

## IJM CORPORATION BERHAD (104131-A)

35<sup>th</sup> AGM Minutes dd 28 August 2019

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**EXTRACT** of the **MINUTES** of the **35<sup>th</sup> 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, 28 August 2019, at 3.03 p.m.

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### 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. Tunku Alina Binti Raja Muhd Alias, *Independent Non-Executive Director*
11. Ms Tan Ting Min, *Independent Non-Executive Director*
12. Ms Ng Yoke Kian, *Company Secretary*

### MEMBERS AND PROXIES PRESENT:-

113 members and 55 proxies (excluding Directors and Secretary) as per the Attendance Sheets annexed hereto.

### BY INVITATION:-

1. Ms Pauline Ho, *Partner, PricewaterhouseCoopers PLT (“PwC”)*
  2. Ms Hew Chooi Yoke, *Partner, PwC*
  3. Mr Lee Xian Yang, *Senior Manager, PwC*
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The Chairman welcomed all the members and proxies present at the meeting. Before proceeding, the Chairman announced that it would be his last time chairing the meeting as he would be stepping down as the Chairman of the Company at the conclusion of the AGM after serving his 12-year tenure as an Independent Director. He took the opportunity to thank his fellow Directors, the management team and the shareholders, for the opportunity and support given, and wished the Group the very best of success in their future endeavours.

The Chairman further informed the shareholders that Dato’ Soam Heng Choon would also be retiring as the MD of the Company upon the conclusion of the AGM and stepping down as the CEO on 31 August 2019, after dedicatedly serving the Group for the past three (3) decades. The Chairman and the Board members recorded their sincere appreciation to Dato’ Soam Heng Choon for his outstanding contributions in successfully leading the Group. At the same time, the Chairman congratulated and welcomed Tan Sri Dato’ Tan Boon Seng @ Krishnan to his new role as the Non-Executive Chairman and Mr Liew Hau Seng as the and new CEO & MD.

He then introduced the members of the Board of Directors (“Board”), the Company Secretary, the Auditors from PwC, the Poll Administrator from Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) as well as the Independent Scrutineers from Deloitte Risk Advisory 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 2019 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 2019 and Prospects of the Group. The CEO&MD in his briefing covered the following:-

- a) the Group performance's review, which included income statement, statement of financial position and revenue and profit before tax by divisions; and
- b) the performance of core businesses, namely Construction, Property, Industry, Infrastructure and Plantation, including project highlights such as West Coast Expressway, MRT 2, Vijayapura-Solapur Tollway, Dewas Bypass Tollway, Royal Mint Gardens London, New Deep Water Terminal at Kuantan Port and Malaysia-China Kuantan Industrial Park.

The CEO & MD also presented the responses (Annexure I) of the Company to questions raised by the Minority Shareholder Watch Group *vide* letter dated 14 August 2019 in relation to the strategies and financial matters, corporate governance and sustainability matters of the Group.

After the presentation of the CEO & MD, the Chairman invited questions and comments from the floor in connection with the 2019 Audited Financial Statements and the presentation, and the questions were responded to by the CEO & MD and/or the Chief Financial Officer accordingly (Annexure II).

The audited financial statements for the year ended 31 March 2019, 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.

## **3.0 RESOLUTIONS OF THE MEETING**

### **3.1 Re-election of Dato' David Frederick Wilson**

The Chairman informed that Resolution 1 was on the re-election of Dato' David Frederick Wilson, who were retiring by rotation in accordance with Clause 88 of the Company's Constitution; and being eligible for re-election, he had offered himself for re-election.

It was noted that the performance of Dato' David Frederick Wilson who was subject for re-election had been assessed through the Board annual evaluation, and the Nomination & Remuneration Committee and the Board were satisfied with his performance.

It was also noted that Tan Sri Abdul Halim Bin Ali, who has completed his 12-year tenure as an Independent pursuant to the Board Charter, and Dato' Soam Heng Choon were due for retirement pursuant to Clause 88 of the Company's Constitution. Both of them would be retiring as Directors at the conclusion of the AGM pursuant to Clause 88 of the Company's Constitution.

**3.2 Re-appointment of Auditors**

The Resolution 2 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.

**3.3 Directors' Fees**

The Chairman informed that Resolution 3 was to authorise the payment of Directors' fees of RM1,351,500 for the year ended 31 March 2019 to be divided amongst the Directors in such manner as the Directors may determine.

