



Securities Investors Association (Singapore)

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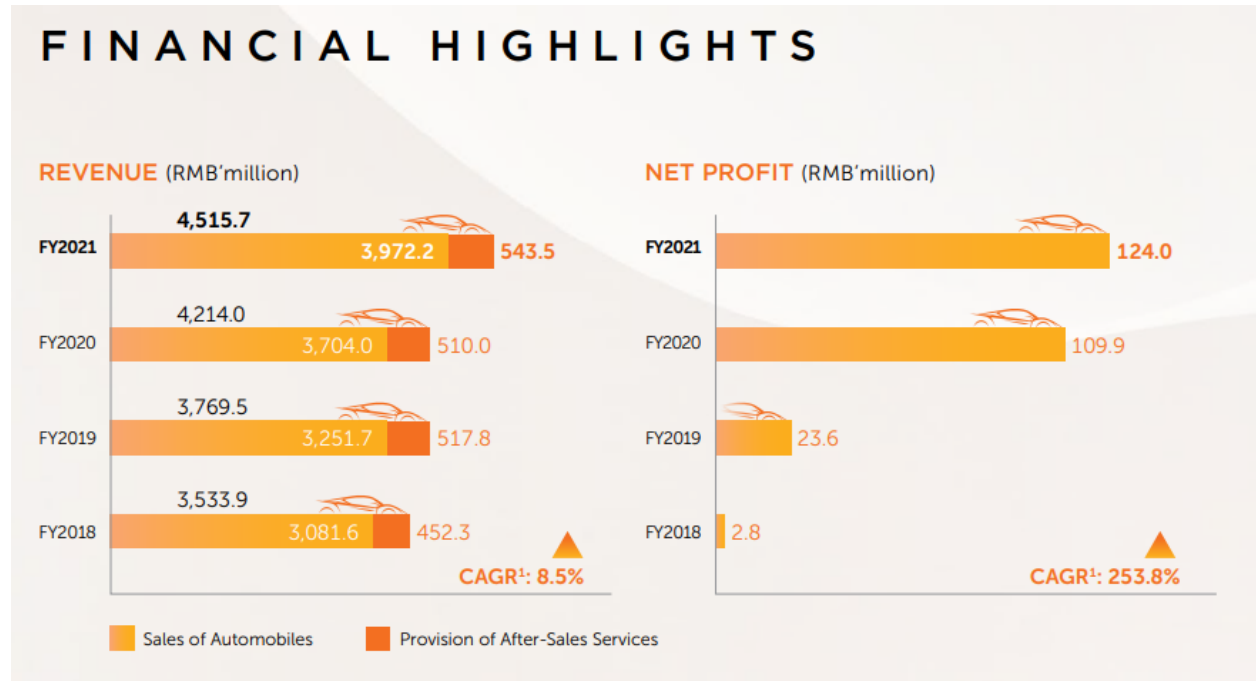
Meeting details:

Date: 26 April 2022

Time: 2.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. For the financial year ended 31 December 2021, the group sold 6.5% more automobiles to reach 10,809 units for the year despite supply shortages.



(Source: company annual report)

Revenue amounted to RMB4.52 billion while net profit was RMB124.0 million in FY2021. Sales in the first half of FY2021 was stronger as supply constraints deepened in the second half of the year due to the ongoing pandemic.

The group's gross profit from sale of automobiles jumped by 42.8% from RMB107.5 million to RMB153.5 million in FY2021. Gross profit margin was 3.9% for FY2021, up from 2.9% in FY2020. The improved profitability was attributed to the strong demand for premium cars and enhanced inventory management. Inventory turnover also improved to 25.5 days in FY2021 from 31.0 days in FY2020.

- (i) **Did management actively increase the selling prices knowing that demand exceeds supply? What plans does management have to further improve profit margins? How sustainable is the increased profit margin?**
- (ii) **How does management maintain/improve the customers' level of satisfaction given the higher prices for customers?**
- (iii) **What further improvement can be made to the group's inventory management given that inventory turnover days have improved to 25.5 days from 31 days?**

Q2. Since the acquisition of the BMW dealership in Foshan in 2009, the group's network of dealerships has expanded to 5 BMW locations (Foshan, Chongqing, Guangzhou, Shenzhen (Pingshan & Longgang)), 4 McLaren locations (Guangzhou, Wuhan, Shenzhen, Changsha) and 1 Genesis location (Guangzhou) (expected to commence operations mid-2022).



(Source: company annual report)

- (i) **As an update to shareholders, what is the progress of the construction of the Guangzhou Genesis showroom given the recent wave of COVID-19 infection in China?**
- (ii) **Can management provide shareholders with an update of the sentiments on the ground in the key cities in China, especially Guangzhou and Shenzhen? How are the lockdowns/restrictions affecting the group's operations?**
- (iii) **How similar or dissimilar are the target markets for Genesis when compared to the customer base of BMW/McLaren?**
- (iv) **How does management avoid/prevent cannibalisation of demand for BMW cars in Guangzhou when it launches Genesis in the market?**

- (v) **With the delay of McLaren Arturas, how does it affect the group's allocation when the first batch of the McLaren supercar arrives in China (tentatively late in the third quarter of the year)?**
- (vi) **What are the plans for the vacant land in Chongqing? What are the factors that would determine which dealership and when the group launches it?**
- (vii) **Would the group be looking to expand to Beijing and Shanghai or other cities, such as Tianjin, Suzhou and Hangzhou?**

Q3. As noted in the corporate governance report, the company engaged RSM Risk Advisory Pte. Ltd. as internal auditors in the preparation for the listing.

While the audit and risk committee ("ARC") and board are cognisant of the need to establish the internal audit function, the company has yet to appoint a suitable internal auditor and is currently looking to appoint the internal auditors to conduct and review the adequacy and effectiveness of the group's internal controls on a regular basis in light of the size and complexity of the group's operations. **For the benefit of shareholders, can the ARC provide further information/update on the following?**

- (i) **What are the reasons that the appointment of the internal auditor was delayed and not carried out during/before the IPO?**
- (ii) **What are the selection criteria for the internal auditor?**
- (iii) **What is the progress made by the ARC in shortlisting and selecting the internal auditors? When will the ARC be appointing the internal auditor?**

[^]On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

[^] Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation
(<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

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

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](http://www.sias.org.sg)

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