

MBM RESOURCES BERHAD
[Registration No. 199301029757 (284496-V)]
(Incorporated in Malaysia)

QUESTIONS AND ANSWERS (“Q&A”) SESSION AT THE TWENTY-NINTH ANNUAL GENERAL MEETING (“29th AGM”) OF THE COMPANY HELD ON 1 JUNE 2023

Several shareholders had asked for the Company to consider giving e-voucher/e-wallet to shareholders who attended the virtual 29th Annual General Meeting (“AGM”).

In response to the shareholders’ request in the past, MBMR would be providing a Touch ‘N Go e-vouchers to the shareholders who logged in and participated at this 29th Annual General Meeting.

A shareholder also suggested, instead of giving door gifts to the investors or proxies who attended the 29th AGM, how about MBMR giving out a special discount to fellow investors and proxies who are going to buy new cars from MBMR, this would enable MBMR to capture more market share.

Management would look into it.

Q1 How does MBMR foresee its Dividend Yield or Growth for the next five (5) years or ten (10) years?

A1 MBMR’s dividend policy is to distribute a minimum of 60% of the Company’s net profit to the shareholders as dividend. Since the announcement of the dividend policy in 2019, MBMR has maintained its dividend pay-out ratio consistently above 80% of its net profit.

MBMR intends to uphold the dividend policy while weighing multiple factors such as investment plans, capital expenditure requirements, levels of available cash etc.

Q2 Would MBMR be able to outperform its peers of more or less similar size, such as UMW Holdings Berhad and Bermaz Auto Berhad?

A2 Given that the differences in market segment that MBMR represents and the nature of business the Group is involved in, it would be difficult to compare apple to apple with its peers. Nevertheless, MBMR’s objective is to act in the best interest of the Company and its shareholders. We do not comment on the performance of other business entities.

Q3 Would MBMR be able to grow and develop so as to help more investors who aims to develop together with MBMR? Would MBMR progress successfully and make many investors millionaires and billionaires which could also bring economic development to the country? If yes, what does MBMR plan to do in the next five (5) years?

A3 *MBMR will continue to explore business opportunities that complement the Group's current businesses in line with its vision to be the Complete Automotive Group in the market.*

In the next five (5) years, MBMR foresees that there will be radical changes in the automotive industry worldwide and MBMR will do its utmost to see which new opportunities it can explore to invest in.

Q4 There were news on the collision test-rigging scandal by Daihatsu Motor Co., Ltd. which involved Perodua Axia. How does MBMR ensure that there will be no more issues in future in respect of the above matter?

A4 *Perodua issued an official statement on 30 April 2023 that the side impact safety rating of the Axia model was not affected by the recent allegations related to Daihatsu Motor Co Ltd's conduct of collision tests(.) Further check was made with the internationally renowned TUV Germany confirming that the tests conducted on Axia was valid.*

Perodua is a socially responsible corporation and will ensure that all the tests on their new models are conducted under strict compliance with United Nations Economic Commission for Europe Regulation No. 25 requirements.

Q5 Malaysian Industrial Development Finance Berhad ("MIDF") had revised its 2023 forecast of the Total Industry Volume ("TIV") for the automotive sector upwards by 5% to 713,000 units. How many in terms of units or percentage could MBMR capture for the above projection?

A5 *Based on the past five (5) years' performance, the Group's sales volume accounted for 3% to 5% of the nation's TIV. Perodua, which is the current market leader in Malaysia, holds approximately 40% shares of the TIV as of year to-date April 2023.*

Q6 The Sales and Service Tax ("SST") exemption for the purchase of motor vehicles is until end of March 2023. How does MBMR strategise its business to promote and market its various brands of motor vehicles to boost its sales from April 2023 to December 2023?

A6 *The market, after the SST exemption period which ended in March 2023, continues to remain resilient. The financial institutions also continue to be supportive of the industry and Perodua's bookings remain strong similar to the pre-Covid levels. For other marques under the Group, MBMR will continue to expand its marketing channels, especially digital marketing, and maximise the leads and prospects as well as work with the respective principals on opportunities with regard to new model launches.*

Q7 Eight (8) out of ten (10) Malaysian drivers want to see more electric vehicles (“EVs”) on the road, according to a recent survey by BMW Group. What would be the next strategic position taken by MBMR to capture the EV market in Malaysia? Would EV gradually affect sales of Perodua Axia in year 2024 and subsequent years? How would MBMR tackle this potential threat and convert the threat into opportunities?

A7 MBMR will continue to evaluate any potential business opportunities which including EVs, provided it falls within the scope of automotive industry. We do not foresee EVs to affect the sales of Perodua Axia in the medium term due to the higher price positioning of EVs in the market. Based on the assessment of the affordable EVs sold in Europe and China, the price point for these EVs without duties is twice the price of Perodua Axia in Malaysia.