**3.4 Directors' Benefits**

The Chairman informed that Resolution 4 was to authorise the payment of Directors' benefits to the Non-Executive Directors up to an amount of RM411,050 for the period from 29 August 2019 until the next AGM.

**3.5 Directors' Fees and Meeting Allowance of a Subsidiary**

The Chairman further informed that Resolution 5 was to authorise the payment of Directors' fees of a subsidiary, IJM Plantations Berhad to several common Directors. The Directors' fees of the subsidiary for the year ended 31 March 2019 was RM341,000; and the Directors' meeting allowance was up to RM29,000 for the period from 29 August 2019 until the next AGM.

It was noted that the interested Directors would abstain themselves from voting on Resolutions 3, 4 and 5.

**3.6 Authority to Issue Shares under Sections 75 and 76**

The Resolution 6 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.

**3.7 Proposed Renewal of Share Buy Back Authority**

The Chairman indicated that Resolution 7 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.

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## 4.0 POLL PROCESS

Puan Suzana Abdul Rahim from Tricor was invited to explain the poll procedures to the members and/or proxies present. The members 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 that the following Resolutions 1 to 7 were carried:-

### 5.1 Re-election of Dato' David Frederick Wilson

<u>Resolution 1</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	2,345,138,797	96.479
Voted AGAINST	85,591,084	3.521
	<u>2,430,729,881</u>	<u>100.000</u>

(ABSTAINED: 20,121,026 shares)

It was resolved that Dato' David Frederick Wilson be re-elected as Director pursuant Clause 88 of the Company's Constitution.

### 5.2 Re-appointment of Auditors

<u>Resolution 2</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	2,405,946,259	98.265
Voted AGAINST	42,476,748	1.735
	<u>2,448,423,007</u>	<u>100.000</u>

(ABSTAINED: 2,427,900 shares)

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

### 5.3 Directors' Fees

<u>Resolution 3</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	2,441,730,237	99.999
Voted AGAINST	27,832	0.001
	<u>2,441,758,069</u>	<u>100.000</u>

(ABSTAINED: 9,092,838 shares)

It was resolved that the Directors' fees of RM1,351,500 for the year ended 31 March 2019 be approved to be divided amongst the Directors in such manner as they may determine.

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### 5.4 Directors' Benefits

<u>Resolution 4</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	2,150,219,465	99.999
Voted AGAINST	26,932	0.001
	<u>2,150,246,397</u>	<u>100.000</u>

(ABSTAINED: 300,604,510 shares)

It was resolved that the payment of Directors' benefits to the Non-Executive Directors up to an amount of RM411,050 for the period from 29 August 2019 until the next AGM be approved.

### 5.5 Directors' Fees and Meeting Allowance of a Subsidiary

<u>Resolution 5</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	2,150,253,497	99.999
Voted AGAINST	23,400	0.001
	<u>2,150,276,897</u>	<u>100.000</u>

(ABSTAINED: 300,574,010 shares)

It was resolved that the payment of Directors' fees and/or meeting allowance by a subsidiary, namely IJM Plantations Berhad to several common Directors be approved:-

- i) Directors' fees of RM341,000 for the year ended 31 March 2019; and
- ii) Directors' meeting allowance of up to an amount of RM29,000 from 29 August 2019 until the next AGM.

### 5.6 Authority to Issue Shares under Sections 75 and 76

<u>Resolution 6</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	2,370,190,958	96.792
Voted AGAINST	78,547,949	3.208
	<u>2,448,738,907</u>	<u>100.000</u>

(ABSTAINED: 2,112,000 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 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.

### 5.7 Renewal of Share Buy-Back Authority

<u>Resolution 7</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	2,448,398,807	99.992
Voted AGAINST	204,000	0.008
	<u>2,448,602,807</u>	<u>100.000</u>

(ABSTAINED: 2,248,100 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:-

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- i) the aggregate number of shares purchased (which are to be treated as treasury shares) does not exceed 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 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 CONCLUSION**

There being no other business, the meeting concluded at 4.50 p.m. with a vote of thanks to the Chair.

**Reply to the enquiries from Minority Shareholder Watch Group *vide* letter dated 14 August 2019**

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**Strategy & Financials Matters**

(1) Construction Division

Q1 : “In the forthcoming financial year, following Government reforms and the gradual revival of several mega projects, our Construction Division expects a satisfactory performance backed by an outstanding order book of RM6.7 billion and expeditious execution of ongoing projects while replenishing its order book from local and overseas markets” (Page 97 of the Annual Report 2019).

