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UEN No: S99SS0111B  
GST Reg No: M90367530Y0Y

**Issuer:** EuroSports Global Limited

**Stock code:** 5G1

**Meeting details:**

Date: 31 July 2025

Time: 2.00 p.m.

Venue: 24 Leng Kee Road, #01-06, Singapore 159096

**Q1.** In the joint letter to shareholders, the *executive chairman & CEO* and the *executive director & deputy CEO* described FY2025 as a year of strategic milestones and revenue growth. Group revenue more than doubled year-on-year to \$53.62 million, a 113.4% increase. However, gross profit margin declined to 11.8%, due to a higher proportion of lower-margin units sold.

Despite mentions of tight cost control and operations optimisation, the group reported a net loss of \$(6.37) million for FY2025, including a \$(3.25) million loss from the automobile distribution business. According to the company, the losses were driven by margin pressure in the automotive business, higher financing costs and an evolving product mix.

The automobile distribution segment has accumulated substantial losses over the past decade<sup>1</sup>:

FY2025 - \$(3.25) million  
FY2024 - \$(4.24) million  
FY2023 - \$(1.36) million  
FY2022 - \$0.83 million  
FY2021 - \$(0.33) million  
FY2020 - \$4.31 million  
FY2019 - \$1.37 million  
FY2018<sup>2</sup> - \$(2.92) million  
FY2017 - \$(6.00) million  
FY2016 - \$(3.75) million  
FY2015 - \$(4.53) million

This adds up to an accumulated segment loss of nearly \$(20) million, and losses in 8 out of 11 years.

Additionally, administrative expenses have consistently exceeded gross profit in almost every year except FY2020. In some years, administrative expenses were more than double or even triple gross profit, such as in:

- FY2024: gross profit \$3.84 million vs administrative expenses \$11.11 million
- FY2017: gross profit \$5.49 million vs administrative expenses \$17.20 million

- (i) **Can the independent directors clarify whether they view the automotive distribution business as strategically viable, given a decade-long track record of cumulative segment losses of nearly \$(20) million? If there is strategic merit in retaining the business, what structural changes or performance thresholds are being targeted to avoid further capital erosion?**

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<sup>1</sup> Segment results were only published in FY16 and thereafter.

<sup>2</sup> As reported in FY2018. In FY2019, losses were adjusted to \$(2.75) million.

- (ii) **Can management provide concrete examples and quantifiable data to demonstrate its efforts in cost control, especially in light of persistent losses and overhead outpacing gross profit?**
- (iii) **Considering that administrative expenses have exceeded gross profit in almost every year, would the board consider commissioning a comprehensive operational audit or cost diagnostic to evaluate the root causes of the group's cost inefficiencies and limited operating leverage? Is the group top-heavy?**

Despite continued losses, the total remuneration of the executive directors increased by 3% to \$1.34 million in FY2025, even as the group recorded a net loss of \$(6.37) million.

- (iv) **Given that the core leadership has remained unchanged for over a decade, has the board considered introducing new professional executives with relevant industry experience and fresh strategic perspectives to revitalise the business?**

**Q2.** The group emphasised its commitment to Scorpio Electric Pte. Ltd. (SEC), which secured a Special Purpose License from the Land Transport Authority in July 2024. This milestone permits the road testing of its electric motorcycle prototype, making SEC the first Singapore-based electric motorcycle brand to reach this stage.

- (i) Can the board outline the key regulatory, operational and commercial milestones necessary for SEC to generate its first revenue? What is the projected timeframe for commercial availability of SEC motorcycles in Singapore?**
- (ii) How does SEC compare to other electric motorcycles manufactured by Chinese competitors or other global brands?**
- (iii) What is the group's manufacturing strategy for SEC?**

The SEC investment is carried at \$4.24 million, with an additional \$8.09 million in receivables due from the entity. In light of the mixed performance of the group's distribution business, some shareholders consider SEC as a potential source of significant value creation and capital recovery.

- (iv) What are the capital requirements to bring SEC to market readiness and commercial scale? Has the board undertaken any independent valuation of SEC as a standalone business? Does the group plan to raise external funding or pursue a spin-off to unlock value?**

**Q3.** The independent auditors have issued a qualified opinion and included a material uncertainty related to going concern in their audit report dated 16 July 2025 for the audited financial statements for the financial year ended 31 March 2025.

The basis for the qualified opinion includes:

- **Assessment of impairment of the group's intangible assets and prepayments**
    - As at 31 March 2025, the group recognised intangible assets of \$13.37 million in intangible assets and \$3.33 million in prepayments, both relating to the development of an electric motorcycle. Combined, they account for over one-third of total group assets. The auditors were unable to obtain sufficient appropriate evidence to independently substantiate and verify these assumptions and estimates used by management.
  
  - **Impairment assessment of the company's investment in subsidiary and other receivables**
    - Due to significant uncertainty over the group's ability to fund commercial production and uncertainty surrounding management's assumptions and estimates, the auditors were unable to verify whether the carrying values of these non-financial assets were reasonable and are fairly stated.
- (i) **What specific audit evidence did the independent auditors request but not receive? Why was management unable or unwilling to provide the required information?**
  - (ii) **What steps have the audit committee members taken to address the breakdown in audit evidence, valuation assumptions, and audit transparency? Is there a risk that the financial position of the group is substantially overstated?**
  - (iii) **What changed between FY2024 and FY2025 that led to a qualification by the independent auditors? Were there previously unchallenged assumptions or modelling issues that have now become unrealistic?**

*Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.*

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