EXTRACT of the **MINUTES** of the **32nd Annual General Meeting** {AGM} of **IJM PLANTATIONS BERHAD (133399-A)** held at the Victorian Ballroom, Level 1, Holiday Villa Hotel & Suites Subang, 9 Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Tuesday, 22 August 2017, at 3.00 p.m.

DIRECTORS & SECRETARY PRESENT:-

1. Tan Sri Dato' Wong See Wah, *Independent Non-Executive Chairman*
2. Mr Joseph Tek Choon Yee, *Chief Executive Officer & Managing Director ("CEO&MD")*
3. Mr Purushothaman a/l Kumaran, *Chief Financial Officer & Executive Director ("CFO&ED")*
4. Mr M. Ramachandran a/l V.D. Nair, *Senior Independent Non-Executive Director*
5. Mr Pushpanathan a/l S.A. Kanagarayar, *Independent Non-Executive Director*
6. Datuk Dr. Choo Yuen May, *Independent Non-Executive Director*
7. Tan Sri Dato' Tan Boon Seng @ Krishnan, *Non-Executive Director*
8. Dato' Soam Heng Choon, *Non-Executive Director*
9. Ms Ng Yoke Kian, *Company Secretary*

MEMBERS AND PROXIES PRESENT:
72 members and 29 proxies (excluding Directors and Secretary)

BY INVITATION:-

1. Ms Loh Lay Choon, *Partner, PricewaterhouseCoopers ("PwC")*
2. Mr Lim Sen Shih, *Senior Manager, PwC*

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

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

1.0 AUDITED FINANCIAL STATEMENTS

Before considering the 2017 Audited Financial Statements, the Chairman requested the CEO&MD to present to the meeting a brief overview of the Group's activities, performance and outlook. The CEO&MD in his briefing covered the following:-

a) the Group's 32 years oil palm journey from 1985 to 2017;
b) the Group's operations in Malaysia and Indonesia including planted area, oil palm age profile, estates crop production and challenges;
c) the Group's financial performance for the financial year 2017 and its outlook; and
d) activities and/or initiatives carried out by the Group under four (4) sustainability pillars, namely productivity & innovations, care for environment, investor in people and returning to community.

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

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

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

2.0 POLL VOTING

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

3.0 RESOLUTIONS OF THE MEETING

3.1 Re-election of Directors

The Chairman informed that Resolutions 1 and 2 were on the re-elections of Dato' Soam Heng Choon and Mr Joseph Tek Choon Yee, who were retiring by rotation in accordance with Article 84 of the Company's Articles of Association, while Resolution 3 was on the re-election of Datuk Dr. Choo Yuen May, who was appointed to the Board on 1 November 2016 and was retiring in accordance with Article 88 of the Articles of Association.

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

3.2 Re-appointment of Directors

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

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

3.3 Re-appointment of Auditors

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

3.4 Retention of Independent Non-Executive Directors

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

Tan Sri Krishnan Tan took over the Chair and informed that the Board via its NRC had reviewed and assessed the performance and independence of Tan Sri Dato' Wong See Wah and was of the view that his length of service on the Board did not impair his independence.

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

Tan Sri Wong had completed his 9-year tenure on 16 August 2015, and was retained as an Independent Non-Executive Chairman by the shareholders of the Company at the AGMs held on 21 August 2015 and 23 August 2016. Tan Sri Wong has developed a good understanding of the Group's business operations over time and thus enabling him to challenge Management on the Group's businesses and strategies in a constructive manner. He provides leadership for the Board and facilitates the Board to perform its responsibilities effectively through his independent and objective chairmanship. In addition to his exemplary leadership, Tan Sri Wong often demonstrates the values and principles associated with independence during Board discussions. He always seeks clarifications, when necessary, and expresses his views and debates issues objectively, besides challenging Management on important issues raised at various formal and informal meetings.

With the above justification, the Board recommended that the members to vote in favour of Resolution 7.

