

BERMAZ AUTO BERHAD

Registration No. 201001016854 (900557-M)

MINUTES OF THE THIRTEENTH ANNUAL GENERAL MEETING (“13TH AGM” OR THE “MEETING”) OF BERMAZ AUTO BERHAD (“BAUTO” OR THE “COMPANY”) HELD ON A VIRTUAL BASIS THROUGH LIVE STREAMING AND ONLINE VOTING VIA REMOTE PARTICIPATION AND ELECTRONIC VOTING (“RPEV”) FACILITIES HOSTED AT [HTTPS://MEETING.BOARDROOMLIMITED.MY](https://meeting.boardroomlimited.my) (DOMAIN REGISTRATION NO. WITH MYNIC - D6A357657) (“MEETING PLATFORM”) FROM 12TH FLOOR, MENARA SYMPHONY, NO. 5, JALAN PROF. KHOO KAY KIM, SEKSYEN 13, 46200 PETALING JAYA, SELANGOR DARUL EHSAN, MALAYSIA (“BROADCAST VENUE”) ON THURSDAY, 5 OCTOBER 2023 AT 10.00 A.M.

PRESENT AT THE BROADCAST VENUE:

DIRECTORS:

Tan Sri Dato’ Sri Yeoh Choon San	- Executive Chairman
Dato’ Lee Kok Chuan	- Group Chief Executive Officer (“GCEO”)/ Executive Director
Datuk Syed Hisham Bin Syed Wazir	- Senior Independent Non-Executive Director
Dato’ Kalsom Binti Abd. Rahman	- Independent Non-Executive Director
Puan Adibah Khairiah Binti Ismail @ Daud	- Independent Non-Executive Director
Mr Martin Giles Manen	- Independent Non-Executive Director
Dato’ Wan Kamaruzaman Bin Wan Ahmad	- Non-Independent Non-Executive Director

IN ATTENDANCE:

Ms Tai Yuen Ling	} Company Secretaries
Ms Teh Pei Fen	

MANAGEMENT TEAM AND BY INVITATION:

	<u>Representative from:</u>
Mr Chong Boon Kian	- Chief Financial Officer (“CFO”)
Dato’ Wong Kin Foo	- Director of Group Operations
Ms Lee Ai Hoon	- Director of Marketing
Mr Eric Foo Chuen Wah	} Information Technology and Dealer Development Department
Ms Azian Binti Aziz Wong	
Mr Chin Boon Chye	- Group Head, Investment and Special Projects
Ms Tricia Lee Xiao Pei	} Finance Department
Mr Chew Soon Ken	
Ms Chuk Wei Sin	
Mr Chong Tse Heng	} Messrs Ernst & Young PLT (“EY” or “Auditors”)
Mr Wong Hur Kuan	
Ms Crystal Wang Syi Jing	- Boardroom Corporate Services Sdn Bhd
Ms Alice Tey	- Boardroom Share Registrars Sdn Bhd
Mr Chris Ooi Kai Yang	- SKY Corporate Services Sdn Bhd

PARTICIPATION VIA RPEV FACILITIES:

SHAREHOLDERS, PROXIES AND CORPORATE REPRESENTATIVES

A total of 473 participants comprising shareholders, proxies and corporate representatives (collectively the “Participants”) had participated via the online Meeting Platform as per the Attendance List.

1. CHAIRMAN WELCOME SPEECH

Prior to commencement of the Meeting, Tan Sri Dato’ Sri Yeoh Choon San, the Executive Chairman of the Company presided as Chairman of the Meeting (“Chairman”) and on behalf of the Board of Directors (“Board”) of the Company, the Chairman extended a warm welcomed to all the Participants at the 13th AGM of the Company.

2. VOTING MANNER

The Chairman then informed that in accordance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 13th AGM will be put to vote by poll and by the direction of the Chairman, it shall be conducted by way of electronic polling.

The Chairman further informed that the Company had appointed Boardroom Share Registrars Sdn Bhd (“Boardroom Share Registrars”) as the Poll Administrator to conduct the polling process and SKY Corporate Services Sdn Bhd as the Independent Scrutineer to verify and validate the poll results.

The Participants were informed that the online voting session for the resolutions were opened and they may proceed to cast their votes throughout the Meeting up to the closure of the online voting session which will be announced by the Chairman.

A short video on the procedures for online remote voting (including on how to pose questions) using the RPEV facilities was then played.

The Chairman added that the Company endeavoured to provide a smooth live streaming. However, the quality of connectivity to the Meeting Platform and online remote voting was dependent on the Participant’s bandwidth and stability of the internet connections available at the respective locations of the remote Participants.

3. INTRODUCTION BY CHAIRMAN

The Chairman proceeded to introduce the members of the Board, the Company Secretary, the Auditors and the CFO, who were present at the Broadcast Venue.

4. QUORUM

The Company Secretary confirmed that a quorum was present for the 13th AGM.

5. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

The Chairman informed that pursuant to Section 340(1)(a) of the Companies Act 2016, the Company was only required to present the Audited Financial Statements (“AFS”), Directors’ and Auditors’ Reports (“Reports”) for the financial year ended 30 April 2023 (collectively known as the “AFS and Reports”) at the Meeting for discussion purpose only and do not require any approval from the shareholders. Hence, there was no resolution on Item 1 of the Agenda in respect of the adoption of the AFS and Reports but Participants are allowed to pose questions and comments related to the AFS and Reports.

The Chairman then invited Mr Chong Tse Heng (“Mr Chong”), the representative of EY, to present the Auditors’ Report on the AFS.

Mr Chong informed the Participants that EY had audited the financial statements of the Company, which comprise the Statement of Financial Positions as at 30 April 2023 of the Group and the Company, Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and the Company for the financial year 2023 inclusive of the Notes to the Financial Statements and a summary of significant accounting policies.

EY opined that the financial statements gave a true and fair view of the financial position of the Group and the Company as at 30 April 2023 and their financial performance and cash flows for the year then ended was in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016.

Mr Chong then highlighted on the Auditors’ responsibilities in respect of the expression of EY’s opinion on the financial statements based on their audit. He informed that EY had conducted the audit in accordance with approved auditing standards in Malaysia and International Standards on Auditing. Their responsibilities under the said standards are described in the Auditors’ responsibilities for the audit opinion.

Mr Chong continued to inform that the AFS of the Group and the Company had covered the following relevant information:-

- i. Responsibilities of the Directors for the financial statements;
- ii. Independence and other ethical responsibilities which in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Code of Ethics for Professional Accountants (including International Independence Standards);

iii. Key Audit Matters (“KAM”).

Mr Chong added that during EY’s audit of the financial statements of the Group and the Company for the financial year ended 2023, the KAM identified was the Provision for Warranty, of which the audit procedures had been included in the Auditors’ Report.

The Chairman then thanked Mr Chong for his presentation of the Auditors’ Report and thereafter invited the CFO to present a briefing on the Group’s financial performance for the financial year ended 30 April 2023, covering, inter-alia, the following key areas:-

- 1) Corporate Structure;
- 2) Number of Mazda branches in Malaysia operated by the Group as at 30 April 2023;
- 3) Number of Mazda dealer centres operated by 3rd party dealers in Malaysia and the Philippines as at 30 April 2023;
- 4) Number of PEUGEOT branches in Malaysia operated by the Group as at 30 April 2023;
- 5) Number of Kia branches in Malaysia operated by the Group as at 30 April 2023;
- 6) Number of PEUGEOT dealer centres operated by 3rd party dealers in Malaysia as at 30 April 2023;
- 7) Number of Kia dealer centres operated by 3rd party dealers in Malaysia as at 30 April 2023;
- 8) Statements of Profit or Loss and Other Comprehensive Income;
- 9) Revenue comparison for past 5 financial years;
- 10) Profit before tax comparison for the past 5 financial years;
- 11) Profit for the year comparison for the past 5 financial years;
- 12) Statements of Financial Position;
- 13) Total equity;
- 14) Total assets for the past 5 financial years;
- 15) Net equity funds for the past 5 financial years;
- 16) Total equity for the past 5 financial years; and
- 17) Dividend payout comparison for the financial years 2022 and 2023.

After the presentation by the CFO, it was noted that the Company’s AFS and Reports were duly tabled and adopted.

6. PRESENTATION ON LETTER FROM THE MINORITY SHAREHOLDERS WATCH GROUP

The Chairman informed that the Company had received a letter from the Minority Shareholders Watch Group dated 26 September 2023 (“MSWG Letter”), seeking clarification/information on certain matters concerning the operational and financials of the Group.

The CFO was then re-invited to present the Company’s replies to the questions raised in the MSWG Letter, details as set out in “Appendix I” attached herein. The CFO concluded his presentation and thanked all Participants for their attention.

The Chairman thanked the CFO for his presentation and proceeded to put forward the resolutions set out in the Notice of 13th AGM for the Participants to consider and vote as follows:

ORDINARY BUSINESS

7. ORDINARY RESOLUTIONS 1 TO 5 MONTHLY PAYMENTS OF DIRECTORS' FEES (PAYABLE IN ARREARS) FOR THE PERIOD FROM 1 MAY 2023 UP TO 30 APRIL 2024

The Chairman informed that the Ordinary Resolutions 1 to 5 were to approve the monthly payment of Directors' fees (payable in arrears) for the period from 1 May 2023 up to 30 April 2024 to the Non-Executive Directors of the Company.

As the voting for the above resolutions were conducted by way of online poll, the Chairman then proceeded with the next item on the Agenda.

