EXTRACT of the **MINUTES** of the **33rd Annual General Meeting** {AGM} of **IJM CORPORATION BERHAD ("IJM") (104131-A)** held at the Victorian Ballroom, Level 1, Holiday Villa Hotel & Suites Subang, 9 Jalan SS12/1, 47500 Subang Jaya on Wednesday, 23 August 2017, at 3.00 p.m.

DIRECTORS & SECRETARY PRESENT:-

1. Tan Sri Abdul Halim bin Ali, *Independent Non-Executive Chairman*
2. Tan Sri Dato' Tan Boon Seng @ Krishnan, *Deputy Non-Executive Chairman*
3. Dato' Soam Heng Choon, *Chief Executive Officer ("CEO") & Managing Director ("MD")*
4. Mr Lee Chun Fai, *Deputy CEO & Deputy MD*
5. Datuk Lee Teck Yuen, *Senior Independent Non-Executive Director*
6. Datuk Ir. Hamzah bin Hasan, *Independent Non-Executive Director*
7. Mr Pushpanathan a/l S A Kanagarayar, *Independent Non-Executive Director*
8. Mr Goh Tian Sui, *Independent Non-Executive Director*
9. Dato' David Frederick Wilson, *Independent Non-Executive Director*
10. Ms Ng Yoke Kian, *Company Secretary*

MEMBERS AND PROXIES PRESENT:-
87 members and 55 proxies (excluding Directors and Secretary)

BY INVITATION:-

1. Ms Loh Lay Choon, *Partner, PricewaterhouseCoopers*

The Chairman welcomed all the members and proxies present at the meeting. He introduced the members of the Board of Directors ("Board"), the Company Secretary, the Auditors from PricewaterhouseCoopers ("PwC"), the Poll Administrator from Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") as well as the Independent Scrutineers from Deloitte Enterprise Risk Services Sdn Bhd ("Deloitte") who were in attendance.

It was noted that the notice of AGM was given to the members 28 days prior to the meeting. The Chairman called the meeting to order after confirming that the requisite quorum was present.

1.0 AUDITED FINANCIAL STATEMENTS

Before considering the 2017 Audited Financial Statements, the Chairman requested the CEO&MD to present to the meeting a brief on the Review of Group Performance for the financial year ended 31 March 2017 and Prospects of the Group. The CEO&MD in his briefing covered the following:-

a) the Group's performance review, which included income statement, balance sheet and segmental performance;
b) the project highlights including the progress of West Coast Expressway and New Deep Water Terminal expansion, and business review of all the divisions, namely Construction, Property, Industry, Infrastructure and Plantation;
c) sustainability at IJM, covering materiality matrix, sustainability targets on corporate level, market place, environment, community and workplace; and
d) key short term and long term strategies of the Group.

The CEO&MD also presented the responses (Annexure I) of the Company to questions raised by the Minority Shareholder Watchdog Group *vide* letter dated 17 August 2017 in relation to the strategies & financial matters and corporate governance issues of the Group.

After the presentation of the CEO&MD, the Chairman invited questions and comments from the floor in connection with the 2017 Audited Financial Statements and the presentation, and the questions were responded to by the Chairman and/or CEO&MD accordingly (Annexure II).

The audited financial statements for the year ended 31 March 2017, Directors' Report and Statement together with the Independent Auditors' Report thereon were received, following the completion of the clarifications to members in connection with the audited financial statements.

2.0 POLL VOTING

The Chairman informed that all the resolutions to be considered at the meeting would be put to vote by poll via e-voting system.

3.0 RESOLUTIONS OF THE MEETING

3.1 Re-election of Directors

The Chairman informed that Resolutions 1, 2 and 3 were on the re-elections of Datuk Lee Teck Yuen, Mr. Lee Chun Fai and Mr. Pushpanathan a/l S A Kanagarayar, who retired by rotation in accordance with Article 90 of the Company's Articles of Association. Being eligible for re-election, they offered themselves for re-election.

3.2 Re-appointment of Directors

The Chairman further informed that Resolution 4 related to his re-appointment, while Resolution 5 was on the re-appointment of Dato' David Frederick Wilson. He explained that Dato' David Wilson and himself were above the age of 70 and were re-appointed at the last AGM to hold office until the conclusion of the AGM today. The passing of Resolutions 4 and 5 would authorise their continuation in office and thereafter they would be subject to retirement by rotation pursuant to the Articles of Association of the Company.

