

IJM CORPORATION BERHAD

198301008880 (104131-A)

38th AGM Minutes dd 25 August 2022

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EXTRACT of the **MINUTES** of the **38th 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 Thursday, 25 August 2022, 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. Dato’ David Frederick Wilson, *Independent Non-Executive Director*
5. Mr Pushpanathan a/l S A Kanagarayar, *Independent Non-Executive Director*
6. Mr Goh Tian Sui, *Independent Non-Executive Director*
7. Tunku Alina Binti Raja Muhd Alias, *Independent Non-Executive Director*
8. Ms Tan Ting Min, *Independent Non-Executive Director*
9. Dato’ Ir. Tan Gim Foo, *Independent Non-Executive Director*
10. Ms Loh Lay Choon, *Independent Non-Executive Director*
11. Datuk Lee Teck Yuen, *Non-Executive Director (via Zoom)*
12. Encik Azhar Bin Ahmad, *Non-Executive Director*
13. Ms Ng Yoke Kian, *Company Secretary*

MEMBERS AND PROXIES PRESENT:-

223 members and 16 proxies (excluding Directors and Secretary)

BY INVITATION:-

1. Ms Pauline Ho, *Partner, PricewaterhouseCoopers PLT (“PwC”) (via Zoom)*
 2. Mr Mahesh Ramesh, *Partner, PwC (via Zoom)*
 3. Mr Lee Xian Yang, *Senior Manager, PwC (via Zoom)*
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The Chairman welcomed all the members and proxies for participating in the Company’s virtual AGM. He then introduced himself, the members of the Board of Directors (“Board”), the Company Secretary, the Auditors from PwC, the Poll Administrators from Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) as well as the Independent Scrutineers from Deloitte Business 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.

In order to facilitate an orderly meeting, the Chairman informed that the CEO&MD would answer all questions which were received prior to the AGM upon the completion of his presentation and that any questions raised during the AGM would be addressed after the tabling of all the resolutions, but before voting commences. Should the Board be unable to respond to any of the questions at the AGM, the responses would be provided via e-mail and/or on the Company’s website.

1.0 AUDITED FINANCIAL STATEMENTS

Before receiving the 2022 Audited Financial Statements, the Chairman invited the CEO&MD to present to the meeting an overview of the overall business landscape and the performance of the Group in financial year 2022. The CEO&MD in his briefing covered the following:-

- a) the Group strategic focus for financial year (“FY”) 2023 to 2025 which covers building resilience, driving growth and nurturing capabilities;

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- b) the Group’s financial and performance review, which included the financial position and the revenue, earnings before interest, taxes, depreciation, and amortisation (EBITDA) and profit before tax (“PBT”); and
- c) the strategic focus areas on building resilience, driving growth and nurturing capabilities as follows:-

Build Resilience	Drive Growth	Nurture Capabilities
<ul style="list-style-type: none">• financial resilience demonstrated in a pandemic year;• continuing with aggressive paring down of property inventory and disposal of low yielding assets; and• more proactive stance in capital management.	<ul style="list-style-type: none">• short term strategies - improve outlook across most divisions in FY2023;• long term strategies - well-positioned to participate in upcoming Government infrastructure projects on private finance initiative (PFI) model; and• incubation of long term assets.	<ul style="list-style-type: none">• digital transformation;• Sustainability Roadmap for FY 2023 to FY 2025;• compliance and risk management; and• people management.

The CEO&MD also presented the responses of the Company to questions raised by the Minority Shareholder Watch Group (“MSWG”) *vide* letter dated 5 August 2022 (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 2022, 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 the online remote voting facility provided by Tricor.

3.0 RESOLUTIONS OF THE MEETING

3.1 Re-election of Directors

The Chairman mentioned that Resolutions 1, 2, and 3 were on the re-elections of Datuk Lee Teck Yuen, Dato' David Frederick Wilson and Mr Liew Hau Seng respectively, who were retiring by rotation in accordance with Clause 88 of the Company’s Constitution. Resolution 4 and 5 were on the re-election of Dato' Ir. Tan Gim Foo and Ms Loh Lay Choon who were appointed to the Board on 23 November 2021 and 7 July 2022 respectively. They were retiring in accordance with Clause 92 of the Company’s Constitution. Being eligible for re-election, the Directors 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, and the Board had endorsed the recommendation of the Nomination & Remuneration Committee to re-appoint the Directors.

3.2 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.

3.3 Directors' Fees

Resolution 7 was to authorise the payment of Directors' fees of RM1,786,069 for the year ended 31 March 2022 to be divided amongst the Directors in such manner as the Directors may determine.

3.4 Directors' Benefits

Resolution 8 was to authorise the payment of Directors' benefits to the Non-Executive Directors up to an amount of RM615,000 for the period from 26 August 2022 until the next AGM, and the outpatient medical benefits up to RM30,000 for the period from 1 January 2022 to 25 August 2022.

3.5 Directors' Fees and Meeting Allowance by subsidiaries

Resolution 9 related to the payment of Directors' fees and/or meeting allowance by subsidiaries to several Non-Executive Directors. The Directors' fees of the subsidiaries, namely IJM Land Berhad and IJM Construction Sdn Bhd for the year ended 31 March 2022 was RM24,000 and the Directors' meeting allowance of up to an amount of RM52,000 for the period from 1 January 2022 until the next AGM.