8. ORDINARY RESOLUTION 6 PAYMENT OF DIRECTORS' REMUNERATION (EXCLUDING DIRECTORS' FEES) FOR AN AMOUNT OF UP TO RM119,100.00 FOR THE PERIOD FROM 6 OCTOBER 2023 UNTIL THE NEXT AGM OF THE COMPANY TO BE HELD IN 2024

The Chairman informed that the Ordinary Resolution 6 was to approve the payment of Directors' Remuneration (excluding Directors' fees) to the Non-Executive Directors of the Company for an amount of up to RM119,100.00 for the period from 6 October 2023 until the next AGM of the Company to be held in 2024.

As the voting for the above resolution was conducted by way of online poll, the Chairman then proceeded with the next item on the Agenda.

9. ORDINARY RESOLUTIONS 7 TO 8 RE-ELECTION OF DIRECTORS PURSUANT TO CLAUSE 117 OF THE COMPANY'S CONSTITUTION

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

At the 13th AGM, Dato' Kalsom Binti Abd. Rahman and Mr Martin Giles Manen were subjected to retirement pursuant to Clause 117 of the Company's Constitution.

The Chairman then proceeded with Ordinary Resolutions 7 and 8 for the re-election of Dato' Kalsom Binti Abd. Rahman and Mr Martin Giles Manen who retired pursuant to Clause 117 of the Company's Constitution and being eligible had offered themselves for re-election as Directors of the Company.

As the voting for the above resolutions were conducted by way of online poll, the Chairman then proceeded with the next item on the Agenda.

**10. ORDINARY RESOLUTION 9
RE-APPOINTMENT OF AUDITORS**

The Chairman informed that the Ordinary Resolution 9 was to approve the re-appointment of 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. EY had signified their consent to continue to act as Auditors of the Company for the ensuing financial year.

As the voting for the above resolution was conducted by way of online poll, the Chairman then proceeded with the next item on the Agenda.

SPECIAL BUSINESS

**11. ORDINARY RESOLUTION 10
PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO
PURCHASE ITS OWN SHARES**

The Chairman informed that the Ordinary Resolution 10, which was the final Agenda in the Meeting, was to seek the shareholders' approval to renew the mandate for the Company to purchase its own shares, the details of which are set out in the Statement to Shareholders dated 28 August 2023.

As the voting for the above resolution was conducted by way of online poll, the Chairman then proceeded with the Questions and Answers ("Q&A") session.

12. Q&A SESSION

Following the tabling of all the resolutions in the Agenda, the Chairman and the GCEO then proceeded to respond to the online questions posed by the Participants prior to the Meeting as well as those received during the Meeting. A summary of the questions posed and the responses thereon are set out in "Appendix II".

The time allocated for the Q&A session was 30 minutes and the Board had endeavoured to answer as many questions posed as possible relating to the business of the 13th AGM.

13. VOTING ON THE RESOLUTIONS AND ANNOUNCEMENT OF POLL RESULTS

Upon conclusion of the Q&A session, the Chairman informed that the online voting, which was opened at the commencement of the Meeting, shall continue to be opened

for a further 10 minutes. The Chairman further advised that Participants who had yet to cast their votes via the RPEV facilities to do so before it closed.

The Chairman informed that upon closure of the online polling, the Meeting will be adjourned for 20 minutes for the Independent Scrutineer to verify and validate the poll results and would resume upon the completion of the verification and validation for the declaration of the poll results by the Independent Scrutineer.

The Chairman then informed that in his capacity as Chairman of the Meeting, he had been appointed as a proxy to vote on behalf of some of the shareholders in accordance with their instructions as stipulated in the proxy forms.

The voting session then opened for a further 10 minutes and closed at 11.08 a.m..

14. POLL RESULTS

The Chairman resumed the Meeting at 11.28 a.m. and called the Meeting to order after the poll results were verified and validated by the Independent Scrutineer, which then proceeded to announce the said poll results as follows:-

Resolutions	Relating to:	Votes For		Votes Against	
		No. of Shares	%	No. of Shares	%
Ordinary Resolution 1	Monthly payment of Director's fees (payable in arrears) for the period from 1 May 2023 up to 30 April 2024 to Datuk Syed Hisham Bin Syed Wazir.	838,143,240	99.9962	32,186	0.0038
Ordinary Resolution 2	Monthly payment of Director's fees (payable in arrears) for the period from 1 May 2023 up to 30 April 2024 to Dato' Kalsom Binti Abd. Rahman.	838,140,540	99.9958	34,886	0.0042

BERMAZ AUTO BERHAD (Registration No. 201001016854 (900557-M))
 - Minutes of 13th AGM held on 5 October 2023

Resolutions	Relating to:	Votes For		Votes Against	
		No. of Shares	%	No. of Shares	%
Ordinary Resolution 3	Monthly payment of Director's fees (payable in arrears) for the period from 1 May 2023 up to 30 April 2024 to Puan Adibah Khairiah Binti Ismail @ Daud.	838,140,740	99.9959	34,686	0.0041
Ordinary Resolution 4	Monthly payment of Director's fees (payable in arrears) for the period from 1 May 2023 up to 30 April 2024 to Mr Martin Giles Manen.	838,144,080	99.9963	31,346	0.0037
Ordinary Resolution 5	Monthly payment of Director's fees (payable in arrears) for the period from 1 May 2023 up to 30 April 2024 to Dato' Wan Kamaruzaman Bin Wan Ahmad.	838,140,980	99.9959	34,446	0.0041
Ordinary Resolution 6	Payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors of the Company for an amount of up to RM119,100.00 for	838,143,920	99.9962	31,506	0.0038