It was noted that the performance of each Director who was subject for re-election or re-appointment had been assessed through the Board annual evaluation, and the Nomination & Remuneration Committee ("NRC") and the Board were satisfied with the performance and effectiveness of the Directors.

3.3 Re-appointment of Auditors

The Resolution 6 related to the re-appointment of external Auditors. The Chairman informed that PwC had expressed their willingness to continue in office and the Board had endorsed the recommendation of the Audit Committee for PwC to be reappointed as Auditors.

3.4 Retention of Independent Non-Executive Director

The Chairman handed over the Chair to Tan Sri Dato' Tan Boon Seng @ Krishnan in view that Resolution 7 is pertaining to his retention as an Independent Non-Executive Director ("INED") after serving for more than nine (9) years as an INED. It was noted that Resolution 7 was conditional upon the passing of Resolution 4.

Tan Sri Krishnan Tan took over the Chair and informed that the Board via its NRC had reviewed and assessed the performance and independence of Tan Sri Abdul Halim, and was of the opinion that his length of service on the Board did not impair his independence.

The justification for the retention of Tan Sri Abdul Halim provided in the Corporate Governance Statement and notes to the Notice of AGM in the Annual Report was reproduced as follows:-

Tan Sri Abdul Halim, had completed the 9-year tenure on 25 April 2016, and was retained as an Independent Non-Executive Chairman following the approval of shareholders at the last AGM held on 24 August 2016. Tan Sri Abdul Halim continues bringing strong independent viewpoints and objective judgement to Board deliberations and decision making, besides seeking clarification and challenging Management on the conduct of the Group's business and other issues raised at various Board and Board Committee meetings. He provides leadership for the Board and facilitates the Board to perform its responsibilities effectively through his independent and objective chairmanship. In addition, the insight and good understanding of the Group's various core business operations acquired by Tan Sri Abdul Halim during his tenure of office would continue to facilitate him to discharge the duties and role as an Independent Director effectively. The experience and stability brought by Tan Sri Abdul Halim due to his long-service on the Board and as an active participant in the corporate community will serve the interest of the Company and its shareholders.

With the above justification, the Board recommended that the members to vote in favour of Resolution 7. It was noted that Tan Sri Abdul Halim would abstain himself from voting on Resolution 7.

Upon completion of the briefing on the Resolution 7, Tan Sri Krishnan Tan handed over the Chair back to the Chairman.

3.5 **Directors' Fees**

The Chairman informed that Resolution 8 was to authorise the payment of Directors' fees of RM1,108,583 for the year ended 31 March 2017 to be divided amongst the Directors in such manner as the Directors may determine.

The Chairman also informed that the interested Non-Executive Directors would abstain themselves from voting pertaining to Resolution 8.

3.6 **Directors' Benefits**

It was noted that pursuant to Section 230(1) of the Companies Act 2016 which came into effect on 31 January 2017, the fees of the Directors, and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at the general meeting.

The Chairman informed that Resolution 9 was to authorise the payment of Directors' benefits to the Non-Executive Directors up to an amount of RM520,000 for the period from 31 January 2017 until the next AGM.

3.7 **Directors' Fees and meeting allowance of the Subsidiaries**

The Chairman informed that Resolution 10 was to authorise the payment of Directors' fees and meeting allowance of the subsidiaries to several Directors as follows:-

i) Directors' fees of RM414,000 for the year ended 31 March 2017; and
ii) Directors' meeting allowance of up to an amount of RM52,000 from 31 January 2017 until the next Annual General Meeting.

The Chairman also informed that the interested Directors would abstain themselves from voting on Resolution 9 and Resolution 10.

3.8 **<u>Authority to Issue Shares under Sections 75 and 76</u>**

The Resolution 11 related to Authority to Issue Shares under Sections 75 and 76 of the Companies Act, 2016. The Chairman informed that the Board wished to seek the approval of members and proxies present to renew the mandate to issue not more than 10% of the total number of issued shares of the Company for purposes of funding future investment projects, working capital and acquisitions and/or so forth. The approval was sought to provide flexibility and avoid any unnecessary delay and cost in convening a general meeting for such issuance of shares should the need arise.

The Company would make an announcement accordingly, of the actual purpose and utilisation of proceeds should there be a decision to issue new shares. The approval of the relevant authorities would be still required before any share could be issued by the Company.