(i) How long can the Division sustain the business if the orderbook is not further replenished?

A1(i): Based on the current run rate of the Division, the outstanding order book provides around 3-years’ worth of work-in-hand.

(ii) What is the estimated contact value that is expected to be awarded to the Group from the local and overseas markets?

A1(ii): We are positive on the replenishment outlook after a number of public-funded mega-infrastructure projects were revived following the Government’s review process. What is important to us is not just the size of the order book but also the quality of the order book e.g. the margins and credit risk involved. Toll road projects in India are also being pursued given the expected completion of the Dewas Bypass project by the end of FY2020.

Q2 : As announced on 9 July 2019 via Bursa Malaysia, IJM Construction Sdn Bhd (“IJMC”), a wholly-owned subsidiary has on 8 July 2019 received a Notice of Termination (“Notice”) from MRCB George Kent Sdn Bhd (“MRCBGK”) terminating IJMC as the Works Package Contractor for the underground package of the Light Rail Transit Line 3 (LRT3) from Bandar Utama to Johan Setia (“the Project”).

The announcement also mentioned that Preliminary works had commenced before the Project was suspended in June 2018. IJMC is currently consulting its advisers and will seek appropriate legal redress under the contract.

What is the status of the legal redress?

A2 : Without prejudice to our legal position, we are currently in talks with the turnkey contractor to quickly resolve this as soon as possible. We reserve our right to take legal action.

(2) Property Division

Q1 : What are the take up rates for the Group’s development projects and targeted take up rates for the upcoming development in the local and overseas markets?

A1 : The average take up rates for projects launched in FY2019 was 65%. We expect the take up rates for upcoming developments would be similar.

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### (3) Industry Division

Q1 : “During FY2019, the Division reviewed its plant utilisation rates and undertook rationalisation initiatives to reduce manpower and increase the cost efficiencies of its plants” (Page 81 of the Annual Report 2019)

(a) What are the Division’s current plant utilisation rates and targeted utilisation rates for FY2020?

A1(a): Utilisation rate for FY2019 was 76% and is expected to marginally improve in FY2020. The degree of improvement in the utilisation rate is restricted by additional capacity of the new factory in Kuantan.

(b) Please update on the rationalisation initiatives and its impact on the cost efficiencies of the Division’s plants.

A1(b): As part of the rationalisation initiatives, a new plant in Kuantan commenced operation, whilst the plants in Senai and Kuala Terengganu were shut down during the year. The closure of two plants resulted in a reduction in the head count with annual savings of RM4 million while overheads such as utilities and rental expenses yielded savings of RM500,000 per annum.

### (4) Plantation Division

Q1 : As stated on Page 88 of the Annual Report 2019, “The ongoing oil palm breeding, selection and progeny testing programme will enable it to improve planting materials to meet present and future needs toward ensuring higher yields and other desired oil palm characteristics.”

To date, what has been achieved from the testing programme?

A1 : The Division has been able to produce high quality DxP planting materials with negligible dura (i.e. thick shell) contamination. Replanting has been carried out in Sandakan with 100% of our material showing encouraging early crop yields.

### (5) Infrastructure Division

Q1 : “In India, the Division’s operating toll road is a 99.9%-owned Chikaluripet-Vijayawada Tollway (68km) while its wholly-owned Dewas Bypass Tollway (19.8km) and Vijayapura Tollway (109.08km) are under construction” (Page 95 of the Annual Report 2019)

What is the progress of the construction of the toll roads? What is the expected future contribution from the toll road subdivision to the top and bottom-line of the Division?

A1 : As at end-July 2019, the construction progress of the Dewas Bypass and the Vijayapura Tollway were above 70% and 10% respectively. Dewas Bypass has achieved 3 milestones as per timelines laid out in the concession agreement while Vijayapura Tollway has achieved its first milestone as well as per its concession agreement. During the construction phase, revenue and earnings are derived based on progress completion. Upon commencement of toll collection by the respective concessions thereafter, revenue and contributions will be based on the traffic volume and toll rates.



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Q2 : As reported on Page 96 of the Annual Report 2019, “Hence, the Division is committed to equip Kuantan Port with the latest equipment and ensuring its maintenance team adheres to preventive maintenance to minimise incidents during loading or unloading of cargoes at berths.”