The Chairman informed that the interested Directors would abstain themselves from voting on Resolutions 7, 8 and 9.

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

The Resolution 10 related to Authority to Allot and 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 working capital, acquisitions, funding future investment projects such as government major infrastructure projects bidding which requires funding proposals on Private Finance initiatives. 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 11 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 that the Board views as favourable, should the need arise. The Board was of the opinion that the proposed renewal was in the best interest of the Company.

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Upon the tabling of all the resolutions, the Chairman, the CEO&MD and Deputy CEO & Deputy MD responded accordingly to all the questions raised by the members and proxies during the AGM (Annexure II). All the questions raised by the shareholders during the AGM were made visible to all shareholders who participated at the AGM, other than the similar questions which had already been addressed under the responses to MSWG and other shareholders pre and during AGM.

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).

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 11 were carried:-

5.1 Re-election of Datuk Lee Teck Yuen

<u>Resolution 1</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	2,405,933,800	87.8112
Voted AGAINST	333,958,712	12.1888
	<u>2,739,892,512</u>	<u>100.0000</u>

(ABSTAINED: 256,782 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 Dato' David Frederick Wilson

<u>Resolution 2</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	2,246,311,112	81.9854
Voted AGAINST	493,581,400	18.0146
	<u>2,739,892,512</u>	<u>100.0000</u>

(ABSTAINED: 256,782 shares)

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

5.3 Re-election of Mr Liew Hau Seng

<u>Resolution 3</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	2,481,478,843	99.6887
Voted AGAINST	7,749,299	0.3113
	<u>2,489,228,142</u>	<u>100.0000</u>

(ABSTAINED: 250,921,152 shares)

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It was resolved that Mr Liew Hau Seng be re-elected as Director pursuant to Clause 88 of the Company's Constitution.

5.4 Re-election of Dato' Ir. Tan Gim Foo

<u>Resolution 4</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	2,482,652,943	90.6113
Voted AGAINST	257,239,671	9.3887
	<u>2,739,892,614</u>	<u>100.0000</u>

(ABSTAINED: 256,680 shares)

It was resolved that Dato' Ir. Tan Gim Foo be re-elected as Director pursuant to Clause 92 of the Company's Constitution.

5.5 Re-election of Ms Loh Lay Choon

<u>Resolution 5</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	2,739,858,115	99.9987
Voted AGAINST	34,499	0.0013
	<u>2,739,892,614</u>	<u>100.0000</u>

(ABSTAINED: 256,680 shares)

It was resolved that Ms Loh Lay Choon be re-elected as Director pursuant to Clause 92 of the Company's Constitution.

5.6 Re-appointment of Auditors

<u>Resolution 6</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	2,739,744,589	99.9943
Voted AGAINST	155,025	0.0057
	<u>2,739,899,614</u>	<u>100.0000</u>

(ABSTAINED: 249,680 shares)

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

5.7 Directors' Fees

<u>Resolution 7</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	2,479,404,705	90.8028
Voted AGAINST	251,134,443	9.1972
	<u>2,730,539,148</u>	<u>100.0000</u>

(ABSTAINED: 9,610,146 shares)

It was resolved that the Directors' fees of RM1,786,069 for the year ended 31 March 2022 be approved and to be divided amongst the Directors in such manner as they may determine.

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5.8 Directors' Benefits

<u>Resolution 8</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	2,479,397,505	90.8024
Voted AGAINST	251,143,643	9.1976
	<u>2,730,541,148</u>	<u>100.0000</u>

(ABSTAINED: 9,608,146 shares)

It was resolved that the payment of Directors' benefits to the Non-Executive Directors up to an amount of RM615,000 for the period from 26 August 2022 until the next Annual General Meeting, and the outpatient medical benefits up to RM30,000 for the period from 1 January 2022 to 25 August 2022 be approved.

5.9 Directors' Fees and Meeting Allowance by subsidiaries

<u>Resolution 9</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	2,739,496,138	99.9868
Voted AGAINST	361,276	0.0132
	<u>2,739,857,414</u>	<u>100.0000</u>

(ABSTAINED: 291,880 shares)

It was resolved that the payment of Directors' fees of the subsidiaries, namely IJM Land Berhad and IJM Construction Sdn Bhd for the year ended 31 March 2022 of RM24,000 and the meeting allowance of up to an amount of RM52,000 for the period from 1 January 2022 until the next Annual General Meeting be approved.

5.10 Authority to Allot and Issue Shares under Sections 75 and 76

<u>Resolution 10</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	1,836,552,440	67.0244
Voted AGAINST	903,572,174	32.9756
	<u>2,740,124,614</u>	<u>100.0000</u>

(ABSTAINED: 24,680 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.

5.11 Renewal of Share Buy-Back Authority

<u>Resolution 11</u>	<u>Number of Shares</u>	<u>%</u>
Voted FOR	2,008,623,193	73.3067
Voted AGAINST	731,402,621	26.6933
	<u>2,740,025,814</u>	<u>100.0000</u>

(ABSTAINED: 123,480 shares)

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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

On behalf of the Board, the Chairman recorded his appreciation to Mr Ken Pushpanathan for all his services rendered to the Company and the Group during his tenure of service as Director of the Company.