Q8 Any strategic plans to be carried out by MBMR to obtain more businesses in EV and Petrol Motor Vehicles? Note that MBMR’s competitors are more competitive and aggressive. Note that Perodua Myvi EV known as Electric Motion Online (“EMO”) will likely be launched by end year 2023 or early of year 2024.

What will enable consumers to switch from other EVs to Perodua EMO? What is the selling price for 1 unit of EMO and how many models will be launched?

There are three types of EVs - Full Hybrid Electric Vehicle (HEVs), Plug-in Hybrid Electric Vehicles (PHEVs), and Battery Electric Vehicles (BEVs). Which types of EVs are going to be launched by MBMR for its EMO?

A8 Since Perodua’s EMO is a Concept Car, any further information on the vehicle will be provided by Perodua directly.

Q9 There are many EVs and brands in Malaysia selling at a very reasonable price. Name some of them below:-

- **Neta V – cheapest EV in Malaysia, under RM90,000 with no down payment**
- **BYD Atto 3 Standard Range RM150,000 entry level (Extended Range RM167,800)**
- **Ora Good Cat RM139,800 for the base 400 Pro variant 500 Ultra variant RM169,800**

Would MBMR plan to obtain distributorship (other than relying solely on Perodua EMO) to sell different brands of EV so as to capture more EV market shares?

A9 Yes, MBMR is aware of the EV development in Malaysia. As mentioned earlier, MBMR will explore any potential business opportunities in the automotive industry including EVs.

Q10 “According to the Ministry of International Trade and Industry's (Industrial Development Division senior director Datuk Hanafi Sakri Malaysia has about 900 EV charging stations as of February 2023 as reported by EdgeProp. That being said, Bernama reports that the Government plans to install over 10,000 charging stations in Malaysia by 2025. In contrast, there are about 3,350 petrol stations nationwide, according to the Centre For Entrepreneur Development And Research (CEDAR)

The price for public charging varies. According to Trappo it can cost anywhere between RM50 to RM150 to fully charge an EV depending on the car. You need to first install an EV charging station in your home to use home-charging, and that can cost between RM 3,000 to RM5,900 for a 7 kW EV charger, or RM5,000 to RM7,900 for a 22 kW charger, as reported by EV Guru.

Would MBMR seize opportunities to develop EV charger for home-charging? Revenue from installation of home-charger could be a new business stream for MBMR beside selling spare parts for motor vehicles? How about securing business from the services of providing maintenance to EV batteries and sale of EV batteries for different brand of EVs?

A10 With EVs comes a whole new ecosystem, not only the cars but also other supporting items to support the EV. It opens up all sorts of new business opportunities other than the vehicle itself. MBMR appreciates the suggestion to consider venturing into developing EV chargers and selling EV batteries including providing maintenance for EV batteries. We will keep this in view together with other EV related potential business for consideration.

Q11 Can the management consider buying back some shares since the Company has sizeable cash and bank balances along with healthy cashflow and their share prices appears to be undervalued. This might reward the shareholders in the long term and at the same time, help to support the share prices.

A11 The Company continuously assesses its strategies to enhance long-term business growth while implementing appropriate measures to maximise shareholders' returns. Considering the limited liquidity of the Company's shares in the market, the Company has instead utilised the cash to reward its shareholders with a total dividend distribution of 43 sen for the financial year ended 31 December 2022, including the proposed 6 sen final dividend being tabled for shareholders' approval at this AGM.

Q12 As per the income statement, the Group's administrative & other expenses and selling & marketing expenses both had gone up in 2022. Can you provide the reason for the increase?

A12 The increase in the administrative & other expenses and selling & marketing expenses are in line with the increase in revenue by 51%. As a percentage of revenue, these expenses were lower in 2022 as compared to 2021. Further, with the global rise in

prices, various operating costs including material costs and minimum wage in Malaysia have increased as reflected in the rise in inflation rates.

Q13 As per Note 32, the Company appears to have negotiated a disposal of freehold land for RM49.4 million which is pending completion as at year end. Has the sale been completed subsequent to the year end?

A13 The sale is still in the process of being finalised and is expected to be completed before year end.

Q14 As per Note 25, there appears to be unutilised tax losses of RM237 million, for which deferred tax assets has not been recognised. What is preventing the recognition of the deferred tax assets from the tax losses?

A14 Currently it is not probable that those companies will have the taxable profits in the near future to utilise the unused tax losses/tax credit, therefore, the deferred tax assets have not been recognised. The Company will access continuously and ensure proper recognition should the opportunity for utilisation materialise in the future.