3.9 **<u>Proposed Renewal of Share Buy Back Authority</u>**

The Chairman indicated that Resolution 12 was on the Proposed Renewal of Share Buy-Back Authority. The proposed renewal was to enable the Company to purchase its shares from Bursa Malaysia at prices which the Board views as favourable, so as to support its fundamental value, should the need arise. The Board was of the opinion the proposed renewal was in the best interest of the Company.

The Chairman invited questions and comments from the floor in connection with all the resolutions tabled at the AGM. After attending and/or providing the clarification sought on some of the resolutions (Annexure II), the Chairman proceeded to the poll voting.

4.0 POLL PROCESS

Ms Lilian Low from Tricor was invited to explain the poll procedure to the members and/or proxies present. The member and/or proxies were advised to cast their votes either using the e-Vote apps or at the iPad e-voting kiosk.

After the voting, the Chairman adjourned the meeting and invited the members and proxies for refreshments while the votes were being verified by Tricor (as Poll Administrator) and Deloitte (as Independent Scrutineers).

5.0 POLL RESULTS

The Chairman welcomed the members and proxies back to the meeting. Mr Anthony Tai from Deloitte was invited to announce the results of the poll. Based on the poll results, the Chairman declared the following Resolutions 1 to 12 were carried:-

5.1 <u>Re-election of Datuk Lee Teck Yuen as Director</u>

Resolution 1	Number of Shares	%
Voted FOR	2,214,158,535	99.81687
Voted AGAINST	4,062,220	0.18313
	2,218,220,755	100.00000

(ABSTAINED: 18,525,600 shares)

It was resolved that Datuk Lee Teck Yuen be re-elected as Director pursuant to Article 90 of the Articles of Association.

5.2 Re-election of Mr Lee Chun Fai as Director

Resolution 2	Number of Shares	%
Voted FOR	2,215,894,795	99.79261
Voted AGAINST	4,605,160	0.20739
	2,220,499,955	100.00000

(ABSTAINED: 17,309,900 shares)

It was resolved that Mr Lee Chun Fai be re-elected as Director pursuant to Article 90 of the Articles of Association.

5.3 Re-election of Mr Pushpanathan a/l S A Kanagarayar as Director

Resolution 3	Number of Shares	%
Voted FOR	2,220,498,955	99.99995
Voted AGAINST	1,000	0.00005
	2,220,499,955	100.00000

(ABSTAINED : 17,309,900 shares)

It was resolved that Mr Pushpanathan a/l S A Kanagarayar be re-elected as Director pursuant to Article 90 of the Articles of Association.

5.4 Re-appointment of Tan Sri Abdul Halim bin Ali as Director

Resolution 4	Number of Shares	%
Voted FOR	1,564,847,667	99.59755
Voted AGAINST	6,323,120	0.40245
	1,571,170,787	100.00000

(ABSTAINED : 40,576,700 shares)

It was resolved that Tan Sri Abdul Halim bin Ali be reappointed as Director.

5.5 Re-appointment of Dato' David Frederick Wilson as Director

Resolution 5	Number of Shares	%
Voted FOR	1,592,863,775	71.73447
Voted AGAINST	627,636,180	28.26553
	2,220,499,955	100.00000

(ABSTAINED : 17,309,900 shares)

It was resolved that Dato' David Frederick Wilson be reappointed as Director.

5.6 Re-appointment of Auditors

Resolution 6	Number of Shares	%
Voted FOR	2,224,790,955	99.99996
Voted AGAINST	1,000	0.00004
	2,224,791,955	100.00000

(ABSTAINED : 13,017,900 shares)

It was resolved that PricewaterhouseCoopers be re-appointed as Auditors and that the Directors be authorised to fix their remuneration.

5.7 Retention of Independent Non-Executive Director

Resolution 7	Number of Shares	%
Voted FOR	1,373,009,767	87.19464
Voted AGAINST	201,639,420	12.80536
	1,574,649,187	100.00000

(ABSTAINED : 39,391,000 shares)

It was resolved that Tan Sri Abdul Halim bin Ali shall continue to serve as an Independent Non-Executive Director of the Company notwithstanding that his tenure as an independent director has exceeded a cumulative term of nine (9) years.