There being no other business, the meeting concluded at 12.32 p.m. with a vote of thanks to the Chair.

Reply to the enquiries from Minority Shareholder Watch Group *vide* letter dated 5 August 2022

Operational & Financial Matters

Q1: Continuing Operations

The Group recorded a profit before tax (PBT) from its continuing operations of RM317,871,000 in FY2022 (FY2021: PBT of RM511,149,000), representing a decline of RM193,278,000 or 37.81% with almost all the segments reporting lower PBT in FY2022. This was due to one-off impairments on the Group's property inventories and toll concession assets in the year and the absence of one-off gains from the disposal of assets in the previous year.

Excluding the one-off items and foreign exchange gains/losses, the Group's core PBT from continuing operations improved by 19.4% to RM477.06 million (FY2021: RM399.48 million) (Pages 56, 205, 279, and 282 of the Annual Report 2022).

- (a) How does the Board plan to address IJM Group's underperforming businesses, which have caused such impairments?

A1(a): The one-off impairments made on the Group's property and toll concession assets were part of the Group's Strategic Focus of Building Resilience. The Build Resilience pillar involves the identification and disposal of low-yielding assets, and may prompt a downward revision in the asset value in some instances.

The impairment made to the industrial land bank in Kuantan was to enable a more accurate reflection of its prevailing market value. This has paved the way for the Division to enter into a joint venture with China Harbour Engineering Company Ltd ("CHEC"), in July 2022, to develop the said land into an integrated mixed development and logistics hub in Kuantan. This development, also known as the Malaysia-China Kuantan International Logistics Park ("MCKILP"), is envisaged to complement the surrounding industrial zones and further enhance the growth of Kuantan Port in the long term.

- (b) What is the outlook for the Group's business from the continuing operations in FY2023?

A1(b): Notwithstanding the deteriorating global economic conditions, the outlook for the Group's businesses from the continuing operations in FY2023 is expected to be supported by the growth in the Malaysian economy. The short term and long term drivers of each business are elaborated on in the Management Discussion and Analysis (pages 60 to 94 of the Annual Report) and have been presented by the Group CEO & MD during the AGM.

Q2: Construction Division

- (a) What are the Division's current projects and their progress, to-date?

A2(a): As at 31 March 2022, the Division's outstanding order book of RM4.26 billion consists of 23 active building, road and infrastructure projects, which are at various stages of completion. Apart from projects that have either just commenced or are nearing completion, the progress of jobs by the Division range between less than 10% to over 70%.

- (b) The Division remains vigilant in view of the uncertain business environment that includes geopolitical uncertainties, rising building material prices, labour shortages, supply chain disruptions and macro-economic headwinds (Page 73 of the Annual Report 2022).

Considering the uncertain business environment that also includes the rising material prices, labour shortage, and supply chain disruptions, how does the Division plan to mitigate the impact of these items, which can directly affect the Division's profit margins?

A2(b): Given the prevailing volatility and uncertainties, the Division continues to practice a disciplined approach to tendering for projects by providing for cost contingencies while it maintains the quality of its order book with jobs from financially stronger clients. Some of the Division's existing projects also contain a cost pass-through element. The challenge of labour shortage, however, is expected to persist in the near term. The Division is addressing the challenge from a project-by-project basis, working with its supply chain, and reprioritising workflows whilst managing its existing workforce to ensure health and safety standards are not compromised.

- (c) As reported on Page 70 of the Annual Report 2022, the Division's outstanding order book is RM4.26 billion.

- i. How long will this order book last?

A2(c)(i): The outstanding order book is expected to last between two to three years.

- ii. What is targeted order book replenishment in the next two financial years?

A2(c)(ii): The Division is targeting an order book replenishment of about RM3 billion in FY2023. Generally, the Division targets to replenish its order book by at least its annual billing amount, or higher in favourable market conditions.

- (d) The Division is optimistic of its prospects, in anticipation of large public infrastructure projects such as MRT 3 and other large-scale projects being rolled out by the Government (Page 73 of the Annual Report 2022).

Is the Division actively tendering for any construction projects? If so, what is the size of the construction order book that the Division is bidding for currently?

A2(d): The Division has an active tender pipeline, which is presently in excess of RM20 billion, given the scale of upcoming public infrastructure works such as the MRT 3 project.

Q3: Property Division

- (a) There is an impairment of inventories amounting to RM66.08 million pertaining to the Division's industrial development in Kuantan (Page 77 of the Annual Report 2022).

- i. What has caused that impairment of inventories to occur?

A3(a)(i): Addressed in the reply to Question 1(a).

- ii. Does the Division expect any further impairment on this item?

iii. What is the prospect of reversing the amount?

A3(a)

(ii & iii): (Reply to ii and iii)

The Division does not expect any further impairment on this item as the joint venture partners are committed to the successful development of MCKILP. Any subsequent accretion of land value in this development will be reflected in future development profits of the joint venture. Separately, IJM Construction has also formed a joint venture with CHEC to undertake the construction works for the main infrastructure and facilities in MCKILP, and may derive its share of construction profits made in the future.

(b) The Division continued to pare down its completed property inventory to RM865.42 million at end-March 2022 from RM1,150.93 million a year ago (Page 94 of the Annual Report 2022).

What is the targeted value of the completed property inventory to be pared down in FY2023?

