

IJM CORPORATION BERHAD

198301008880 (104131-A)

36th AGM Minutes dd 22 September 2020

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EXTRACT of the **MINUTES** of the **36th Annual General Meeting {AGM}** of **IJM CORPORATION BERHAD (“IJM”) 198301008880 (104131-A)** held fully virtual through live streaming from the broadcast venue at the Multipurpose Hall, 3rd Floor, Wisma IJM, Jalan Yong Shook Lin, 46050 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 22 September 2020, at 10.00 a.m.

DIRECTORS & SECRETARY PRESENT:-

1. Tan Sri Dato’ Tan Boon Seng @ Krishnan, *Non-Executive Chairman*
2. Mr Liew Hau Seng, *Chief Executive Officer (“CEO”) & Managing Director (“MD”)*
3. Mr Lee Chun Fai, *Deputy CEO & Deputy MD*
4. Datuk Lee Teck Yuen, *Senior Independent Non-Executive Director (via Zoom)*
5. Datuk Ir. Hamzah bin Hasan, *Independent Non-Executive Director*
6. Mr Pushpanathan a/l S A Kanagarayar, *Independent Non-Executive Director*
7. Mr Goh Tian Sui, *Independent Non-Executive Director*
8. Dato’ David Frederick Wilson, *Independent Non-Executive Director*
9. Tunku Alina Binti Raja Muhd Alias, *Independent Non-Executive Director*
10. Ms Tan Ting Min, *Independent Non-Executive Director*
11. Ms Ng Yoke Kian, *Company Secretary*

MEMBERS AND PROXIES PRESENT:-

133 members and 19 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 for participating in the Company’s first fully virtual AGM. He then introduced himself, 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.

The Chairman informed that the CEO & MD would answer all questions which were received prior to the AGM upon completion of his presentation and that any questions raised during the AGM would be responded after tabling all the resolutions, but before voting. He also mentioned that the responses would be provided on the Company’s website if there were any questions that the Board was unable to respond at the AGM.

1.0 AUDITED FINANCIAL STATEMENTS

Before receiving the 2020 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 2020 and Prospects of the Group. The CEO & MD in his briefing covered the following:-

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- a) the Group's performance review, which included the income statement, statement of financial position and the revenue, earnings before interest, taxes, depreciation, and amortisation (EBITDA) 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 building projects in TRX, West Coast Expressway, MRT 2 (Jinjang to Jalan Ipoh), Vijayapura-Solapur Tollway and Dewas Bypass Tollway projects in India, Royal Mint Gardens London, Industrialised Building System (IBS) project in Kuala Selangor and Malaysia-China Kuantan Industrial Park.

The CEO & MD also presented the responses of the Company to questions raised by the Minority Shareholder Watch Group *vide* letter dated 14 September 2020 in relation to the strategies, financial and corporate governance matters of the Group (Annexure I), as well as the responses to other questions received from members and proxies before the AGM (Annexure II).

Thereafter, the audited financial statements for the year ended 31 March 2020, Directors' Report and Statement together with the Independent Auditors' Report thereon were received.

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 online remote voting on the TIIH online 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 Pushpanathan A/L S A Kanagarayar and Mr Lee Chun Fai respectively, who were retiring by rotation in accordance with Clause 88 of the Company's Constitution. While Resolution 4 was on the re-election of Mr Liew Hau Seng, who was appointed to the Board on 1 September 2019 and was retiring in accordance with Clause 92 of the Company's Constitution.

The Chairman also informed that, being eligible for re-election, they had offered themselves for re-election.

It was noted that the performance of each Director who was subject for re-election had been assessed through the Board annual evaluation (including the independence of Independent Non-Executive Directors, Datuk Lee and Mr Pushpanathan), and the Nomination & Remuneration Committee and the Board were satisfied with the performance and effectiveness of the Directors.

3.2 Re-appointment of Auditors

The Resolution 5 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 6 was to authorise the payment of Directors' fees of RM1,222,968 for the year ended 31 March 2020 to be divided amongst the Directors in such manner as the Directors may determine.

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3.4 Directors' Benefits

The Chairman informed that Resolution 7 was to authorise the payment of Directors' benefits to the Non-Executive Directors up to an amount of RM385,000 for the period from 23 September 2020 until the next AGM.