5.8 Directors' Fees

Resolution 8	Number of Shares	%
Voted FOR	2,221,015,589	99.99995
Voted AGAINST	1,100	0.00005
	2,221,016,689	100.00000

(ABSTAINED : 16,793,166 shares)

It was resolved that the Directors' fees of RM1,108,583 for the year ended 31 March 2017 be approved to be divided amongst the Directors in such manner as they may determine.

5.9 Directors' Benefits

Resolution 9	Number of Shares	%
Voted FOR	2,221,015,589	99.99995
Voted AGAINST	1,100	0.00005
	2,221,016,689	100.00000

(ABSTAINED : 16,793,166 shares)

It was resolved that the payment of Directors' benefits to the Non-Executive Directors up to an amount of RM520,000 for the period from 31 January 2017 until the next Annual General Meeting be approved.

5.10 Directors' Fees and Meeting Allowance of the Subsidiaries

Resolution 10	Number of Shares	%
Voted FOR	2,219,483,789	99.99995
Voted AGAINST	1,100	0.00005
	2,219,484,889	100.00000

(ABSTAINED : 18,324,966 shares)

It was resolved that the payment of Directors' fees of RM414,000 for the year ended 31 March 2017; and Directors' meeting allowance of up to an amount of RM52,000 from 31 January 2017 until the next AGM by the subsidiaries to several Directors be approved.

5.11 Authority to Issue Shares under Sections 75 and 76

Resolution 11	Number of Shares	%
Voted FOR	1,889,542,605	93.14443
Voted AGAINST	139,073,262	6.85557
	2,028,615,867	100.00000

(ABSTAINED : 209,193,300 shares)

It was resolved that the Directors be and are hereby authorised, pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue not more than ten percent (10%) of the total number of issued shares of the Company at any time, upon such terms and conditions and for such purposes as the Directors in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force, and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof.

5.12 Renewal of Share Buy-Back Authority

Resolution 12	Number of Shares	%
Voted FOR	1,601,674,475	99.98026
Voted AGAINST	316,300	0.01974
	1,601,990,775	100.00000

(ABSTAINED : 10,820,900 shares)

It was resolved that the Directors be and are hereby authorised to purchase the ordinary shares of the Company through the stock exchange of Bursa Malaysia Securities Berhad at any time upon such terms and conditions as the Directors in their absolute discretion deem fit provided that:-

i) the aggregate number of shares purchased (which are to be treated as treasury shares) does not exceed ten per cent (10%) of the total number of issued shares of the Company; and

ii) the funds allocated for the purchase of shares shall not exceed its retained profits;

and that the Directors be and are hereby further authorised to deal with the treasury shares in their absolute discretion (which may be distributed as dividends, resold, transferred, cancelled and/or in any other manner as prescribed by the Companies Act 2016, and the relevant rules, regulations and/or requirements) and that such authority shall continue to be in force until:-

a) the conclusion of the next Annual General Meeting (“AGM”);
b) the expiration of the period within which the next AGM is required by law to be held; or
c) revoked or varied in a general meeting;

whichever occurs first.

6.0 TERMINATION

There being no other business, the meeting was terminated at 5.15 p.m. with a vote of thanks to the Chair.

Annexure I

Reply to the enquiries from Minority Shareholder Watchdog Group *vide* letter dated 17 August 2017

<u>Strategy & Financials Matters</u>

(1) As reported recently, the government is mulling the enactment of a new law to make it a mandatory requirement for the construction sector to switch to Industrialised Building System (IBS) within the next four years.

Q1 : What are the expected challenges to the Group in applying the IBS within the four years deadline and what are the initiatives to be taken to ensure that the Group is ready to switch to IBS when the new law is enforced?

A1 : The Group is already using IBS, which is a technique of construction whereby components are prefabricated and later assembled at the construction site. IJM's IBS journey started about 30 years ago through the adoption of the Crendon Building System (a modular steel formwork system) for mass housing production. In the early 1990's, we acquired the capability to produce precast hollow core slabs and other precast concrete components for buildings. For more than 10 years now, IJM has been using system form (which is part of IBS) extensively in its projects. In addition, IJM has started structural steel construction (another form of IBS) for high rises. IBS components such as roof trusses, door and window frames, glass panels and façade cladding are also widely used at our construction projects.

There are two (2) main challenges faced by construction industry players:-

i) The understanding of IBS varies not just among industry players but also stakeholders such as developers and consultants who may not specify designs that are IBS friendly; and

ii) The lack of capabilities in the supply chain i.e. insufficient support from the upstream activities to ensure the implementation of IBS initiatives and shortage of skilled labour for IBS.