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

The Chairman continued with Resolution 8 on the retention of Mr Ramachandran who had also served as an INED for more than nine (9) years. It was noted that Resolution 8 was conditional upon the passing of Resolution 5. The Chairman informed that the Board via its NRC had reviewed and assessed the performance and independence of Mr Ramachandran and was of the view that he would be able to continue exercising independent judgement despite his long relationships with the Board.

The justification for the retention of Mr Ramachandran provided in the Statement on Corporate Governance and notes to the Notice of AGM in the Annual Report was reproduced as follows:-

Mr Ramachandran, a renowned plantation industry expert, had completed his 9-year tenure on 28 May 2016, and was retained as an Independent Non-Executive Director following the approval of shareholders at the last AGM held on 23 August 2016. His vast experience and in-depth knowledge in the plantation industry complements the business of the Group. He often shares his insights and raises pertinent questions to the Management on various issues Mr Ramachandran also demonstrates his independence and provides objective views during deliberations at all the Board and Board Committee meetings. He often brings balanced perspectives, highlights issues and/or provides suggestions on various areas including but not limited to strategies, operations, governance and sustainability. He is also able to provide constructive views and participate actively at all the formal and informal meetings.

With the above justification, the Board recommended that the members to vote in favour of Resolution 8.

3.5 **<u>Directors' Fees</u>**

The Chairman informed that Resolution 9 was to authorise the payment of Directors' fees of RM743,417 for the year ended 31 March 2017 to be divided amongst the Directors in such manner as the Directors may determine.

The Chairman also informed that the interested Non-Executive Directors would abstain themselves from voting on Resolution 9.

3.6 **Directors' Meeting Allowance**

The Chairman informed that Resolution 10 was to authorise the payment of meeting allowance to the Non-Executive Directors up to an amount of RM100,000 for the period from 31 January 2017 until the next AGM.

The Chairman also informed that the interested Non-Executive Directors would abstain themselves from voting on Resolution 10.

3.7 **Authority to Issue Shares Under Sections 75 and 76**

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

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

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

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

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

4.0 **POLL PROCESS**

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

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

5.0 **POLL RESULTS**

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

5.1 Re-election of Dato' Soam Heng Choon as Director

Resolution 1	Number of Shares	%
Voted FOR	669,544,939	99.993111
Voted AGAINST	46,125	0.006889
	669,591,064	100.000000

(ABSTAINED: None)

It was resolved that Dato' Soam Heng Choon be re-elected as Director pursuant to Article 84 of the Articles of Association.

5.2 Re-election of Mr Joseph Tek Choon Yee as Director

Resolution 2	Number of Shares	%
Voted FOR	669,590,839	99.999966
Voted AGAINST	225	0.000034
	669,591,064	100.000000

(ABSTAINED: None)

It was resolved that Mr Joseph Tek Choon Yee be re-elected as Director pursuant to Article 84 of the Articles of Association.

5.3 Re-election of Datuk Dr. Choo Yuen May as Director

Resolution 3	Number of Shares	%
Voted FOR	669,590,839	99.999966
Voted AGAINST	225	0.000034
	669,591,064	100.000000

(ABSTAINED: None)

It was resolved that Datuk Dr. Choo Yuen May be re-elected as Director pursuant to Article 88 of the Articles of Association.

5.4 Re-appointment of Tan Sri Dato' Wong See Wah as Director

Resolution 4	Number of Shares	%
Voted FOR	669,200,139	99.941632
Voted AGAINST	390,825	0.058368
	669,590,964	100.000000

(ABSTAINED: None)

It was resolved that Tan Sri Dato' Wong See Wah be reappointed as Director.

5.5 Re-appointment of Mr M. Ramachandran A/L V. D. Nair as Director

Resolution 5	Number of Shares	%
Voted FOR	502,237,377	92.287828
Voted AGAINST	41,970,225	7.712172
	544,207,602	100.000000

(ABSTAINED: 125,383,362 shares)

It was resolved that Mr M. Ramachandran A/L V. D. Nair be reappointed as Director.