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Resolutions	Relating to:	Votes For		Votes Against	
		No. of Shares	%	No. of Shares	%
	the period from 6 October 2023 until the next AGM of the Company to be held in 2024.				
Ordinary Resolution 7	Re-election of Dato' Kalsom Binti Abd. Rahman who retires pursuant to Clause 117 of the Company's Constitution.	828,280,391	98.7708	10,308,135	1.2292
Ordinary Resolution 8	Re-election of Mr Martin Giles Manen who retires pursuant to Clause 117 of the Company's Constitution.	817,682,031	97.5094	20,885,495	2.4906
Ordinary Resolution 9	Re-appointment of EY as Auditors of the Company and to authorise the Directors to fix their remuneration.	803,300,340	95.7868	35,332,906	4.2132
Ordinary Resolution 10	Renewal of authority for the Company to purchase its own shares.	806,090,336	96.1664	32,134,090	3.8336

Based on the poll results, the Chairman declared that all the 10 ordinary resolutions tabled at the Meeting were duly carried and resolved the following:-

ORDINARY RESOLUTION 1

“THAT the payment of Director's fees (payable monthly in arrears) amounting to RM80,000.00 to Datuk Syed Hisham Bin Syed Wazir for the period from 1 May 2023 up to 30 April 2023 be and is hereby approved.”

ORDINARY RESOLUTION 2

“THAT the payment of Director's fees (payable monthly in arrears) amounting to RM80,000.00 to Dato' Kalsom Binti Abd. Rahman for the period from 1 May 2023 up to 30 April 2023 be and is hereby approved.”

ORDINARY RESOLUTION 3

“THAT the payment of Director's fees (payable monthly in arrears) amounting to RM80,000.00 to Puan Adibah Khairiah Binti Ismail @ Daud for the period from 1 May 2023 up to 30 April 2023 be and is hereby approved.”

ORDINARY RESOLUTION 4

“THAT the payment of Director's fees (payable monthly in arrears) amounting to RM80,000.00 to Mr Martin Giles Manen for the period from 1 May 2023 up to 30 April 2023 be and is hereby approved.”

ORDINARY RESOLUTION 5

“THAT the payment of Director's fees (payable monthly in arrears) amounting to RM80,000.00 to Dato' Wan Kamaruzaman Bin Wan Ahmad for the period from 1 May 2023 up to 30 April 2023 be and is hereby approved.”

ORDINARY RESOLUTION 6

“THAT the payment of Directors’ remuneration (excluding Directors’ fees) for an amount of up to RM19,100.00 for the period from 6 October 2023 until the next AGM of the Company to be held in 2024 be and is hereby approved.”

ORDINARY RESOLUTION 7

“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.”

ORDINARY RESOLUTION 8

“THAT Mr Martin Giles Manen, 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.”

ORDINARY RESOLUTION 9

“THAT Messrs Ernst & Young PLT be and are hereby appointed as Auditors of the Company until the conclusion of the next AGM and that the Directors be authorised to fix their remuneration.”

ORDINARY RESOLUTION 10

“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 (“Bursa Securities”) 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 Bursa Securities and to take all such steps as are necessary (including the opening and/or maintaining of a central depositories account under the Securities Industry (Central Depositories) Act, 1991, where applicable) 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 Bursa Securities and any other relevant authority for the time being in force.”

15. NOTE OF APPRECIATION BY THE RE-ELECTED DIRECTORS AND RE-APPOINTED AUDITORS

Dato' Kalsom Binti Abd. Rahman and Mr Martin Giles Manen thanked the Participants for their re-elections as the Directors of the Company.

Mr Chong, the representative from EY, also thanked the Participants for EY's re-appointment as Auditors of the Company.

16. CONCLUSION

There being no other business to be transacted, the Meeting concluded at 11.33 a.m. with a vote of thanks to the Chair.

The Chairman informed that after the closure of the 13th AGM, an Extraordinary General Meeting (“EGM”) will be held to seek shareholders' approval for the proposed establishment of a new Employees' Share Scheme for the Company.

The EGM will also be conducted on a virtual basis through live streaming and online voting via the Meeting Platform from the Broadcast Venue. The Chairman reminded the Participants who will be participating in the EGM to login with the separate meeting ID, User ID and password provided earlier during their registration for the EGM.