A3(b): The Division's aggressive paring down of its completed property inventory from RM1,522.75 million in FY2020 to RM1,150.93 million in FY2021 and, RM865.42 million in FY2022, is commendable, especially in light of the pandemic period. While the Division strives to further reduce its completed property units, the level of completed inventory at the end of FY2023 will also be subject to prevailing market conditions, new project completions during the year and the release of bumiputra units that make up around 25% of its completed inventory.

Q4: Industry Division

(a) Labour shortages have hindered the Division from achieving higher capacity utilisation (Page 83 of the Annual Report 2022).

i. Is the Division still facing labour shortages? If so, what is the Division's strategy to manage the issue?

A4(a)(i): The Division, like most other companies in the manufacturing sector, is still facing labour shortages. As stated on page 83 of the Annual Report, the Division has upgraded and modified its Kapar and Lumut factories to increase existing capacities through improved automation. In FY2023, the Nilai factory will be upgraded for the same purpose. In addition, the Division's application for foreign workers has been approved by the Ministry of Human Resource and it is following up closely to bring them in as soon as possible.

ii. What is the previous and current capacity utilisation rate for the Division's plants and the expected capacity utilisation rate in FY2023?

A4(a)(ii): The average capacity utilisation rate of the Division's ICP plants in FY2022 was 80%. Given the improving demand outlook in FY2023, the Division is striving to improve the current utilisation rates, subject to labour constraints.

- (b) What is the Division's current order book? What is the targeted order book replenishment from local and overseas markets in the next two financial years?

A4(b): As at 31 March 2022, the Division's outstanding orders were around 1.1 million tons. For FY2023, the Division aims to secure more than the 2.2 million tons of new orders it achieved in FY2022. The Division's replenishment target for FY2024 will be determined based on the prevailing market conditions then.

Q5: Infrastructure Division

- (a) There is an impairment of RM77.05 million in respect of the Group's investment in toll concession assets (Page 62 of the Annual Report 2022).

- i. What has caused that impairment of the Group's investment in toll concession assets to occur?

A5(a)(i): As detailed in the Notes to the Accounts on page 337 of the Annual Report, an impairment assessment on the Group's Vijayawada Tollway concession in India showed that the recoverable amount of the expressway's development expenditure is lower than the carrying amount, resulting in an impairment of RM36.5 million in the year. Separately, the Group increased the allowance for impairment of the Redeemable Convertible Unsecured Loan Stocks ("RCULS") in LEKAS in the year amounting to RM40.6 million.

- ii. Does the Division expect any further impairment on this item?

- iii. What is the prospect of reversing the amount?

A5(a)

(ii & iii): (Reply to ii and iii)

As stated in the Summary of Significant Accounting Policies 22D and 25 on pages 246 and 250 respectively, in the Annual Report, impairment assessments or a reversal of previous impairments made are reviewed at each reporting date based on established criteria.

- (b) The Group's toll operations have seen a rebound in traffic volumes to pre-COVID levels after the reopening of the economy (Page 58 of the Annual Report 2022).

What is the current performance of the Division's eight toll road concessions (with four in Malaysia, three in India, and one in Argentina)?

A5(b): The performance of the Group's Toll operations is detailed in the Management Discussion and Analysis on pages 88 to 92 of the Annual Report. Currently, traffic volumes at the Group's Toll highways have recovered after the pandemic lockdowns with traffic volumes at some of the highways already surpassing pre-pandemic levels.

- (c) As the Division anticipates that Kuantan Port is also well-positioned for further brownfield expansion (Page 65 of the Annual Report 2022), what are the plans for Kuantan Port in the next few financial years?

A5(c): The sizeable pipeline of foreign direct investments in MCKIP, as detailed on page 65 of the Annual Report, and the construction of the East Coast Rail Line ("ECRL"), will drive the long term growth of Kuantan Port. Over the next few years, the Port

will be investing in the expansion of the New Deep Water Terminal as well as improving on the efficiencies of its existing facilities to coincide with the operational commencement of the industrial developments in the area and cater to the needs of its customers.

Corporate Governance & Sustainability Matters/Environmental, Social and Governance (ESG) Matters

Q6: Directors Fees & Benefits

(a) Resolution 7

IJM is seeking shareholders' approval for the payment of Directors' fees of RM1,786,069 for the year ended 31 March 2022 (Previous year: RM1,278,166) to the Non-Executive Directors.

What is the justification for proposing a payment of RM1,786,069 for the Directors' fees to the Non-Executive Directors, as this is RM507,903 or a 39.74% increase compared to the previous year's proposed payment?

A6(a): The Company has been benchmarking its Directors' fees against peer companies on a periodic basis to ensure the fees are fair and reasonable. After considering the benchmark survey and the increasing level of responsibilities expected of Directors, the Company has proposed an increase of basic annual Directors' fees to RM150,000 for FY2022. The basic annual Directors' fees have remained at RM110,000 since FY2017. In solidarity with a temporary salary reduction exercise by management, the Non-Executive Directors had also consented to a reduction of their fees by 5% for FY 2020 to demonstrate their support for the initiatives taken by the Company in response to the Covid-19 pandemic.

(b) Resolution 8

IJM is seeking shareholders' approval for the payment of Directors' benefits to the Non-Executive Directors up to an amount of RM615,000 for the period from 26 August 2022 until the next Annual General Meeting (Previous year: RM445,000).