IBS has always been the preferred option in our operations and our exposure to various types of IBS methodologies over the last 3 decades has helped to build our expertise in IBS. Our extensive experience and resources puts us in a good position to embrace the new law that will compel the usage of IBS in 4 years.

Q2 : Would the requirement of IBS change the business strategies for the Construction Division of the Group?

A2 : We do not foresee any shift in strategy for the Construction Division as it has already been using IBS in many projects. We are already achieving high IBS compliance for commercial buildings with proper structural design. For example, the National Cancer Institute project achieved an IBS score of above 70%. Going forward, an area of interest may be the usage of precast technology and wall panelling systems where there are already component suppliers in the market.

(2) During the financial year ("FY") 2017, the Property Division focused on customising their products to match the needs of their customers and disposing off the current inventories on hand.

Q1 : Considering the weak market sentiment, stringent loan requirements, increasing cost of living and economic uncertainties, what are the products, in terms of price, location, size and types that would best match with the needs of the customers and what would be the main focus of the Property Division of the Company, moving forward?

A1 : The present market demand is for reasonably priced homes given the large demography of first time home buyers. As such, the Property Division has focused its efforts towards launching more mass market products, particularly landed property and mid-range condominiums in the Klang Valley and Seremban.

Q2 : What is the latest take-up rate for the projects launched in FY2017?

A2 : The latest take-up rates for projects or phases launched in FY2017 averaged 65% across the Property Division's projects in Malaysia.

Q3 : What was the percentage of the completed buildings in the inventories as at 31 March 2016 disposed of in FY2017?

A3 : Completed units in inventory accounted for 20% of sales in FY2017.

(3) For FY2017, the New Pantai Expressway (NPE) recorded a revenue of RM164.83 million and a profit before tax (PBT) of RM94.38 million representing a profit margin of 57% whereas the Besraya Highway (Besraya) recorded a revenue of RM119.31 million and a PBT of RM28.71 million, representing a profit margin of 24%.

Q1 : What was the reason for the wide disparity in the profit margin for both highways?

A1 : Refer to Note 16 (A) on page 257 of the Annual Report – the Sukuk Mudharabah Notes issued by Besraya and Junior Bai Bithaman Ajil ("BBA") Notes by NPE had outstanding amounts of RM700 million and RM128.77 million respectively at the start of FY2017. The higher PBT margin reported by NPE as compared to Besraya was mainly attributable to relatively lower interest expense incurred during the year. Furthermore, as stated in Note 16 (B)(c) on page 258 of the Annual Report, the Junior BBA Notes were fully repaid during FY2017.

Q2 : Is the radio-frequency identification (RFID) toll collection technology, to be implemented in the coming financial year, expected to further enhance the profit margin of these highways?

A2 : The Group does not expect any material direct impact on toll revenues or profit margins after the installation of RFID on our highways. The RFID toll collection technology has been initiated by the Government with the objective of improving the efficiency of toll collection and management thereof.

(4) During the FY2017, moratorium on bauxite mining in Kuantan had caused significant drop in cargo throughput for Kuantan Port. The revenue of Kuantan Port was 60% lower than FY2016 and its pre-tax profit declined by 73%.

Q1 : With further extension of moratorium period on bauxite mining to 31 December 2017, what would be the expected impact on the financial performance of Kuantan Port in FY2018?

A1 : With the moratorium in effect throughout FY2017 and for the anticipated major period of FY2018, the adverse impact on cargo throughput at the Port is expected to continue in FY2018.

Q2 : What are the steps or measures taken to mitigate the risk of further extension of bauxite mining ban?

A2 : The Port is not in a position to directly mitigate the risk of further extension to the bauxite mining moratorium. Instead, the Port is working towards broadening its customer base by leveraging on China's Belt and Road Initiative and is undergoing an expansion programme to double its berth capacity over 2 phases. Phase 1 is currently underway and is progressing well. Coupled with growing foreign direct investments at nearby industrial estates, in particular the Malaysia-China Kuantan Industrial Park ("MCKIP"), the long term prospects of the Port are encouraging.