SIGNED AS A CORRECT RECORD

-SIGNED-

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TAN SRI DATO' SRI YEOH CHOON SAN
CHAIRMAN

Dated: 10 November 2023

APPENDIX I – QUESTIONS FROM MINORITY SHAREHOLDERS WATCH GROUP



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

26 September 2023

BY EMAIL/FAX/HAND

The Board of Directors
BERMAZ AUTO BERHAD
12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

Attention: Ms. Tai Yit Chan/ Ms. Tai Yuen Ling/ Ms. Teh Pei Fen
Company Secretaries

Dear Directors,

Re: 13th Annual General Meeting (“AGM”) of Bermaz Auto Berhad (“Bermaz” or the “Company”) to be held on Thursday, 5 October 2023

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

Operational & Financial Matters

1. The Group had launched several new models during FY2023 such as the fully imported electric vehicle, Mazda MX-30, the Kia Niro electric vehicle in July 2023 and is targeting to launch the Peugeot E-2008 electric vehicle by end 2023 or early 2024. (page 15 of AR2023).
 - (a) How does the Group's electric vehicle models compete against the likes of Tesla, BYD, Neta V or Chery which are priced slightly lower or much lower than the Group's electric vehicle models?
 - (b) To-date, what are the Group's electric vehicles sales compared to its competitors? What is the strategy to increase its market share?
 - (c) Will the Group's electric vehicles profit margins be better than its internal combustion engine vehicles?

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

Incorporated in Malaysia Registration No: 200001022382 (524989-M)

LEVEL 23, UNIT 23-2, MENARA AIA SENTRAL

No. 30, JALAN SULTAN ISMAIL

50250 KUALA LUMPUR

TEL: (603) 27320010

E-mail: mwatch@mswg.org.my Website: www.mswg.org.my

APPENDIX I – QUESTIONS FROM MINORITY SHAREHOLDERS WATCH GROUP

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2. With Malaysia Government's announcement on several incentives for electric vehicles, to what extent will there be a significant pick up for the Group's electric vehicles, going forward?

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



Rita Foo
Head, Corporate Monitoring
DE/RF/ECYL/BERMAZ/AGM 2023

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

Incorporated in Malaysia Registration No: 200001022382 (524989-M)

LEVEL 23, UNIT 23-2, MENARA AIA SENTRAL

No. 30, JALAN SULTAN ISMAIL

50250 KUALA LUMPUR

TEL: (603) 27320010

E-mail: mwatch@mswg.org.my Website: www.mswg.org.my

APPENDIX I – ANSWERS REPLIED TO MINORITY SHAREHOLDERS WATCH GROUP



5 October 2023

**Head, Corporate Monitoring
Minority Shareholders Watch Group**
Level 23, Unit 23-2, Menara AIA Sentral,
No.30, Jalan Sultan Ismail,
50250 Kuala Lumpur

Attn: Ms. Rita Foo

Dear Madam,

**BERMAZ AUTO BERHAD (“BERMAZ”)
13th ANNUAL GENERAL MEETING OF BERMAZ - FOR THE FINANCIAL YEAR
ENDED 30 APRIL 2023**

We refer to your letter dated 26 September 2023 raising certain points and questions in respect of Bermaz’s Annual Report for the financial year ended 30 April 2023 and are pleased to furnish herewith our replies (in the same sequential order as the questions raised) as follows:

Operational and Financial Matters

1. The Group had launched several new models during FY2023 such as the fully imported electric vehicle, Mazda MX-30, the Kia Niro electric vehicle in July 2023 and is targeting to launch the Peugeot E-2008 electric vehicle by end 2023 or early 2024. (page 15 of AR2023).

(a) How does the Group’s electric vehicle models compete against the likes of Tesla, BYD, Neta V or Chery which are priced slightly lower or much lower than the Group’s electric vehicle models?

Answer:

The introduction of EV marques such as Tesla, BYD, Neta V and Chery (in 2024) are mainly targeted at initial entry point level. The cost of an EV is largely dependent on the battery size in terms of kWh power, which then determines the effective range of the EV concerned.

Therefore, the bigger the battery size, the higher is the cost of the EV. Besides battery cost, pricing of EV also depends on the inclusion of other specifications such as the level of connectivity and other electrical components as well as enhancement of comfort such as provision of quality seats and state-of-the-art entertainment systems.

Our Group’s EV models are currently confined to luxury and performance EVs such as the Kia EV6. As such, they are targeted at different market segments as compared to the above marques.

APPENDIX I – ANSWERS REPLIED TO MINORITY SHAREHOLDERS WATCH GROUP

- (b) **To-date, what are the Group’s electric vehicles sales compared to its competitors? What is the strategy to increase its market share?**

Answer:

Bermaz is aware of the transition of technology from ICE vehicles to the next generation of high electrification vehicles i.e. Battery Electric Vehicles (“BEVs”). Rapid technology advancement has lowered the production cost of batteries for EVs over the years.

As technology for development of battery continues to evolve, we expect that the cost of EVs will gradually reduce and the pricing of BEVs will then become more competitive.