What is the justification for proposing a payment of up to an amount of RM615,000 for the Directors' Directors' benefits to the Non-Executive Directors, as this is RM170,000 or a 38.20% increase compared to the previous year's proposed payment?

A6(b): The increase in Directors' benefits of the Non-Executive Directors compared to last year was mainly due to the adjustment of meeting allowances from RM1,000 to RM1,500 for each meeting attended, and the provision of certain medical benefits.

Q7: At the offsite Board Strategic Visioning Session held over a 3-day period in March 2022, the Board had actively deliberated on the visioning and forward-looking strategies for the Group, which also included ESG-related issues faced by the Group (Page 96 of the Annual Report 2022).

(a) What are the ESG related issues faced by IJM currently, which may need to be addressed in the near term?

(b) What are forward-looking strategies of the Company to address the issues?

A7

(a & b): (Reply to a) and b))

While there were no specific sustainability issues raised by stakeholders in FY2022, discussions at the Board Strategic Visioning included the heightened expectations of certain stakeholders, in particular those from major institutional investors, bankers and regulators. The discussions also included the establishment of the Group's Sustainability Roadmap for FY2023 – FY2025 to comprehensively address the Group's sustainability priorities.

(c) What ESG commitments have IJM decided to meet in the next two financial years? How much funding has been set aside for such purposes?

A7(c): Guided by its Sustainability Roadmap, depicted on page 128 of the Annual Report, the Group is committing to a wide array of sustainability goals across its 4 major pillars of Marketplace, Environment, Workplace and Community over the next 3 financial years.

Notably, the Group plans to introduce its commitment to a long term carbon target in FY2023. This commitment will be supported by its Climate Strategy, which consists of:-

- a carbon reduction strategy that follows a detailed assessment of the Group's Scope 1, 2 and 3 carbon emissions (pages 154 – 157 of the Annual Report);
- and a physical and transition climate risks and opportunities profile based on the Task Force on Climate-related Financial Disclosures ("TCFD") framework.

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Questions and Answers (“Q&As”) and Comments at the Annual General Meeting (“AGM”)

PRE-AGM*Q&As related to Financial & Operational Matters*

Q1 The company dispose toll business, how was substantial revenue of company business fully dependent on construction segments, does company will new venture others business for ensure revenue gain?

A1 The Group does not intend to dispose its toll business. Instead, the Group is working towards restructuring its highway concessions, as explained in the Group CEO and MD’s presentation. The Group’s Strategic Focus pillar of Driving Growth, as found on pages 64 and 65 in the Annual Report, includes ventures into new businesses that are complementary to IJM’s core businesses.

Q2 The Government impose monthly a week 45 hours workforce. What impact to company of the new employment?

Does company apply to all full-time employment included general worker, supervisor level, executive, manager and also top management?

What would company justification for the wages pay?

Does new operational cost increase after RM1,500 minimum wages and annual increase of salaries?

Does company revise wages and salaries to reduce overall cost of operation?

A2 IJM generally already complies with the reduction of work week hours from 48 hours to 45 hours, as our offices operate on a 5-day work week. The Group is adjusting the work hours for certain operations sites and functions that work on a 6-day basis to comply with the regulations.

The Group has increased the minimum wage of our workforce from RM1,200 to RM1,500, in May 2022, and adjusted the immediate pay band above this to ensure internal equity. The increase translates to RM1.98 million annually or 1% of the Group’s total salary cost.

Q3 Does company have capability on providing full services to industrial:

- 1) oil and gas
- 2) chemical
- 3) marine
- 4) underground services
- 5) mining and refining
- 6) food processing
- 7) medical
- 8) energy and utilities
- 9) manufacturing build up

What the goodwill for company future plans of level up service provider in overall Industry?

Since company having products and services with ISO standard additional with QC and QA main contractor and subcontractor ability, it should wider range able to serve more professional need?

A3 The Group does not currently provide services to these industries. We will take these suggestions into consideration.

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Q4 Is the company impacted by cukai makmur, minimum wage increase and weak ringgit? Any numbers to be shared?

A4 There has been minimal impact from cukai makmur on the Group's FY2022 financial performance. With regards to the Group's foreign exchange exposure, a net unrealised loss of RM45 million was incurred in the first quarter of FY2023.

The impact of the minimum wage increase has been addressed in a previous response. – Please refer A2 above

Q5 With the continuous OPR increase of 25 bps how has this impacted property sales. Any latest up to date property sales numbers to be shared?

A5 The Group's residential property sales appears to be steady, given the RM400 million sales achieved in 1QFY23.

Q6 Few years back a major construction company impaired their IBS plant. In view of this why do the management thinks that there is potential for the company's IBS plant and it is worth investing to build one? How much is the capacity utilisation of the IBS plant to date?

A6 The Group invested RM135 million in the IBS plant, which is a relatively prudent amount, given the size of the IJM Group and compared to some other construction companies. As highlighted in the CEO and MD's presentation, the IBS plant has the potential to address a market that is faced with prolonged labour constraints and growing environmental expectations. At present, the capacity utilisation of the plant is low as the IBS team is pursuing a few projects.

Q7 What is the outlook for Kuantan Port?