3.5 Directors' Fees and Meeting Allowance of a Subsidiary

The Chairman further informed that Resolution 8 was to authorise the payment of Directors' fees and meeting allowance by a subsidiary, IJM Plantations Berhad to several common Directors. The Directors' fees of the subsidiary for the year ended 31 March 2020 was RM381,861; and the Directors' meeting allowance was up to RM30,000 for the period from 23 September 2020 until the next AGM.

The Chairman also informed that the interested Directors would abstain themselves from voting on Resolutions 6, 7 and 8.

3.6 Authority to Issue Shares under Sections 75 and 76

The Resolution 9 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 10 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 that the proposed renewal was in the best interest of the Company.

Upon the tabling of all the resolutions, the Chairman, the CEO & MD, Deputy CEO & MD and CFO responded accordingly to all the questions raised by the members and proxies during the AGM (Annexure II).

4.0 POLL PROCESS

Prior to the poll voting, a video guide was provided by Tricor to the members and/or proxies on the online remote voting process. The members and/or proxies were advised to cast their votes through the TIIH online system.

Upon the closure of the voting session, the Chairman adjourned the meeting for the verification of poll results by Tricor (as Poll Administrator) and Deloitte (as Independent Scrutineers).

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5.0 POLL RESULTS

The Chairman welcomed the members and proxies back to the virtual 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 10 were carried:-

5.1 Re-election of Datuk Lee Teck Yuen

<u>Resolution 1</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	1,255,213,617	75.2706
Voted AGAINST	412,388,780	24.7294
	<u>1,667,602,397</u>	<u>100.0000</u>

(ABSTAINED: 692,337,680 shares)

It was resolved that Datuk Lee Teck Yuen be re-elected as Director pursuant to Clause 88 of the Company's Constitution.

5.2 Re-election of Mr Pushpanathan A/L S A Kanagarayar

<u>Resolution 2</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	1,654,844,361	98.9413
Voted AGAINST	17,708,036	1.0587
	<u>1,672,552,397</u>	<u>100.0000</u>

(ABSTAINED: 687,387,680 shares)

It was resolved that Mr Pushpanathan A/L S A Kanagarayar be re-elected as Director pursuant to Clause 88 of the Company's Constitution.

5.3 Re-election of Mr Lee Chun Fai

<u>Resolution 3</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	2,350,431,141	99.5972
Voted AGAINST	9,506,936	0.4028
	<u>2,359,938,077</u>	<u>100.0000</u>

(ABSTAINED: 2,000 shares)

It was resolved that Mr Lee Chun Fai be re-elected as Director pursuant to Clause 88 of the Company's Constitution.

5.4 Re-election of Mr Liew Hau Seng

<u>Resolution 4</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	2,350,433,141	99.5972
Voted AGAINST	9,506,936	0.4028
	<u>2,359,940,077</u>	<u>100.0000</u>

(ABSTAINED: Nil)

It was resolved that Mr Liew Hau Seng be re-elected as Director pursuant to Clause 92 of the Company's Constitution.

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5.5 Re-appointment of Auditors

<u>Resolution 5</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	2,353,549,395	99.7293
Voted AGAINST	6,388,682	0.2707
	<u>2,359,938,077</u>	<u>100.000</u>

(ABSTAINED: 2,000 shares)

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

5.6 Directors' Fees

<u>Resolution 6</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	2,353,417,149	99.9954
Voted AGAINST	109,262	0.0046
	<u>2,353,526,411</u>	<u>100.0000</u>

(ABSTAINED: 6,413,666 shares)

It was resolved that the Directors' fees of RM1,222,968 for the year ended 31 March 2020 be approved to be divided amongst the Directors in such manner as they may determine.

5.7 Directors' Benefits

<u>Resolution 7</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	2,353,423,229	99.9956
Voted AGAINST	104,182	0.0044
	<u>2,353,527,411</u>	<u>100.0000</u>

(ABSTAINED: 6,412,666 shares)

It was resolved that the payment of Directors' benefits to the Non-Executive Directors up to an amount of RM385,000 for the period from 23 September 2020 until the next Annual General Meeting be approved.