Our principal manufacturers namely, Mazda Corporation, Kia Corporation and Stellantis Group, are actively involved in the development of BEVs. During the transition phase, the development of mild hybrids, hybrids and plug-in hybrids are basically to get consumers to progressively buy-in into the electrification technology in the mobility business.

The development of infrastructure for convenient charging will help to boost consumers’ confidence and hasten the adoption of EVs. In the meantime, our Group’s strategy is to go through the transition phase of progressive electrification.

Main stream products will be introduced gradually as and when the opportunity arises and when the issue of costs and range anxiety are addressed. The Group’s current EV sales contribution is not significant as compared to the overall sales contribution from its non-EVs segment (ICE vehicles).

- (c) **Will the Group’s electric vehicles profit margins be better than its internal combustion engine vehicles?**

Answer:

EVs have similar profit margins range as ICE vehicles.

APPENDIX I – ANSWERS REPLIED TO MINORITY SHAREHOLDERS WATCH GROUP

2. With Malaysia Government’s announcement on several incentives for electric vehicles, to what extent will there be a significant pick up for the Group’s electric vehicles, going forward?

Answer:

The Group is mindful of the various EV incentives available and will take them in consideration when strategizing its EV business, with gradual introduction of BEV products in the transition phase.

In the meantime, the Group will focus on establishing various EV training programmes to upskill its technicians and mechanics to have a better understanding of EVs and on how to handle them safely as it involves dealing with high voltage vehicles. This is done through the collaboration between BAuto Training School with the Institute of Motor Industry, United Kingdom (“IMI”) and the Ministry of Human Resources, Malaysia.

Sizeable amount of funds were incurred in EV training equipment and for engaging professional trainers, from countries such as Finland and Norway in view of their technical expertise and vast experience in EVs, to conduct training programmes. Participants to such training programmes were provided with proper accreditation and certification on completion.

Bermaz has among the highest numbers of EV certified trainers from IMI i.e. twenty-five (25) qualified trainers with Level 4 IMI certification and four (4) Level 3 IMI certification.

As part of the Group’s ESG initiatives, EV training workshops were conducted for first responders such as the police and firefighters for them to have a better understanding of how EVs function as they are the frontliners who will be responding to emergency situations.

We trust the above have clarified the points raised.

Yours faithfully,
For and on behalf of
Bermaz Auto Berhad

-SIGNED-

Tan Sri Dato’ Sri Yeoh Choon San
Executive Chairman

APPENDIX II – QUESTIONS FROM PARTICIPANTS

Part A – Questions received prior to the Meeting

NO.	QUESTIONS AND ANSWERS
1.	<p>Outstanding performance as seen from Q1 2024 and outstanding FY2023. Is this sustainable given the SST holiday impact wears off and the backlog orders gets fulfilled? (TEO CHER MING)</p> <p>The Chairman replied that the Company will continue to manage its customers’ satisfaction to provide a rich and rewarding ownership experience. This will promote natural growth and increase customers’ loyalty.</p>
2.	<p>How is the market acceptance for 7 years warranty for PEUGEOT which I understand is 1st in the market? (TEO CHER MING)</p> <p>The Chairman replied that as development of technology advances, vehicles produced become more efficient and durable. The additional 2 years of warranty from 5 years to 7 years for PEUGEOT is to convey the Group’s confidence in the products distributed by the Group. It is in line with the Group’s Mission Statement of managing customers’ satisfaction and providing them with a rich and rewarding ownership experience. This is to provide assurance to PEUGEOT customers that their vehicles are durable and of good quality. As custodian of the PEUGEOT marque in Malaysia, the Group is prepared to support its customers’ ownership experience. Therefore, the Group is confident in its 7 years warranty program.</p>
3.	<p>2 main disruptors to auto industry i.e. agency model and Electric Vehicle (“EV”)/Tesla. What is the Group’s view on this? (TEO CHER MING)</p> <p>The Chairman replied that over the years, the Group has been providing support to its dealers through low inventories holding requirement. This is to ensure the dealers are not being pressured to dispose of their inventories, which may create an unhealthy market via price war or cash discounting. High cost of inventories in the dealership model will result in lower gross margin due to the higher financing cost. As for agency model, the Company and its principal manufacturers do not have any plans to implement it.</p>