A7 *The question has been addressed in CEO's presentation. - The presentation is made available at <https://www.ijm.com/investor/extract-minutes-of-general-meetings>*

Q8 With increase in building material prices, is the company able to pass through part of whole of the higher construction cost? This is in reference to the Construction Division?

A8 *The question has been addressed in a Company's response to MSWG. – Please refer A2(b) of Annexure I.*

Q9 How has cukai makmur affected the company?

A9 *The question has been addressed in a previous response. – Please refer A2 above*

Q&As on other issues

Q10 Dear BOD - Kindly give us some e-vouchers, food vouchers or e-wallet (no discount vouchers please) for being loyal shareholders and attending this meeting. Times are bad now. Please be considerate to us shareholders during these trying times. TQ

A10 The Board values the active participation by all shareholders at our AGMs and your 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.

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DURING AGM

Q1 How much does our Company spend to hold this virtual AGM plus remote participation & voting (RPV)? Could the Management of our Company be kind enough to give away e-/meal vouchers to the event participants (particularly grateful to help minority shareholders to make their respective two ends to meet after the prolonged pandemics lock-down and the new norms they have to adapt to)?

A1 The Company has spent around RM50,000 to hold the virtual AGM for year 2022. As answered previously, the Company values the participation of shareholders at the AGM. However, consistent with the Company's past AGMs, no vouchers will be provided.

Q2 What is the target property sales in FY2023?

A2 We are targeting RM1.8 billion sales for FY2023.

Q3 What is the current tender book and what projects are IJM bidding on? Any update from the Government for MRT 3? Are you confident to win some project from MRT 3?

A3 As previously mentioned, the current tender book was in excess of RM20 billion and we are bidding for the type of jobs that we have a strong track record and expertise in. These consist of buildings and road projects in Malaysia and India, and infrastructure projects such as the MRT 3.

We are bidding for the MRT 3 main contractor packages of CMC301, 302 and 303. Given our experience in the works of MRT 1 and MRT 2 lines, and based on our strong balance sheet, we believe that we stand a good chance.

Q4 The RM1.5 billion 110 km Solapur-Bijapur Tollway is completed in 2021. How long is the concession and when will this concession expect to start contributing positively to the group?

A4 The concession was for a period of 20 years commencing from 2018 and the construction period formed part of the concession period. It commenced tolling in December 2021 and the traffic volume is in line with the projections.

Q5 When can AGM physical meeting be conducted?

A5 We will assess the public health risk situation again next year. Hopefully, we would have a face to face AGM next year.

Q6 Menara Prudential at TRX is with a carrying value of RM467 million.

(a) Please explain why Management had decided to invest in this commercial property considering that Kuala Lumpur is facing oversupply of office space?

(b) Is this building completed? Have many percent of the space are secured with tenants?

(c) What is the expected yield of this building?

A6 Menara Prudential was the first building to be completed in the TRX financial district development. The building is 81% tenanted, mainly by the Prudential group of companies and it is also housing the master developer, namely TRX City Sdn Bhd. Given the quality of the tenants, prime location and high tenancy rate, the Company is deriving a rental yield that is better than the average yield of the office buildings in Kuala Lumpur.

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Q7 Page 345 of the annual report show that all of our associates are reporting losses in the last two years. Please explain what is each of these associates and why is it making loss?

A7 Hexacon Construction Pte Ltd is our associate company in Singapore, where some of its construction projects were impacted by the prolongation of the construction period due to the Covid-19 pandemic, as well as significant building material price increases.

West Coast Expressway Sdn Bhd is the concession holder of the West Coast Expressway that is still under construction. The losses incurred are principally due to interest being expensed, and low traffic volumes from only a few sections of the highway that have commenced tolling.

We also have an associate toll concession in Argentina, called Grupo Concessionaire, whose toll traffic had been severely impacted by the frequent movement restrictions as a result of Covid-19.

Q8 It is good to see that our company core PBT from continuing operations improved by 19.4% to RM477 million in FY2021 (page 56). However, with total equity of RM11.4 billion, this only translate to a ROE of 4.16%, which still suggest that we have a lot of low yielding assets. Can the Board and Management please comment?

A8 The Group has always incubated long-term businesses whilst results are being actively produced from the existing projects. The incubation projects are usually related to toll highways, therefore the ROE is generally low and the Board is mindful of the situation. In the short term, as part of the Group's Build Resilience pillar, which was presented by the CEO, we have identified and monetised some of the low-yielding assets that would help to improve the ROE. The Group has also undertaken share buy-back exercise that could improve the ROE in the short term.

Q9 As mentioned in the latest quarter report, certain projects are in the tail-end which dragged down the performance of construction segment. With the RM3.94 billion order book, which projects will drive growth in FY 2023?

A9 Most of the projects secured in FY 2022, which amounted to about RM1.7 billion, are still at an early stage of construction. As these projects progress further, revenue would be progressively recognised from FY 2023 onwards. The Company adopts a conservative accounting policy where profits for the construction projects would only start to be recognised when the projects have achieved 10% completion.

Q10 Toll gate operated by company, how much losses per year?

A10 The losses of the Toll Division in FY 2022 amounting to RM77.05 million were mainly due to the impairments made to the Vijayawada Tollway and LEKAS Highway.

Q11 Is the port operation return to pre-Covid level?