Q15 In reference to Note 31, why are you leaving RM109 million in short-term fund investment instead of looking placement in fixed deposits or longer-term investments where you might be able to generate higher returns. You seem to have adequate cash balances available to meet operating and capital expenses and dividend payable.

A15 The Company placed funds in short-term placements as there were cash requirement in the near term. The Company does consistently review its cash flow planning, operating and capital requirements and future investment while balancing the returns from both its short-term and long-term placements.

Q16 The 1st quarter 2023 results reported that the Malaysian automotive sector saw a growth of 20% in units sold mainly due to fulfilment of backlog orders from the Penjana sales tax exemptions. Will MBMR Group be able to maintain its sales volume this year compared to 2021 and if yes, which are the segments that sustain the sales momentum?

A16 We target to do better sales volume this year mainly contributed by Perodua, which aims to sell 314,000 units of vehicles this year.

Q17 MBMR Properties Sdn Bhd owns 23 units commercial office lots in Menara MBMR. (1) Are all these 23 units fully leased or rented out? (2) What was the rental revenue from this commercial office lots?

A17 *The current occupancy rate in Menara MBMR is approximately 90%. The rental revenue derived from the commercial office lots is approximately RM195,000 per month.*

Q18 How long is the waiting time for Perodua car order now?

A18 *The waiting period for Perodua vehicles is now up to 9 months, depending on the model.*

Q19 The Group proposed to sell its freehold land at Bandar Sri Sendayan for RM49.431 million. This property is listed with a net book value of RM20.128 million. Can the Board confirm that the sale of this freehold land will book in a gross profit of at least RM29 million upon completion?

A19 *The gain will approximate that amount subject to the incidental costs and Real Property Gains Tax.*

Q20 May I know when the Company going to reward shareholders with bonus issue? Please advise.

A20 *The Company periodically considers various measures related to the distribution of its earnings to reward the shareholders, which include among others, bonus issue of shares.*

Q21 Which sectors make profit and which area making losses?

A21 *As disclosed in Note 45 – Segment Information, both our motor trading and auto parts manufacturing divisions are profitable.*

**Q22 Apa kesan kepada kewangan syarikat jika harga kereta diturunkan 20% sebagaimana dicadangkan oleh Menteri ekonomi YB Rafizi di laksanakan? Apa kesan jika KWSP dinaikan kepada 20%? Berapa banyak peluang pekerjaan dibuka untuk lepasan ijazah pada tahun in?
(What is the impact to the Company if the prices of the motor vehicles drop by 20% as per what suggested by the Minister of Economic Affairs of Malaysia, YB Rafizi? What is the impact if the statutory contribution to Employees Provident Fund been increased to 20%? How many job opportunities are offered to the graduates this year?)**

A22 *It is pre-mature at this moment for the Company to respond to these questions as the Company has not received any official communication from the Government on this. Thus, the Company is not in a position to answer these questions.*

Q23 Any share buyback operation carried out in (the) year and what is the number of treasury shares held by the company? If there is any treasury shares held, what is the plan on handling of these shares?

A23 Currently the Company is not undertaking any share buyback and does not hold any treasury shares.

Q24 With the expiry of SST exemption on cars at end March 2023, will this have negative impact to the sales of cars under MBMR group? How much is the impact? What are the actions taken/ to be taken to mitigate this impact?

A24 As presented earlier, as the SST exemption on cars had come to an end, there would be some impact to the Group's performance. However, MBMR's car sales were largely contributed from Perodua, and with Perodua's increase sales volume to 314,000 units as of year to-date 2023, the Group will expect to see an improvement in the sales of cars of the Group. At this stage, MBMR could not ascertain the extent of the impact as there are other macroeconomic factors to be considered by MBMR such as the rising inflation and interest rates and unfavourable exchange rates. Among the measures adopted to mitigate the impact are to look into ways to promote sales via digitalisation of advertising and promotion, work closely with the Principals to see how to mitigate the impact and any changes in the market conditions as well as to enhance engagement with the leads and prospects through digital platforms.

Q25 Who are the substantial shareholders of MBMR?

A25 As disclosed in the Annual Report 2022 (page 79), Med-Bumikar Mara Sdn Bhd and Employees Provident Fund Board are the substantial shareholders of MBMR.

Q26 The Company reported impairment losses in subsidiaries amounted to RM69.7 million (Note 8 - page 127 of the Annual Report). Which are the subsidiaries which incurred the impairment losses? The reasons for the impairment losses in FY 2022?

A26 The impairment losses in the subsidiaries were referring to the impairment upon the capitalisation of advances to preference shares in MBMR's discontinued operation. The impairment should be viewed together with the same reversal of previously impaired investment no longer required of RM95.8 million in the same Note.