NO.	QUESTIONS AND ANSWERS
4.	<p>With Tesla offers much affordable pricing for the Model Y compared with the Group's Kia EV6 and Kia Niro. How can the Group work together with the principal (Kia) to bring down the EV6 and Niro pricing to compete with Model Y? I understood that Tesla has committed to Ministry of International Trade and Industry's ("MITI") certain requirements to be able to offer Malaysians a lower price of Model Y. Can BAUTO fulfil the same MITI requirements? (WONG YOOK LOON)</p> <p>The Chairman replied that as mentioned earlier in the reply to the MSWG Letter, Tesla EVs are mainly targeted towards initial basic entry level for EVs whilst the Group's EVs are currently focused on luxury and performance EVs such as the Kia EV6. Hence, the Group's EVs are targeted at a different market segment. The Group is aware of the current transition of technology phase from ICE vehicles to BEVs. The pricing of BEVs will be more competitive once the cost of batteries reduced with the rapid technology advancement.</p> <p>The Chairman informed that the Group does not have any information on the future direction nor the incentives to be introduced by the Government for the electric auto industry. Such information will only be known after it has been officially announced by the Government.</p>
5.	<p>Regarding EV strategy, there are discussions about bringing in Chinese EV models. What is the current status? (WONG YOOK LOON)</p> <p>The Chairman replied that the Group is always on the lookout for business opportunities to further strengthen its revenue and earnings base as well as to maximise returns to its shareholders. The Group has been approached by several EV principal manufacturers from China but it is still too preliminary and in discussion stages only. Nothing has been firmed yet.</p>
6.	<p>What could Group do to innovative the local national cars and export business of part supply? The automotive manufactures have started to look into fulfilling international market demand and luxuries design of automotive. Is the Group able to fulfil market expectation? (KOH LIH SHI)</p> <p>The Chairman replied that the Group is a distributor of 3 internationally renowned vehicle marques i.e. Mazda, PEUGEOT and Kia in Malaysia, which are sourced from the respective principal manufacturers. The Group does not own any of them and is merely the custodian for these marques that it represents in Malaysia.</p>

NO.	QUESTIONS AND ANSWERS
	<p>The Group's brand is "BAuto" and as a distributor, the Group main emphasis is to meet customers' satisfaction and to ensure that the products meet the expectation as promised and are in line with the Group's mission statement, which is to provide a rich and rewarding ownership experience.</p> <p>In order to do so, the Group has continuously upgraded its resources including upskilling of the human capital, i.e. the technicians and sales and after-sales team and upgrading the Group's facilities and equipment to cater for the rapid changing demand of new technologies and legislations and to meet customers' expectation.</p>
7.	<p>Any door gifts, e-vouchers or e-wallet? (LOO TUCK FATT)</p> <p>The Company has taken note of the matter.</p>
8.	<p>Please send printed annual report. (LOO YEO MING)</p> <p>Boardroom Share Registrars will be notified of the request.</p>

Part B – Questions received during the Meeting

NO.	QUESTIONS AND ANSWERS
1.	<p>Any plant visit for the shareholders? (LIM CHEW LIN)</p> <p>The Chairman replied that these assembly plants are owned by its associated companies with restricted public access. The Company has however taken note of this request.</p>
2.	<p>Recently Mercedes Benz Malaysia changed its business model which will affect its authorised dealers' revenue significantly. Will Mazda Malaysia Sdn Bhd (“MMSB”) pursue similar business model in Malaysia? (LIEW TUCK WAI)</p> <p>The Chairman reiterated that currently there is no intention for the Group to adopt the agency sales model. However, the Group had adopted the low inventories holding requirement to assist dealers to reduce their inventory holding costs and thus, making it more manageable and less pressure for dealers to dispose of their inventories, which may create an unhealthy market via price war or cash discounting.</p> <p>Will there be any opportunities for the Group to further expand its Mazda footprint in particular for the ASEAN market? (LIEW TUCK WAI)</p> <p>The Chairman replied that the Group is the distributor for Mazda marque in Malaysia and the Philippines. Currently, there is no plan to expand to other ASEAN markets. Certain Mazda CKD models are however being exported to neighbouring countries such as Cambodia, Indonesia, Thailand, and Laos by its associated company, MMSB.</p>
3.	<p>What is your succession planning for retiring directors? (LOO YEO MING)</p> <p>The Chairman replied that the Company has established succession planning programme not only for the Board of Directors but also for the key senior management. The Human Resource Department had implemented continuous succession planning program for the Group.</p>
4.	<p>How much does the Company spend on this virtual AGM and EGM?</p> <p>Would the Board of Directors kindly give Touch n Go e-wallet as a token of appreciation for taking time and effort to attend this Remote Participation and Voting (“RPV”)?</p> <p>I would like to request a printed hard copy of the Company’s Annual Report May I know how many attendees in this virtual meeting?</p>