A11 The Port Division is undergoing a recovery phase, however it has been affected by the international supply chain disruptions. The hikes in commodity prices and freight rates have deterred the imports and exports of raw materials by the manufacturers, in particular the steel mills which have reduced the import of raw materials as they are sourcing the materials from the domestic market. Nevertheless, with the recent drop in the freight rates, the port activities are expected to be improved in the second half of FY 2023.

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Q12 Is the Company facing any labour shortage?

A12 Labour shortage is a nationwide problem being faced by all the industries. We are managing our supply chain and work processes to mitigate the effect of the labour issue.

Q13 When is the next dividend?

A13 Based on our past practices, we have been consistently declaring dividends in second and fourth quarter of each financial year.

Q14 It was reported in the last year news that Selangor Exco commented that the construction of the West Coast Expressway (WCE) is experiencing a delay compared to the actual schedule following the poor performance of the main contractor. Can management please comment?

A14 The delay in WCE project is mainly due to the land acquisition issues faced by the main contractor. The issues had been substantially resolved but there are still some parcels of land being dealt with.

Q15 The Dewas Bypass Tollway project in India was completed in FY2022.

(1) What is IJM's effective interest in this tollway and what was IJM's total investment in this tollway?

(2) What is the concession period and when will it the concession ends?

A15 (1) IJM's effective interest in Dewas Bypass is 100% and our cost of investment or equity portion is RM62 million.

(2) The concession period is for 25 years from 2017 to 2042. The concession period includes the construction period of the tollway.

Q16 What is IJM's equity interest in MCKIP? The total area to be developed, percentage of industrial plots sold and balance to be launched?

A16 IJM's effective equity interest in MCKIP 1 is 20.4%, whereas MCKIP 2 and MCKIP 3 is 60%. The total areas for MCKIP 1, MCKIP 2 and MCKIP 3 are 455 acres, 1,000 acres and 676 acres respectively.

The land of MCKIP 1 and 2 were fully sold pending completion of certain conditions precedent, whilst MCKIP 3 will be jointly developed with China Harbour Engineering Company Ltd and the project is known as Malaysia China Kuantan International Logistics Park (MCKILP).

Q17 Don't engage expensive auditor.

A17 The audit fee is determined after taking into consideration multiple factors including but not limited to the quality of the work performed, the time spent, the experience of the audit engagement team, and the number of entities involved. We also do market benchmarking to ensure the fees are reasonable.

Q18 As we expect building material prices to remain high in the medium term, what is the current gross margin for the construction and property segment compared to pre-COVID-19 levels?

A18 The building material prices are not the only factor that affects the profitability of the construction and property segments. It is good that the materials prices are stabilised for the last one (1) month. Management is monitoring the material prices closely and also actively engaging the supply chain to address the operational issues such as labour shortages and high building materials costs.

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Q19 Seeing that GAMUDA is so successful in the overseas construction market, what are the actual plans for regional expansion? Is there a partnership/joint venture?

A19 IJM has been investing in India for about 25 years and would continue to chart milestone in India. Our recent achievement was the completion of Bijapur-Solapur Highway which has been recorded in the Limca Book of Records. Based on the track record, we had built about 1,500 km of roads in India and made reasonable profits from the disposal of certain tollways in the past. Other than India, the Company had also made some profitable overseas investment in other countries, like China.

We have an associate in Singapore known as Hexacon Construction Pte Ltd, which is a contractor and also performs some small scale development. Moving forward, we are exploring investment in other foreign markets such as Indonesia in view of the opportunities there and similarities of culture and language between Malaysia and Indonesia.

The Group has a history of participating in international projects and would continue to explore new projects overseas if the risks are manageable with favourable returns.

Q20 Why not venture into plastic door frame as timber is always attacked by termites, and metal frame difficult to install?

A20 We would like to thank you for your suggestion.

Q21 The continuous share buy-back of IJM shares in the past few months has resulted in accumulated treasury shares of more than 140 million shares. I would like to recommend that the Board consider distributing the treasury shares back to long term loyal shareholders to enhance shareholders' value. The Board's comments, please.

A21 The share buy-back strategy is adopted post disposal of IJM Plantations Berhad. This is to improve the earning per share in short and medium term while the Company is deploying the resources to its existing businesses to drive business growth. The Company had distributed a fair amount of monies to shareholders in dividends and would continue to evaluate the treatment of treasury shares in a near term.

Q22 Do any of the toll concessions in the group have guaranteed return clause?

A22 There is no guaranteed return clause for the toll concessions.

Q23 The 20% Argentina concession of the Western Access Tollway has been reporting losses for the last two (2) years.

- (1) When will the Board expects this associate to be able to turn in a profit as the concession will ends by Dec 2030.
- (2) Has the Board consider disposing this associate before the concession ends?

A23 The Argentina toll concession was severely affected by the movement restrictions imposed during the past two (2) years.

The extension of the concession granted by the Government of Argentina until December 2030 is to allow the concessionaire to collect the toll revenue arising from the compensation amount due from the Government of Argentina to the concessionaire. If the profit from the toll revenue is unable to settle the amount due, the concession can be further extended by the Government of Argentina. While the Company is confident in the collection of the amount due from the Government of Argentina, the Company will also consider monetisation of the investment if there is an opportunity.