(5) Durabon Sdn Bhd ("DSB"), an indirect subsidiary, involved in processing and sales of steel bars, achieved a revenue of RM112.4 million, an increase of 13% from FY2016. However, PBT was lower by 9% to RM4.07 million due to competition from imported Chinese PC bars. DSB will continue its cost cutting initiatives to enhance its competitiveness?

Q1 : Was the definitive safeguard duties imposed on the import of steel bars and rods beneficial to the Company in any way?

A1 : The safeguard duties do not apply to the type of steel products processed by DSB.

Q2 : Could the Board share the insight of the demand, capacity and price trend of the steel bars in the coming years before and after the safeguard duties end in 2020?

A2 : The price of steel bars are influenced by many global factors - demand, supply, currency fluctuations and prices of commodities such as crude oil, iron ore etc. In Malaysia, the price of rebar was below RM2,000 per ton before the safeguards were introduced whereas the current price is about RM2,500 per ton.

Q3 : To what extent would the cost cutting initiatives continue to be carried out? Other than the cost-cutting initiatives, what are the measures or strategies for the Company to maintain or enhance its competitiveness?

A3 : As DSB mainly supplies its products in-house, it would continue to seek ways to optimise its cost structure to the extent that its products are competitive versus the market so as to keep the input cost of the Industry Division as low as possible.

Corporate Governance

Under Resolution 9, the Company tabled for payment of Directors' benefits to the Non-Executive Directors up to an amount of RM520,000 for the period from 31 January 2017 until the next Annual General Meeting for shareholders' approval.

Could the Board provide the breakdown of the amount RM520,000 to the types of benefits payable to the Non-Executive Directors, illustrate by comparing the breakdown of RM181,000 for FY2017?

In accordance with the provisions of the Companies Act 2016, the Directors' benefits for all the Non-Executive Directors are being presented for shareholder approval in Resolution 9. Whilst there has been no change in the rate of these benefits to the Non-Executive Directors, the amount of RM520,000 is a maximum provision for Directors' benefits covering the period of 19 months from 31 January 2017 until the next AGM in 2018. The amount is derived from the following:-

Details	**Amount (RM)**
Meeting Allowances	150,000*
Travel Claims	275,000*
Car Benefits	95,000**
Total	520,000

***** *for all Non-Executive Directors*
****** *for the Chairman and Deputy Chairman only*

The amount of RM181,000 for FY 2017 (as shown on page 106 of the 2017 Annual Report) consists of actual benefits-in-kind paid for both Executive Directors (RM79,000) and Non-Executive Directors (RM102,000) comprising the travel claims of Non-Executive Directors and the car benefits for the Chairman and Deputy Chairman.

Upon the shareholders' approval, the Non-Executive Directors' benefits in arrears from 31 January 2017 up to the date of AGM will be paid. The balance of the above mentioned provision will be paid as and when incurred in the intervening period until the next AGM in 2018.

Annexure II

<u>Pertinent Questions and Answers, and Comments at the Annual General Meeting</u>

Q1 It was noted that the Group had secured approximately RM8.5 billion construction order book as at 31 March 2017. Some of the questions relating to the order book are as follows:-

(i) The order book was mainly replenished by the local projects during the financial year. What is the ratio of the local and foreign projects in the Group's order book?
(ii) What is the contract value and scope of work for the UOB Tower 2 project at Jalan Raja Laut, Kuala Lumpur?
(iii) What is the scope of work and completion date for the retail mall project at Bukit Bintang City Centre which has a contract value of about RM1.16 billion?
(iv) What is the scope of works for the Mass Rapid Transit Project Line 2 - Package V203?

A1 The Group started on a good note for financial year 2017 with the replenishment of order books by securing a few local projects such as Mass Rapid Transit Project Line 2 - Package V203, UOB Tower 2 and a retail mall at Bukit Bintang City Centre.

The Package V203 project involves the construction and completion of the viaduct guideway and associated works from Jinjang to Jalan Ipoh North Portal. Besides the viaduct jobs, the Group also secured the construction and completion of elevated stations and other associated works under Package S203 with a contract sum of about RM350 million. As such, the total contract sum for the project is about RM1.46 billion.

As for the UOB Tower 2 project, the contract sum is about RM450 million and the project involves the construction of a 29-storey building with a construction period of 40 months.

The contract value for BBCC was about RM1.2 billion with a completion period of 40 months. The project involves the construction of a retail mall. The employer of the project is MFBBCC Retail Mall Sdn Bhd, a joint venture between Mitsui Fudosan and BBCC.