NO.	QUESTIONS AND ANSWERS
	<p>When will the company going back to physical AGM so that the shareholders can meet the management physically? (TEH PENG TIN)</p> <p>(1) How much does our Company spend to hold this virtual AGM & EGM plus RPV?</p> <p>(2) Could the Company conduct next AGM / EGM / other meetings physically?</p> <p>(3) Could the Management of the Company be kind enough to give away e-meal vouchers to the event participants (particularly grateful to help minority shareholders to improve their life qualities during the current high inflationary economy)? (LIEW CHEE MENG)</p> <p>When will the Company start to hold physical AGM? (LIEW CHEE SENG)</p> <p>Please reconsider for attending AGM and EGM today please. (TAN TENG CHEE)</p> <p>The Chairman replied that that the estimated cost of conducting the virtual AGM and EGM is approximately RM100,000.00. There were approximately 570 participants who attended the virtual AGM. The Company had taken note of the requests to conduct the AGM physically and to provide door gifts in the Meeting. The Company will deliberate on the options of holding either a physical, virtual or hybrid AGM in the future.</p> <p>Shareholders may request for the printed Annual Report of the Company through the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd.</p>
5.	<p>There is no breakdown of cash and bank balance and Deposits by Islamic or conventional. Is the Company still a Shariah compliance company? (WONG WAI NGOH)</p> <p>The GCEO replied that the Company remains a Shariah Compliant Company based on the assessment of its FY2023 financial results. The Company has been a Shariah Compliant Company since its listing in November 2013.</p>
6.	<p>What is the nature of the provision for restoration costs? (WONG WAI NGOH)</p> <p>The GCEO replied that most of its business operates under rented premises. Pursuant to the tenancy agreements, the Company is required to restore the rented premises back to its original state and condition in the event it decides not to continue with the rental. The provision was computed based on quotations obtained</p>

NO.	QUESTIONS AND ANSWERS
	<p>from contractors and taking into account the estimated restoration costs to be incurred.</p>
<p>7.</p>	<p>Noticed that the SUKUK MTN was lower than the nominal value of RM100 million with the deductions of unamortised transaction costs. Please explain. (WONG WAI NGOH)</p> <p>The GCEO replied that under MFRS 9, the Company needs to measure the financial liability at its fair value less transaction costs that is directly attributable to the said loan. The transaction costs will then be apportioned over the tenure of the loan through the application of the effective interest method.</p>
<p>8.</p>	<p>What is the reversal of allowance for expected credit loss in receivables of RM1.3 million? (KEE LEE CHOO)</p> <p>The GCEO replied that MFRS 9 requires a general provision to be made for vehicle debtors based on ageing using historical data and other factors such as the potential impact from the COVID-19 pandemic. The reversal was made as there was no indication of such impairment and no bad debt was recorded during the last 5 financial years.</p>
<p>9.</p>	<p>Any plan to introduce EV to Malaysia? (CHOY YAU KEE)</p> <p>The Chairman replied that the Group plans to introduce EVs in stages into the Malaysian market through a transition programme starting from mild hybrids, hybrids, plug-in hybrid and finally battery EVs.</p> <p>The Group is not in a rush to introduce the full range of EV models as it believes with the rapid development in technological advancement in terms of battery life/range, connectivity and artificial intelligence technology, the principal manufacturers will be introducing newer, more advance and cheaper EV models.</p>
<p>10.</p>	<p>a. The waiting period of Mazda new car, depending on models, can be up to 6 months. What is the cause of this delay and what actions is Company taking to shorten the waiting period, e.g. pre-stock of CBU models? (YAP WAI YIP)</p> <p>The Chairman replied that the delay was mainly caused by the disruption in the supply chain for electronic components and semiconductors due to supply shortages as the automotive industry was competing with other electrical industries for the electronic components. The Group will continue to improve its supply chain to reduce the waiting period.</p>

NO.	QUESTIONS AND ANSWERS
	<p>b. Is there any incentive for shareholders to acquire new Mazda car from Mazda company and/or distributors? (YAP WAI YIP)</p> <p>The Chairman replied that the vehicles distributed by the Group are already competitively priced and packaged. Hence, they reduce the cost of ownership and provide a good incentive for potential Mazda owners to purchase.</p>
11.	<p>What is the Group's plan for the new investment and expansion requirement in PEUGEOT and Kia? (KEE LEE CHOO)</p> <p>The Chairman replied that there is currently no major investment plan for PEUGEOT and Kia operations. Should the need arise, the Group will raise funds via the existing banking facilities granted to its subsidiaries.</p>
12.	<p>Capital commitments (Note 32 - page 174) for FY2023 only reported an amount of RM233,000 vs RM3.553 million in FY2022.</p> <p>(1) Why is contracted FY2023 figure so low?</p> <p>(2) What is the budgeted capex for FY2024 and the main areas of operations? (LEW TUCK WAI)</p> <p>(1) Higher capital commitments of RM3.6 million in FY2022 due to renovation works contracted for its Kia flagship showroom in Lot 1, Glenmarie.</p> <p>(2) Capex for FY2024 is mainly for the expansion of its sales and after-sales service network as well as for upkeeping the Group's existing business premises and facilities throughout the country.</p>
13.	<p>MMSB reported a substantially improved results for FY2023 (Note 5 - page 150 of Annual Report)</p> <p>(1) What is MMSB's contribution to Bermaz's Profit Before Tax for FY2023?</p> <p>(2) How much dividends received from MMSB in FY2022 & 2023? (LEW TUCK WAI)</p> <p>(1) Approximately RM32 million.</p> <p>(2) None</p>

Note: Similar questions pertaining to the same subject matter is grouped and a single response is provided.