Q27 How much does the Company spend to hold this virtual AGM plus remote participation & voting ("RPV")? Could the Company conduct the next AGM / EGM / Other meetings physically?

A27 The Company assesses the best options to hold its AGM annually and was able to reduce its virtual AGM costs by 20% against the previous year. The Company will continue to assess the conduct of AGM for upcoming years by taking into consideration the operating environment and corresponding AGM costs.

Q28 How much profit the Company made this year? When the Company paying dividend?

A28 *Pls refer to page 97 of the Annual Report for the profit for the year and page 85 for the information on dividend.*

Q29 Motorcycles always without spare tyres, why not MBMR venture into this which could make good profit?

A29 *The Company will consider your suggestion.*

Q30 What is the Company's future outlook?

A30 *As highlighted by the Group CEO during the AGM, the Company anticipated 2023 to be a challenging year with private consumptions continuing to drive the economy this year. The recurrence of shortages in semi-conductor chips in the industry and the recent appreciation in USD value, among others, will have an impact on the margins. Other macroeconomic headwinds including inflation and the recent increase in OPR could also affect the demand this year. Nevertheless, the Group targets to do better sales volume this year mainly contributed by Perodua, who aims to sell 314,000 units of vehicles this year. Therefore, the Group is cautiously optimistic on the overall outlook and is committed to the implementation of the Group's strategic roadmap as presented by the Group CEO during the AGM.*

Q31 Does MBMR have any strategic plan to add value to the Company? Any bonus issue to reward long time shareholders?

A31 *Pls refer to A11 and A20 above.*

Q32 How is the Company currently engaging its suppliers to adopt sustainable practices? What is the Company's future plan?

A32 *The Group adopts a Green Purchasing Policy to ensure procurement of goods and services that are environmentally friendly so long as they meet cost and performance requirements of the Company. In addition, the Group's suppliers are also required to adhere to the Group's Anti-Bribery and Anti-Corruption Policy when entering a business relationship with the companies within the Group.*

Q33 During the last AGM, there were shareholders who have asked if the Board has plans to carry out share buybacks or bonus issue of shares to potentially unlock the share price of MBMR in relation to its PE value which is clearly suppressed compared to peer companies, and the Board had answered that such corporate actions were under consideration by the Board. Ultimately no such corporate

actions were undertaken by the Board. Can the Board elaborate on whether it is still actively considering them?

A33 *Pls refer to A11 above.*

Q34 MBMR is making profit and paying income tax consistently, why the company do not recognise the deferred tax assets as the company has good ground for such recognition?

A34 *Pls refer to A14 above.*

Q35 Does MBMR hold any shares in DRB-Hicom Berhad?

A35 *MBMR does not hold any shares in DRB-Hicom Berhad.*

Q36 What is the impact of Ringgit Malaysia depreciation to the future earning of MBMR?

A36 *The impact depends on the quantum of the Ringgit Malaysia depreciation. To-date, the foreign currency impact is still manageable.*

Q37 Does driving the ESG agenda mean sacrificing the Company's returns?

A37 *The Group views environmental, social, economic and governance agendas as an important part of our mission to be the automotive partner of choice to our stakeholders. Therefore, MBMR believes that continuous improvements in its material sustainability matters are aligned with delivering sustainable returns to our shareholders.*

Q38 Does MBMR plan to diversify into new markets, products or businesses?

A38 *Please refer to A7 and A9 above.*

Q39 Is MBMR going to get car dealership for Chinese EV such as NIO, Zeekr and Ora? Hopefully, MBMR could get new market by getting new dealership so that all potential threats will become opportunities! Can we know the future strategic direction of MBMR? Any new market to be explored? Can you provide projection for the next 5 year in respect of Dividend Yield, ROE and other KPIs

A39 *Please refer to A1, A7 & A9 above.*

Q40 Is Perodua Axia/Myvi losing market share to Proton Saga? If so, what is the reason behind?

A40 Perodua Axia/Myvi are not directly competitive models to Proton Saga as they are of different segments. Perodua Bezza is more directly comparable to Proton Saga and so far we do not see any loss in market share.

Q41 In view of the Daihatsu's procedural irregularities, has the Company seen customers cancelling their bookings for Perodua cars?

A41 The Company has not seen any unusual cancellation of customers' bookings for Perodua cars. Kindly refer to further explanation on this matter in A4 above.

Several Shareholders also asked the Company to send a copy of the 2022 Annual Report to them.

In response to the shareholders' request, the Company will send the 2022 Annual Report to shareholders who had requested for a hard copy of the Annual Report after the Annual General Meeting.