5.8 Directors' Fees and Meeting Allowance of a Subsidiary

<u>Resolution 8</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	2,352,314,549	99.9945
Voted AGAINST	128,662	0.0055
	<u>2,352,443,211</u>	<u>100.0000</u>

(ABSTAINED: 7,496,866 shares)

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

- i) Directors' fees of RM381,861 for the year ended 31 March 2020; and
- ii) Directors' meeting allowance of up to an amount of RM30,000 from 23 September 2020 until the next Annual General Meeting.

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5.9 Authority to Issue Shares under Sections 75 and 76

<u>Resolution 9</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	1,573,803,509	66.6894
Voted AGAINST	786,095,568	33.3106
	<u>2,359,899,077</u>	<u>100.0000</u>

(ABSTAINED: 41,000 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.

5.10 Renewal of Share Buy-Back Authority

<u>Resolution 10</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	1,655,260,163	70.1511
Voted AGAINST	704,303,814	29.8489
	<u>2,359,563,977</u>	<u>100.0000</u>

(ABSTAINED: 376,100 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:-

- 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 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 **CONCLUSION**

There being no other business, the meeting concluded at 11.55 a.m. with a vote of thanks to the Chair.

Reply to the enquiries from Minority Shareholder Watch Group *vide* letter dated 14 September 2020

Strategy & Financial Matters

Q1: With the onset of the Covid-19 pandemic in March 2020, the Group had swiftly and proactively adjusted its business strategies to address the emergent challenges and uncertainties posed by the pandemic. The Group had refined its strategies to address the potential impacts on our business, workforce and the broader economy (Page 67 of the Annual Report 2020).

To what extent has the pandemic impacted the Group's prospects? Thus far, has the Group managed to address the pandemic's impact on the Group's business, workforce, and the broader economy?

A1: The implementation of the Movement Control Order (MCO) had an impact on most of the Group's business segments that had to adhere to the temporary suspension of operating activities. During this period, the Group's Port, Toll and Plantation operations, which were classified as essential activities, were able to operate, albeit at subnormal capacities due to lower business activities and in adherence to new standard operating procedures.

With the gradual resumption of business activities after the MCO period, the Group's primary focus has been and continues to be the health and safety of our employees, business partners and the public as we navigate the new Covid-19 norms.

To address the short-term economic uncertainties, the Group has implemented certain response measures, focusing on cost containment, prudent capital management and cash preservation, as depicted on page 67 of the Annual Report 2020.

As presented in the Group's Strategic Focus (page 66 of the Annual Report 2020), we have formulated a comprehensive plan to address the broader economic and business challenges.

The overall economic revival would also hinge upon the stimulus measures that are expected to be unveiled by the Malaysian Government in the upcoming Malaysian Budget 2021 in November 2020 and the 12th Malaysia Plan in January 2021.

Q2: IJM has recorded a revenue of RM7,075,072 in FY2020. It was the highest revenue since FY2016. However, the Group has recorded a profit before taxation of RM517,765, which was the lowest since the FY2016 (Page 38 of the Annual Report 2020).

How does the Board plan to address the bottom-line result situation, moving forward?

A2: During the financial year, non-recurring items recognised (page 58 of the Annual Report 2020) included unrealised foreign exchange losses of RM120.81 million, impairment of property inventories of RM91.20 million and expected credit losses on toll compensation of RM40.78 million in relation to our toll concession investment in Argentina.

Excluding these non-recurring items, the core profit before tax (PBT) would have been RM750.03 million in FY2020, which represents a 23.4% improvement over the previous year's core PBT of RM607.81 million.

As mentioned in Question 1, mitigating measures are being put in place to address the likely impact to the bottom line in the near term. While the Group expects a challenging short to medium term macro outlook, the Group's long term fundamentals remain solid.

Q3: The outlook for the Construction Division is supported by an outstanding order book of RM4.5 billion. Order book replenishment prospects are expected to be challenging due to the subdued property market and reduction in Government infrastructure spending (Page 55 of the Annual Report 2020).

How long will the Construction Divisions' order book of RM4.5 billion last? Amid the subdued property market and the reduction in Government infrastructure spending, what is the targeted order book replenishment next year?

A3: The Group recently secured a retail mall and the Penang Waterfront Convention Centre contract at The Light City of RM865 million and a government office building in August 2020. Subsequently, our outstanding order book of now RM5.5 billion, comprising of a good mix of private and public sector projects, should provide earnings over the next 2 to 3 years.