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Q24 Hexacon Construction reported increase loss after tax amounted to RM47.379 million in FY 2022.

- (1) With the slowing opening of the economy in Singapore, can Management provide some updates on the performance of Hexacon in FY2023?
- (2) What is IJM's book value of its investment in Hexacon?

A24 (1) Hexacon has been a steady performer in the past (since its inception until year 2021). The market in Singapore was also affected by Covid-19, high material prices and labour issue. However, we believe that Hexacon would be able to return to profitability in the future.

- (2) As at 31 March 2022, the carrying value of IJM's investment in Hexacon was approximately RM270 million. The initial issued capital of Hexacon was about SGD1 million.

Q25 What are the key factors for the turnaround in the performance of the Industry Divisions? Is the strong performance sustainable or what is the outlook?

A25 The turnaround in the performance of the Industry Division was primarily due to the good performance from the piles business. The piles business reported improved operating margins mainly attributable to efficient costs control and improved selling prices. The Division recorded a strong order book for piles in last (1) one year due to some substantial orders from overseas for marine piles which had generated better profit. The outlook of the pile business remains positive with a healthy order book. In addition, the Industry Division has been proactive in reviewing and improving its processes to achieve better efficiency, and disposing its low yielding assets.

Q26 What causes such a huge forex loss in the recent quarter results? Shouldn't be the receivables be more than the payables on those overseas projects?

A26 The Company's forex losses in the recent quarter results were mainly attributable to the unrealised foreign exchange losses on USD denominated borrowings for the concessions in India and GBP denominated assets. The foreign exchange losses have been accounted for in the books of the Group.

Q27 LEKAS has been continuously making losses until no longer equity accounts in the group, management attribute this to the toll rate disparity with its main competing highway, PLUS Expressway.

- (a) Understand that most toll concession comes with guaranteed return via compensation from government if the traffic volume is lower than the projected volume. Why LEKAS does not have such clause?
- (b) What was the total investment in LEKAS?
- (c) In hindsight, is this a bad investment?

A27 (a) So far only the pioneering highway such as PLUS Expressway had some form of guaranteed traffic, but not for the subsequent highways.

- (b) As at 31 March 2022, IJM's total investment in LEKAS was about RM323 million.
- (c) LEKAS is affected by the toll rate disparity as the lower toll rates of PLUS Expressway now is almost half the toll rates of LEKAS which were structured at the same rates as the original PLUS Expressway. The change of the policy by the Government has adversely affected LEKAS. Recently, the Government and the concession company are in advance discussion to restructure the toll concessions for LEKAS to have a better competitive advantage with PLUS Expressway. In the past, the Group made profits from developing and monetising toll concessions, however LEKAS is one (1) of the rare exception.

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Q28 Is there any increase in dividends for shareholders? By increasing the meeting allowances for directors, it shows that the Company is only interested in protecting the Directors' interests and none for the shareholders. All this while there is no door gift or other token of appreciation for shareholders who attended the meeting, be it physical or virtual. Really disappointing.

A28 The Group has just paid a special dividend of RM0.15 for the financial year ended 31 March 2022, together with RM0.06 of interim dividend, which amounted to RM0.21 for the financial year ended 31 March 2022. In the financial year ended 31 March 2021, a dividend of 6 cents was paid. The Directors do take into account the returns to shareholders seriously.

Q29 On page 3, it was disclosed that Our Vision is to become a leading Malaysian conglomerate in the markets we serve. Can Tan Sri Chairman or the CEO&MD share whether the vision has been achieved? Similarly, Our Mission is to deliver sustainable value to our stakeholders and enrich lives with the IJM Mark of Excellence. Has Our Mission been achieved, as well?

A29 Our mission is a journey and it continues. We have been accomplishing many things despite ups and downs during the journey. Overall, we continue to perform and strive to achieve the vision and mission we have set for ourselves.

Q30 IJM Group has an equivalent of approximately RM672 million of borrowings in USD with an effective interest rate of 2.5% in FY2022 (Page 300 of AR).

- (1) With the continuous increase in US interest rates, will the USD borrowing interest rates be increased accordingly?
- (2) If Yes, how will Management mitigate the risk of increasing finance costs due to the rates increase?

A30 The loans are floating rate loans and any increase in interest rate would increase the cost of borrowing. Management has been constantly exploring options on how to mitigate financial risks. The USD loans are deployed on a longer tenure of concession as the loans are used to fund some tollways in India. There would be foreign exchange impacts to the Group for a certain period of time, however, historically for a longer loan tenure, USD loans have a much lower interest rates compared to the local currency borrowings.

Q31 The Group CEO&MD has explained that the Construction Division has targeted an order book replenishment of about RM3 billion in FY2023. As there is another 5 months to year end, to what extent has the replenishment target been achieved? As for Indonesia, can the Group CEO&MD elaborate which Indonesian island has been the focus and whether it involves the new administrative capital of Indonesia? And if so, whether construction will commence in the coming year or so?

A31 There are another seven (7) months to the financial year end in March 2023. We believe the targeted order book of RM3 billion is reasonable given our tender pipeline. We expect some positive developments in the next two (2) months for some of the tenders that we had submitted.

Indonesia is a country which we are exploring for our long-term expansion prospects, and this includes the new capital of Indonesia, Kalimantan. We are still working on the expansion plan.