The foreign order book of the Group was small and mainly attributed to a project secured in India of about RM160 million.

Q2 What is the status of the stockpiles of bauxite at Kuantan Port? Has the port cleared the stockpiles as at to-date?

A2 The current stockpiles at Kuantan Port was negligible. In the earlier moratorium, all tenants were given two (2) months period to move out their stockpiles, and most of the bauxite stockpiles had been cleared.

Q3 How does the Group leverage on Guangxi Beibu, the 40% Chinese shareholder of Kuantan Port Consortium Sdn Bhd, for the development of Malaysia-China Kuantan Industrial Park ("MCKIP") and what are the business opportunities can be derived from the participation of Guangxi Beibu?

A3 Guangxi Beibu has been an active partner in bringing in investors into the industrial park. Guangxi Beibu is also operating a steel mill in MCKIP through a Malaysian company known as Alliance Steel (M) Sdn Bhd.

MCKIP is the first Malaysia national industrial park launched by both the Chinese and Malaysian governments. It is a government to government (G2G) industrial park with attractive incentives being offered to both local and foreign investors. In addition, Guangxi Beibu is a State-Owned Enterprise ("SOE") from Guangxi Province, nominated by Chinese Government to invest in MCKIP. More than 50% of the investors who have shown interest in MCKIP are SOEs from China.

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Q4 In the Management Discussion & Analysis on Page 80 of the Annual Report relating to Industry Division, it was stated that rock reserves in its quarries in Kulai and Ulu Choh are nearly exhausted, with estimated lifespan of 1 year and 2.5 years respectively. The Division is planning to start a new quarry in Segari, Perak by December 2017. What is the estimated reserve and life span of the new quarry in Segari, Perak?

A4 Although the lifespan of the quarries in Kulai and Ulu Choh is coming to an end, but it could be extended by mining deeper into the quarry land. We have not explored the deepening option yet and will discuss with the authority in due course. In addition, we are looking at the surrounding areas for new quarries. The new quarry in Segari, Perak is in operation and progressing well and its estimated lifespan is more than 10 years. The supply from the new quarry is more for the export market. In view of the new quarry is located near the piles factory in Lumut, quarry is being supplied directly to that factory for the production of piles and the remaining quarry materials will be exported.

Q5 On page 106 of the Annual Report, it was stated that the Non-Executive Directors are not entitled to participate in any of the performance-based remuneration schemes. However on the same page, it has shown that payments of salaries and incentives were made to the Non-Executive Directors. Can the Board explain on the rationale for these payments and who are the recipients of the payments?

A5 The salaries of RM600,000 for the Non-Executive Director was the fixed fees paid to the Deputy Chairman for his advisory service to the Group, whereas the payment of incentives was due to the vesting of shares under the employee share grant plan ("ESGP") to the Deputy Chairman based on his entitlement of the ESGP when he was the Executive Director previously. Moving forward, there is no more offer and vesting of shares to the Deputy Chairman under the ESGP.

Q6 Since the Chinese party is having substantial equity interest in Kuantan Port, will the recent control on expatriation of capital introduced by the Chinese Government affect their investment in Kuantan Port?

A6 The Chinese Government, through some of its regulators, including the Ministry of Commerce, and National Development and Reform Commission, had recently issued a set of investment guidelines on overseas investments. The guidelines provide official clarity on encouraged, restricted and prohibited overseas investment. The guidelines have also provided the list of investments which the Chinese companies were encouraged, restricted and prohibited to invest in. The Chinese Government is also encouraging its entrepreneurs, among others, to export technology and equipment. Most of the potential investors of MCKIP are the SOE of China as they are encouraged by the Chinese Government to explore investment opportunities in Kuantan. Besides that, MCKIP has other committed investors who are partially owned by the Chinese Government and partially owned by other individuals. The financial institutions in China have been encouraged to give priority in funding the projects related to China's Belt and Road Initiative, for example China Construction Bank Corp raised funds in Hong Kong recently to finance the investments related to Belt and Road Initiative.

Since MCKIP is the first national industry park of China and Malaysia in Malaysia, priority is expected to be given for the funding of investments in MCKIP. About two (2) weeks ago, the China's State Councillor, namely Wang Yong had visited MCKIP to understand the operation of the industrial park.