The Group's ability to replenish our order book will be dependent on the Government's plan to stimulate the economy through the Malaysia Budget 2021 and 12th Malaysia Plan. In addition, the Group continues to bid for projects in India.

Q4: On-going projects

(a) What is the current progress of the Group's existing projects? Are the projects on track to be completed within the stipulated timeframe?

A4: (a) The Group's portfolio of existing projects are at various stages of construction progress. All our operations have resumed work since May 2020. The respective projects have made applications for extensions of time arising from the temporary suspension of operations during the movement control restriction period.

(b) Are any of the Group's current projects facing cost overruns or other issues? If so, what is IJM's strategy to manage the issues?

The Group has, effectively, a 41% equity stake in West Coast Expressway concession. This concession has experienced cost overruns, primarily due to land acquisition issues. The matter is being rigorously followed up by WCE Holdings Bhd with the Government and is supported by the IJM Group in various forms.

Q5: With fewer new launches and improved sales, the value of unsold residential units dropped to RM18.82 billion in 2019 compared to RM19.86 billion a year earlier (Page 77 of the Annual Report 2020).

(a) How has the Group's Property Development's sales progressed, to-date?

We recorded RM320 million of property sales in 1QFY2021. Post the Movement Control Order period, we have seen improved take-up rates, especially for mid-range products.

(b) What is the targeted reduction in value of unsold residential units for FY2021? What are the measures taken to achieve this target?

The following concerted efforts have been made to ramp up sales:

- Launched the 'Now You Can' homeownership campaign, with features such as

low-instalment packages, interest subsidies, and various incentives to prospective homebuyers;

- Financial coverage is also provided to aspiring homebuyers in the event of a loss of employment or salary cut;
- Boosting sales leads via digital engagements with customers, promoting referral schemes and improving overall customer experience; and
- Offering flexible and customised plans and solutions to suit individual buyer's needs.

From the above measures, we expect to see a reduction in unsold residential units.

Q6: The Plantation Division incurred an LBT of RM50.47 million compared to RM43.31 million in FY2019. Despite the net unrealised foreign exchange losses and fair value losses, the impact from higher FFB production coupled with improved commodity prices have contributed to an improved EBITDA of RM122.65 million compared to RM118.99 million in FY2019 (Page 92 of the Annual Report 2020).

(a) What is the outlook for the Plantation Division's business in FY2021?

The Division's performance is largely influenced by the commodity price, weather patterns and foreign exchange volatility.

However, the increase in crop production growth from our young mature areas in the Indonesian operations and the current favourable commodity price of around RM3000 per ton of CPO bode well for the Division's prospects.

(b) Does the Board expect the Division to continue to record losses but with improved EBITDA in FY2021?

Barring unforeseen circumstances as explained in Question 6(a), the Board is optimistic for the Plantation Division to turn a profit in FY2021.

Q7: Despite the challenges and uncertainties that the toll concessionaires are currently facing, the Division will be proactive in its engagement and will work with the Government to achieve a win-win outcome for the country and its stakeholders (Page 97 of the Annual Report 2020).

What is the latest update on the Division's engagement with the Government?

A7: The Company has been actively engaging with the Government. Presently, a decision by the Government is still pending.

Q8: Group Strategic Focus: Moving Forward FY2021-FY2023 (Page 66 of the Annual Report 2020)

(a) Build Resilience:

- Optimise execution capabilities to adapt to the new operating environment.
- Maintain healthy gearing and ensure liquidity across all business divisions.
- Enhance balance sheet strength by prioritising capital expenditure and working capital management.
- Drive cost optimisation.
- Monetise low-yielding assets.

What are the targets (KPIs) set for each of the abovementioned steps for FY2021-FY2023?

The Board and Management have gone through strategic visioning sessions and established the Group's priorities into three pillars – Build Resilience, Drive Growth and Nurture Capabilities. The five focus areas, under “Build Resilience”, have been translated into various goals and targets for the Group's core businesses, with substantial weightage on commercial outcomes.

(b) Nurture Capabilities:

- Continue IJM's digital transformation journey, embrace innovation and Industry 4.0.
- Foster workforce agility and build future-ready competencies that are responsive to market changes.

i) What is the budget requirement for IJM's 'digital transformation journey, embrace innovation, and Industry 4.0' for FY2021-FY2023?

