst of studying on the outstanding booking and the impact of it.</p>
<p>Q8.</p>	<p>Please provide e voucher for shareholders who participate in virtual AGM.</p> <p>The Chairman informed that the Company will take this into consideration for the Company's future AGMs.</p>
<p>Q9.</p>	<p>What is your sales target for 2021? How much sales is achieved in 2020?</p> <p>The Chairman informed that if there is no disruption on the supply and sales chain, it will be slightly higher than the financial year ended 30 April 2020.</p>
<p>Q10.</p>	<p>Opinion on Mazda CX-5 versus Proton X50.</p> <p>The Chairman responded that the press can give a better evaluation.</p>
<p>Q11.</p>	<p>What is the nature of the new business development fee amounting to RM18.2 million on page 138 of the Annual Report 2020, this was new item.</p> <p>The CEO explained that business development fees represent income arising from marketing, training and dealer development activities, services rendered to the dealers and for the multi-level storage facilities which provided by the Company's subsidiary, namely Bermaz Auto Philippines Inc.</p> <p>It was previously charged as part of the wholesale price but Bermaz Auto Philippines Inc is now charging them separately for better transparency, hence this is the new business development.</p>
<p>Q12.</p>	<p>The 1st quarter FY2021 results announced on 10 September 2020 showed a decline in revenue by RM149 million vs 4th quarter FY2020 results. However, the inventories as at 31 July 2020 showed a much higher reductions from RM684.6 million to RM375 million which is a reduction of RM309.6 million.</p> <p>The basis of comparison is not correct. The reductions in the inventories of RM309.6 million should be compared against the unit sales of Q1 FY2021 of RM449 million purchases in Q1 FY2021 was lower due to the uncertainties arising from the Covid-19 pandemic.</p>

<p>Q13.</p>	<p>There is an increase of RM129.5 million in net cash generated from operating activities, the Company further drawdown an additional RM164 million in short term borrowings (please refer to 1st quarter FY2021 cash flow statement). Please share the reason(s) for the increase in short term borrowings despite healthy cash flows, cash balances and no heavy capex for the remainder of FY2021?</p> <p>The drawdown of the short term borrowings are trade related upon the due date of the purchases from the supplier.</p>
<p>Q14.</p>	<p>Is there any plan to launch new model in FY2021?</p> <p>Due to the uncertainties arising from the Covid-19 pandemic, it will depends on the strategy of Mazda Japan.</p>