Q7 At the recent media news, China and Thailand are communicating for the proposal of a canal to cut through the southern isthmus of Thailand, connecting the Gulf of Thailand with the Andaman Sea. Is the proposal contradict with the investment of China in the development of Kuantan Port? How will Kuantan Port be affected by the proposal of the canal?

A7 The Group and our Chinese partner are not aware of the proposal of the canal and the information available was purely from the media, as such, the Company would not be able to comment on the proposal.

Q8 In the Note 39 of the Notes to the Audited Financial Statements for the financial year ("FY") 2017 on Inventories (Page 309 of the Annual Report 2017), the completed buildings was about RM266 million higher than FY2016. What is the Group's effort to reduce the completed buildings and to boost the sales? How much is the unbilled sales for property projects and sales target for next FY?

A8 The Group had sold RM285 million of completed buildings during FY2017. The current unbilled sales were about RM1.7 billion and the sales target for FY2018 will be about RM1.4 billion, similar to the target of the last FY.

Comment 1

IJM has been recognised as an advocate of adherence to the code on corporate governance and the Chairman is very supportive of the principles and practices of good governance being practiced by the Group. However, it is noted that there was an amendment to the Board Charter in relation to the policy on retention of Independent Directors who have a tenure of more than nine (9) years. With the implementation of the new Malaysian Code on Corporate Governance 2017 ("MCCG 2017"), the shareholders' approval through a two-tier voting process is required if the Independent Directors have served more than 12 years. As such, the Nomination and Remuneration Committee and the Board are urged to consider adopting the step up practice of the MCCG 2017 to limit the tenure of the Independent directors to nine (9) years for both the Company and its listed subsidiary IJM Plantations Berhad.

Reply 1

The comments were noted. The Board will review the term of office of Independent Director from time to time.

Q9 As a shareholder, we are looking forward to better dividend yield especially from a conglomerate like IJM. The Directors and employees are being rewarded for their contributions and time commitments for the better performance of the Group, and we hope the Company will also reward and provide better returns to the shareholders. Will the Company consider paying a better dividend?

A9 The payment of dividend will depend on consideration such as the availability of cash flow. Cash flow would be required for investment opportunities as well. The Board is always mindful that the shareholders are appropriately rewarded, for example, special dividends had been declared arising from the gain on the disposal of assets in India in FY2014 and FY2016. Other than rewarding shareholders, the Company has to reserve part of the cash proceeds from the sale of the assets to fund the existing mega projects such as West Coast Expressway and expansion of Kuantan Port.

Q10 How is the investment of IJM with about 25% stake in Scomi? What sort of development is coming forth?

A10 Scomi is currently undergoing a restructuring exercise to strengthen the position of its group. The Company is looking at ways to realise the value of its investment in Scomi.

Q11 The concession period for the Binh An Water Treatment Plant will be ended in year 2019, what are the steps to be taken by the Company?

A11 Through the major shareholder of Binh An Water, initiative has been taken to discuss with the Vietnamese Government on enhancing the water treatment plant and the possibility of extending the concession period.

Q12 As mentioned in Annual Report 2017, there are some key top management are assigned abroad to undertake overseas projects such as Pakistan. What are the status of developments of the projects and how does the key personnel contribute to the turnover?

A12 Some key top management staff assume a number of operational locations in their portfolio. Our Country Head of India also oversees Pakistan and Middle East operations as there are not much activity in both of these locations.

Q13 For the rejuvenation of the Board, it was a practice of the Group to appoint head of division as the Alternate Director on the Board previously. Hence, will the NRC and the Board consider such practice to appoint head of division as Alternate Director on the Board?

A13 The Company does not intend to have many Executive Directors on the Board and there is no necessity to appoint Alternate Director at the moment. The current organisation structure is sufficient to achieve the objectives of the Group where the head of divisions are carrying out the responsibilities in their divisions respectively.

Annexure II

Comment 2

In relation to the comment on the retention of an Independent Director after 12 year of service where the Board should seek shareholders' approval through a two-tier voting process pursuant to the MCCG 2017, the Company and its listed subsidiary IJM Plantations Berhad, have actually adopted a policy to limit the tenure of independent directors up to a maximum of 12 years. Hence, the issue on two-tier voting will not be relevant to the Company and IJM Plantations Berhad.

MSWG also expressed that MSWG would prefer to have the CEO&MD on the Board and not other senior executives to be appointed as Alternate Directors on the Board.