The Board has approved RM40 million over the next 5 years for the Group's digital transformation journey that involves strengthening the information system backbone, data integration and analytics. Besides this, operations-specific Industry 4.0 initiatives are assessed separately as part of Divisional capital expenditure spending and may involve specialist vendors and consultants.

ii) What sort of competencies does the Group intend to build for its workforce? How much does IJM intend to invest to ensure that IJM's workforce has future-ready competencies?

We have identified a set of leadership competencies that form the basis of the Group's developmental programmes, namely (1) Strategic Visioning (2) Intrapreneurial Orientation (3) Taking Ownership (4) Drive for Results (5) Building Effective Teams.

We have also consciously tailored the Learning & Development programmes, incorporating a combination of “hard” and “soft” skills training, to meet the needs of the future i.e. for the workforce to become digital-ready.

About 60% of the learning & development budget for the Group is allocated to develop a future-ready workforce.

Corporate Governance & Sustainability Matters

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

The Company in its Corporate Governance Report has stated that it has applied Practice 5.1 of the MCCG.

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Based on the IJM's explanation on the application of Practice 5.1 (Page 24-25 of the Corporate Governance Report), IJM has not applied the Practice as the Board has not engaged independent experts periodically to facilitate objective and candid board evaluations.

Does the Board intend to engage such independent experts periodically in the future? If so, when is the next such engagement?

A1: The Practice 5.1 of the Malaysian Code on Corporate Governance 2017 ("MCCG") is reproduced as follows:-

"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 Company applies Practice 5.1 of the MCCG as the Company has undertaken a formal and objective annual evaluation for the financial year ended 31 March 2020 to determine the effectiveness of the Board, its Committees and each individual Director. As indicated on page 25 of the Corporate Governance Report, the Board has engaged an independent external expert to review and facilitate the Board evaluation of the Company for the current financial year ending 31 March 2021.

The Board will continue to evaluate the engagement of independent experts periodically in the future.

Pertinent Questions and Answers, and Comments at the Annual General Meeting (“AGM”)

Pre-AGM

Q1 Any vouchers please?

A1 The Board values active participation by all shareholders at our AGMs and their contribution to the future success of the Company. We take note of the request by certain shareholders for e-vouchers to be given to shareholders who participate in the AGM. Consistent with the conduct of the Company’s past AGMs, no vouchers will be provided.

Q2 Referring to plantation net foreign exchange losses (YTD RM87.1 mil), will you change your forex management policy?

A2 The Plantation Division undertook USD denominated borrowings to embark on a long term expansion programme in Indonesia:

- the USD borrowings serve as a natural hedge against crude palm oil revenues that are as a commodity, intrinsically referenced to USD
- Bank Negara does not allow Ringgit borrowings for use in foreign territories
- borrowings in Rupiah attract very high interest rates

To mitigate against USD exposure, the Division refinanced some of its USD borrowings with Japanese Yen in FY2019.

It should be noted that the foreign exchange losses recorded are unrealised in nature and had substantially reversed in the first quarter of FY2021. Hedging against currency fluctuations would also prove exceedingly costly as the period of borrowings is meant for the long term.

Q3 Can elaborate on Argentina’s credit losses on the toll compensation?

A3 Background

The Concessionaire commenced negotiations with the Argentinian Government before the conclusion of the concession and made claims for compensation for scheduled toll hikes and inflation adjustments for toll rates that were not granted previously. Via a settlement agreement dated July 2018, the Argentinian Government agreed to a compensation of USD247 million and this was to be paid to the Concessionaire in the form of toll collections until the earlier of year 2030 or the amount of USD247 million (plus interest) being fully collected.

Expected credit losses

The expected credit losses relate to an impairment made of the amount due to the Concessionaire arising from the following reasons:

- The deferment in toll hikes imposed by the Government of Argentina in 2019
- The revised projection of lower traffic volume
- Increase in the overall country risk in Argentina and the devaluation of the Argentine Peso against USD

It is worth noting that in FY2019, the Group’s share of profits from this tollway was RM141 million. In FY2020, the Company received RM28.4 million in dividends from this concession.

During AGM

Q1 Referring to Note 37 on page 325 of the Annual Report, it is reported that “completed buildings” under “At cost” are RM630 million; while under “At Net Realisable Value” are RM896 million. (a) What is the differences between these two items? and (b) How many percent of these completed buildings are unsold for more than a year?