What sort of latest equipment will be needed for the port operation? What is the allocated budget for the purchase of the equipment?

A2 : The latest equipment referred to in the Annual Report was the high-speed conveyor system and the stacker reclaimer. The system, to be installed at the New Deep Water Terminal, will cost RM166 million.

(6) What are the main reasons for the increase in other operating expenses from RM79,073,000 in FY2018 to RM153,406,000 in FY2019 (Page 178 of the Annual Report 2019)?

The increase in other operating expenses is mainly due to forex losses of RM45.70 million (FY2018: RM3.72 million) and reversal of previously recognised profit on disposal of remaining interest in an associate, Swarna Tollway, of RM41.45 million (Refer to Page 241 of the Annual Report).

### **Corporate Governance & Sustainability Matters**

Q1: Practice 5.1 of Malaysia Code on Corporate Governance (MCCG) states that “For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations”.

IJM in its Corporate Governance Report has stated that it has applied Practice 5.1 of MCCG.

MSWG’s comment:

Based on IJM’s explanation on the application of Practice 5.1 (Page 26 of the Corporate Governance Report), IJM has not applied the Practice as the Board does not engage independent experts periodically to facilitate objective and candid board evaluations.

Please take note.

A1: The Practice 5.1 of Malaysian Code of Corporate Governance (MCCG) is reproduced as follows:-

*“5.1 The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.*

*For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.”*

The Board does undertake an annual formal and objective evaluation to determine the effectiveness of the Board, its Committees and each individual Director. The Board agreed that there was no necessity to engage an independent party to conduct the evaluation for FY2019. However, the Board acknowledges the Board evaluation could be facilitated by a professional independent party periodically in order to achieve greater objectivity to the assessment. The Board (through the Nomination & Remuneration Committee) will look into engaging a professional independent party to undertake the Board evaluation for the current or next financial year.

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Q2: On sustainability matters, what are the areas for improvement that IJM has identified?

A2: Sustainability covers a wide range of topics and working towards improving this agenda is an ongoing journey. In order to be effective, the Group prioritises these topics, depicted in its materiality matrix, shown on Page 128 of the Annual Report. All topics identified in the materiality matrix are covered in the Sustainability Statement and other relevant sections of the Annual Report. Shareholders can refer to the report to obtain a holistic view of the Group's approach to conducting its business responsibly. We are presently establishing a comprehensive sustainability roadmap that will be highlighted in the FY2020 Annual Report.

**Pertinent Questions and Answers, and Comments at the Annual General Meeting**

Q1 What are the carrying values of the Malaysian tollways, namely Besraya (M) Sdn Bhd (“Besraya”), New Pantai Expressway Sdn Bhd (“NPE”) and Lebuhraya Kajang-Seremban Sdn Bhd (“LEKAS”)?

A1 At IJM Corporation Berhad group level, the total net assets of Besraya and NPE were about RM1.041 billion, while the carrying value of LEKAS was about RM115 million.

Q2 There was a reversal of the profit recognised for the disposal of the remaining 30% equity interest in Swarna Tollway Pte Ltd (“STPL”). Overall, did the Company make a profit from the investments in STPL?

A2 The whole investments in STPL was profitable as the sale value was 3.5 times of the book value of STPL. When the Group disposed of the 70% equity interest in STPL in 2015, it had recognised the gain of disposal based on 100% equity interest while the remaining 30% stake was subject to fulfillment of conditions precedent. Upon completion of the disposal of 30% stake in 2018, the Group was required to reverse the share of profits and exchange reserves recognised during the period from the completion of the disposal of 70% shares up to the completion of the disposal of 30% shares. The sale proceeds had been re-invested into the new Indian tollway concession subsidiary known as Vijayapura Tollway Pte Ltd.

Q3 Why was the “Deferred Income” amounting to about RM70 million arising from a deferred gain reflected in the Statements of Financial Position (Page 180 of the Annual Report 2019) as “Non-Current Liabilities” and not classified as a profit in the Income Statement?

A3 The deferred gain of about RM70 million represented part of the Group’s share of the gain arising from the disposal of a parcel of land in Penang (“the Land”) to a joint venture held via a wholly-owned subsidiary of the Company, as disclosed under Note 26 of the Notes to the Audited Financial Statements for the FY 2019 (Page 293 of the Annual Report 2019). It was the portion of the gain of disposal which has yet to be realised. However, part of the gain from the disposal of the Land had been recognised in the Income Statement.

Q4 The “Finished Goods: Completed Buildings” under Note 37 of the Notes to the Audited Financial Statements for the FY 2019 on Inventories (Page 322 of the Annual Report 2019) was reflected as RM995 million. Out of this figure, how much represented the unsold / overhang properties?

A4 The RM995 million represented the entire value (at cost) of the unsold properties, which included the sale transactions yet to be completed at the close of the FY 2019.

Q5 What is the expected capacity of the oil refinery in Kuantan Port, and will there be a provision of storage facility?

A5 The investor of the oil refinery is a listed company in Hong Kong and it had obtained the manufacturing license from the relevant authority in Malaysia. The investor is currently carrying out the necessary assessments, such as the Environment Impact Assessments (EIA); and seeking the approval from the Ministry of International Trade and Industry (MITI) for the establishment of the refinery. The oil refinery production capacity is expected to be 3.5 million tonnes per annum. Storage tank facility would be provided at the port area.

Q6 With the current soft property market in Malaysia, what are the initiatives being taken by the Property Division to boost its sales of properties, in particular the high unsold stocks?

A6 Various marketing strategies were being undertaken by the Property Division to boost its sales of properties, amongst others, the loan stamp duty waiver offered to purchasers and the “Home Ownership Campaign”. The number of unsold stocks is a moving number and as at to-date, it has shown a decrease compared to the number as at 31 March 2019 as the Division has managed to sell some of the unsold stocks during the current financial year. It was highlighted that bulk of the unsold stocks were Bumiputera lots. For example, in the state of Johor, 60% of the Austin Duta housing project was sold, whereas the remaining 40% Bumiputera units remained unsold as the state government has yet to agree to release the Bumiputera units. The state government in Seremban had only recently started releasing a small number of Bumiputera lots to be sold to non-Bumiputera.

Q7 In relation to the Riana Dutamas project, how confident is the Group that it is able to sell all the condominium units based on the current soft market?

A7 For Riana Dutamas Phase 1 which comprised of 1,100 units, 95% of the units had been sold based on the executed sale and purchase agreements and approved bank loans. The next upcoming launch of Phase 2 of the project is expected to be carried out at year end, which would comprise of 900 units (a 3-rooms condominium unit of 850 square feet each) at an affordable price of RM0.5 million and is targeted for the residents in the Segambut area.

Q8 In view of the current soft property market, many developers are facing challenges to sell their properties and have to manage a large number of unsold properties. Despite the stock overhang, many developers including IJM Corporation Berhad (“IJM”) are still continuing with new development projects. Could IJM and other developers hold the property development in abeyance (other than property development at some strategic and marketable locations) to help to resolve the stock overhang issues?

A8 The Government of Malaysia (“GOM”) is very serious in addressing the problem of unsold properties, which was mainly caused by the property sector’s structural problems and overbuilding in some inappropriate and/or undesirable locations. The delay in release of Bumi quotas by the State Authorities was also one (1) of the reasons for the increase in unsold properties. The current salable criteria was no longer “location” but was “location-product-pricing”. The salability of properties was largely dependent on these three (3) criteria being matched.

It was difficult for the GOM to formulate a policy to restrict the property development by the developers due to the complexity involved, for example, the Group was currently holding a large land bank and if the GOM restricts the property developments in the next five (5) years, the holding cost of the Group would increase. Furthermore, it was also not appropriate to restrict the property development if the property developers were able to sell their properties.

Q9 With the current political unrest in Hong Kong, has the Company initiated to promote the sale of properties in Hong Kong? If no, why?

A9 The Group has been promoting the sale of properties in Hong Kong for the past seven (7) to eight (8) years. Appreciation dinners have been held on an annual basis in Hong Kong to express appreciation to the Hong Kong buyers. The marketing team of the Property Division have been diligently travelling to Hong Kong on a regular basis. There might be interest shown by Hong Kong buyers due to the recent political conditions in Hong Kong but translation into actual sales have yet to be shown.

Q10 With reference to page 38 of the Annual Report 2019, the Return on Equity and Return on Total Assets (“ROA”) were quite low at 4% and 1.82% respectively. Is the Company looking at a better utilisation or return of assets within the next few years?

A10 The huge assets base of the Group was mainly derived from the large land bank from its oil palm plantations, investments in Kuantan Port and the 4,000 hectares of land bank held by the Property Division. We were currently nurturing the assets and it would require some time to generate the returns. The monetisation of the assets in the future would help to improve the ROA.