A1 (a) Accounting Standards require inventory to be recognised at lower of cost or Net Realisable Value (“NRV”). Some components in the inventory were stated at cost and some were at NRV. NRV is the estimated selling price less the costs of completion and selling expense (page 220 at the last paragraph). (b) About 40% of the total stocks were unsold for more than one (1) year, which substantially comprised of Bumi units pending release.

Q2 With the present economic downturn faced by the construction companies: 1) Is there any pay cut for the Directors or senior staff? 2) There are construction companies implementing Voluntary Separation Scheme (“VSS”) for its staff, and would like to find out whether IJM is going to start or has already started such schemes? 3) How is IJM going to cope with the downturn of the construction industry?

A2 1) There has been a pay cut for the Directors and all senior staff.
2) The Company keeps the cost structure lean and variable, for example, (a) as site personnel were employed on a contract basis during the peak cycle, there would be natural attrition upon project completion; and (b) sub-contracts were structured in a manner to keep the costs variable. In addition, in line with the Company’s “Shared Destiny” philosophy, the Company preferred to keep a lean organisation structure instead of having VSS for staff.
3) The prospects of the Construction Division are supported by an outstanding order book of RM5.5 billion which will be able to provide steady revenue for the next two (2) to three (3) years.

Q3 1) If the share is under value. We can use the fund to buy back. 2) Staff had enjoy two (2) month salary during MCO so better cut down on bonus. 3) Give e-wallet or voucher to participant to encourage support to virtual meeting to help save money on physical meeting.

A3 1) We have noted the share price being undervalued and already performed some share buy-backs by exercising the authority made available to the Company by the shareholders at the last AGM. 2) The bonus that was paid to the staff was in respect of the previous financial year’s performance. For the present year, the staff have been subject to a pay cut. The bonus for the current financial year would depend on the performance of the year. 3) The question on e-wallets or vouchers have been responded to earlier.

Q4 Be a developer ourself, we should design our own building because consultant always over design, can cut down few million ringgit. Construction is too risky.

A4 The technical team of the Property Division always review the overall designs with consultants to ensure the designs are kept at optimal level and to ensure that the desired products are suited for our customers.

Q5 All M n E services should expose for convenient of maintenance and can save so much cost. Why director get so much fee & never give anything to shareholder?

A5 We, being a construction and property group, are well aware of the intricacies relating to building construction and also the future maintenance of the properties. Besides that, we also need to take into consideration our buyers' preferences in terms of aesthetics and architectural look in the

- implementation of our projects. The Non-Executive Directors had already offered a reduction of their fees for the last financial year.
- Q6 For division that have negative revenue, what are the Company's plans to increase profitability more so that shareholders can have better dividend. The increase of your fees should be on par with profitability of the company?
- A6 The landscape is uncertain and as explained in the pre-AGM Q&A, mitigation measures are being taken to address the short and medium term challenges. Directors had already volunteered a fee reduction as reflected in the fees for the last financial year.
- Q7 The revenue and earnings for the first quarter ended 30 June 2020 was drastically down. Will the remaining three (3) quarters be performing better?
- A7 The first quarter ended 30 June 2020 bore the brunt of the lockdown from the movement control restrictions imposed by the Government. All operations have substantially resumed, so we expect the performance level of the Company to improve over the next three (3) quarters relative to the first quarter.
- Q8 Kuantan Port had a new Privatisation Agreement signed in 2015 for 30 years. 1) Is there provisions for increase of port charges in the new agreement and if yes, when is the next revision? 2) What is the capex for the New Deep Water Terminal under the new agreement and has the construction commenced?
- A8 1) The port tariff could be increased periodically subject to the approval from the relevant authorities. 2) The total capital expenditure for the New Deep Water Terminal is RM3 billion and the project would be completed in two (2) phases. The Phase 1 had been substantially completed and the capital expenditure spent was approximately RM1.2 billion. The commencement of Phase 2 will be dependent upon the development and requirements of the foreign direct investments that are being set up in the Malaysia-China Kuantan Industrial Park.
- Q9 There were previous media reports on the possibility of IJM listing its toll road concessions on Bursa Malaysia. Can the Board update shareholders on whether IJM will pursue a listing exercise and if yes, what are the business merits for such listing and how it will enhance shareholders' value.
- A9 We are not in the position to comment on the media reports. However, given the uncertain Government policy directions in respect of the toll concession industry, we will wait for clear policy directions before reviewing any future possibilities.
- Q10 Referring to the Annual Report 2020 on Page 131 and 139 in relation to the annual customer satisfaction survey/Customer Satisfaction Index, as an owner of the Company's product in Bandar Rimbayu, I did not receive any survey notification and I wish to inform that I am dissatisfied with the traffic planning in Bandar Rimbayu. 1) What is the Company's plan to mitigate the traffic issue as more people are moving in? 2) Have any action been taken so far? Have any engagement with other developer and/or the authority been carried out? 3) Is there any direct exit from Bandar Rimbayu?
- A10 The customer survey is conducted yearly based on a selected sample size. The Company always welcomes feedback from the buyers and residents on how we can further improve the township together. The traffic plan that was implemented was based on the plan approved by the local authority. There are currently three (3) access roads going into Bandar Rimbayu, namely from Kota Kemuning, Bandar Saujana Putra and Jalan Kebun which was opened last year.