Q11 Please provide an explanation for the loss after tax of RM12.39 million, which appeared under the “Investments & Others” on page 38 of the Annual Report 2019.

A11 The RM12.39 million was the net corporate group expenses following the reclassification of interest income from “Investments & Others” to “Infrastructure”.

Q12 Total gross dividend declared was 4 sen for the financial year 2019. Will this percentage be maintained or could the shareholders expect a better dividend payout in the future?

A12 Dividend to shareholders is always subject to the decision of the Board and other considerations such as the capital expenditure requirements.

Q13 Why has the borrowings increased? Would the Company consider undertaking fund raising exercise following the increase in the Group’s borrowings?

A13 Borrowings has increased mainly due to the drawdown of facilities for New Deep Water Terminal (NDWT) (Phase 1A and 1B) project which has now been completed. No fund raising exercise is required at the moment.

Q14 As disclosed in the “Management Discussion and Analysis” report, the Group has embarked on a “Five-Year Strategic Blueprint” (“the Blueprint”) (under Page 61 of the Annual Report 2019). Please share some of the Blueprint initiatives as follows:-

Q14A How much has been spent since the implementation of the Blueprint and what is the outcome of the Blueprint?

A14A One (1) of the initiatives undertaken by the Group under the Blueprint was the implementation of the industrial building system (“IBS”) plant by the Industry Division. Under the GOM’s initiatives to increase productivity, all development projects were required to have an IBS score of 50 and 70 from year 2020 and 2025 respectively. Since the IBS market was a potential business in the future, the Industry Division has invested and set up an IBS plant, a business opportunity could be reaped by the Group from the initiatives and/or policies set by the GOM. The total investment for the IBS plant was about RM150 million. The overall cost of the Blueprint has yet to be determined and would very much depend on the initiatives undertaken by each of the five (5) Divisions under the Group.

Q14B One (1) of the strategic thrusts focus area of the Construction Division under the Blueprint, which read as “Innovating through digitalisation, Building Information Modelling (“BIM”) and adoption of new construction technologies”. Please elaborate on the adoption of new construction technologies, in particularly how it could assist the Construction Division in securing new jobs in the future. What is the potential of securing new projects in the current financial year as no further jobs were secured since last September 2018?

A14B BIM could help the contractors to understand the building structure prior to the actual construction. The Group currently has a team of about 30 staff who are conversant in BIM. On the new order book replenishment, the Group would emphasise on the qualitative aspects (rather than just quantitative aspects) such as the type of projects as well as the credit risk of the clients. The management team have been actively looking out for the potential projects in the market, including the mega infrastructure projects being revived by the GOM, which the Group would consider in bidding when the tenders are called.

Q14C Another strategic thrusts focus area of the Construction Division read as “Driving growth by leveraging synergies across divisions within the Group, raising engagement with clients as well as regional expansion”. Can you elaborate what does it entails?

Q14C The example of “Driving growth by leveraging synergies across divisions within the Group” would be like the Industry Division has set up an IBS plant, and the Construction Division could leverage on by undertaking external jobs for clients who might require the use of IBS. We could see a synergy across the divisions, in particular the Property, Construction and Industry Divisions.

“Raising engagement with clients” means that the Company could provide a total solution to clients in addition to the construction services.

“Regional expansion” means that the Group would continue to increase its presence in overseas by undertaking more overseas jobs such as in India.

**IJM CORPORATION BERHAD (104131-A)**

AGM Minutes dd 28 August 2019

Annexure II

Q15 In reply to the questionnaire by Minority Shareholder Watch Group (MSWG)'s pertaining to the legal redress by the Company on the termination of the LRT3 underground package by the client, MRCB George Kent Sdn Bhd ("George Kent"), we understand that the Company has the right to take legal action. Please clarify whether the legal process is underway.

A15 The Company would initiate the necessary actions to safeguard the interest of the Company. A claim for wrongful termination had been submitted to George Kent.

Q16 It is noted that Tan Sri Abdul Halim, the Chairman and Dato' Soam Heng Choon ("DSHC"), the Group CEO&MD would be retiring at the conclusion of the AGM and have not offered themselves for re-election. Since DSHC has been contributing to the Group during his long tenure of service, would he be appointed as an independent director on the Board of IJM?

A16 The appointment of an independent director would be a matter to be deliberated and decided by the Board.