Notwithstanding the above, we are constantly engaging the local authority to find ways to improve the traffic flow.

Q11 Why the need to impair the property inventories?

A11 In view of the effect of the Covid 19 pandemic on the overall property market, we have taken the decision to review the value of the Property Division's existing inventories to be in line with the property market values.

Q12 How much does a Director being paid for attending a Board meeting and other board committee meeting?

A12 The Non-Executive Directors of the Company are entitled to meeting allowance of RM1,000 per person for each meeting attended.

Q13 Would there be any corporate restructuring for cost saving in this quarter and the next quarter? Will any special dividend be declared?

A13 Given the overall uncertain market scenario, conservation of cash would be an important consideration for the Group. Nevertheless, the Group is trying to dispose of its low yielding assets. There is no plan to declare any special dividend at the present moment.

Q14 Foremost, my congratulations to Tan Sri Krishnan Tan on being appointed as Chairman of the IJM Group and specifically to Mr Liew as its CEO & MD. Also, to Mr Edward Chong, as the new CFO. Besides a new and younger top management refresh, it is heartening to note the Group Strategic Focus for 2021 to 2023. Can the Chairman share the expected performance for the current financial year and the likely reward the shareholders can expect in dividend declaration this year?

A14 The situation in the market place is pretty tough. The property market would require several years to recover and therefore it will continue to be challenging. The Construction Division is still having an outstanding order book which would provide visibility for the next two (2) to three (3) years, however the overall construction market is slow particularly in respect of property development. The Industry Division will continue to face headwinds. Both the Toll and Port Divisions are expected to perform reasonably well. Given that kind of scenario and difficult environment going forward, it would be deemed satisfactory if we continue to make decent profits. In relation to declaration of dividend, the Company has a policy to constantly pay some dividends depending on the performance of the relevant financial year. You can expect a dividend being paid although we are unable to disclose the rate at this point of time.

Q15 On the bottom of page 9, the article has the heading "IJM Corp upgraded to 'buy', target price maintained at RM1.95". Can this price target be achieved by this year end, without the buy-back initiatives? This question is posed to Ms Tan Ting Min, as an independent Director and based on her extensive experience as the Research Head at Credit Suisse.

A15 IJM is fundamentally strong. Its share price is now below the book value. Whether the target price can be achieved by this year-end will depend very much on macro factors. The Company is in difficult and challenging times and is going through uncharted waters due to the Covid-19 pandemic. We will also need to see how the Covid-19 pandemic evolves. In addition, the Company was unfortunately excluded from the MSCI Equity Index and this had quite an impact on the share price as IJM had always had a very substantial foreign interest. Furthermore there is continuous foreign selling in the Malaysian stock market which has also impacted the share price regardless of IJM's fundamentals.

Q16 Can you share what is the performance of the pile factory in the China market last year and the expected performance for the current year?

A16 The pile factory in China is currently not making profit. Management will continue to monitor closely the performance of its operations.

Q17 How many shares buy-back has the company made so far and at what average price was the price paid for?

A17 The number of shares bought-back to date is 19,836,700 shares and the average price per share is RM1.51. The information on the share buy-backs are contained in the Company's website under "Investor Relations" – "Record of Share Buy-Back".