5.6 Re-appointment of Auditors

Resolution 6	Number of Shares	%
Voted FOR	669,590,039	99.999847
Voted AGAINST	1,025	0.000153
	669,591,064	100.000000

(ABSTAINED: None)

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

5.7 Retention of Tan Sri Dato' Wong See Wah as Independent Non-Executive Director

Resolution 7	Number of Shares	%
Voted FOR	669,200,139	99.941632
Voted AGAINST	390,825	0.058368
	669,590,964	100.000000

(ABSTAINED: None)

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

5.8 Retention of Mr M. Ramachandran A/L V. D. Nair as Independent Non-Executive Director

Resolution 8	Number of Shares	%
Voted FOR	543,814,977	99.927854
Voted AGAINST	392,625	0.072146
	544,207,602	100.000000

(ABSTAINED: 125,383,362 shares)

It was resolved that Mr M. Ramachandran A/L V. D. Nair shall continue to serve as an Independent Non-Executive Director of the Company notwithstanding that his tenure as an independent director has exceeded a cumulative term of nine (9) years.

5.9 Directors' Fees

Resolution 9	Number of Shares	%
Voted FOR	668,871,298	99.999446
Voted AGAINST	3,706	0.000554
	668,875,004	100.000000

(ABSTAINED: 716,060 shares)

It was resolved that the Directors' fees of RM743,417 for the year ended 31 March 2017 be approved to be divided amongst the Directors in such manner as they may determine.

5.10 Directors' Meeting Allowance

Resolution 10	Number of Shares	%
Voted FOR	668,871,298	99.999446
Voted AGAINST	3,706	0.000554
	668,875,004	100.000000

(ABSTAINED: 716,060 shares)

It was resolved that the payment of meeting allowance to the Non-Executive Directors up to an amount of RM100,000 for the period from 31 January 2017 until the next Annual General Meeting be approved.

5.11 Authority to Issue Shares under Sections 75 and 76

Resolution 11	Number of Shares	%
Voted FOR	668,752,089	99.874711
Voted AGAINST	838,925	0.125289
	669,591,014	100.000000

(ABSTAINED: None)

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

5.12 Proposed Renewal of Share Buy-Back Authority

Resolution 12	Number of Shares	%
Voted FOR	668,779,589	99.878810
Voted AGAINST	811,475	0.121190
	669,591,064	100.000000

(ABSTAINED: None)

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

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

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

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

and that such authority shall continue to be in force until:-
a) the conclusion of the next Annual General Meeting ("AGM");
b) the expiration of the period within which the next AGM is required by law to be held; or
c) revoked or varied in a general meeting;
whichever occurs first.

6.0 TERMINATION

There being no other business, the meeting was terminated at 5.05 p.m. with a vote of thanks to the Chair.

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

Strategic & Financial Matters

1. The Group sells CPO using the MPOB's average price mechanism either on spot or long term contracts as well as hedging through forward sales and/or CPO pricing swap arrangements.

   (a) In FY2017, what was the percentage of sales done through forward sales and/or swap arrangements?

   For the Malaysian operations, forward sales volume accounted for 6% of the total CPO sales. Swap contracts constituted 24% of the volume of CPO sold in FY2017 while the spot sales were 5%.

   (b) In the guidelines set by the Board, was there a limit or capping for CPO sales in percentage, done through forward sales or swap contracts?

   The Group has a policy that allows management to sell up to 50% of its own CPO forward on a 12 months rolling basis. Depending on market prices and demand, quantities are committed. Where physical buyers are not available, non-physical swap contracts offered by financial institutions are relied upon.

2. Shortage of labour has been a pressing issue in the palm oil industry. It has cost some companies millions of Ringgit in lost revenue.

   (a) How critical was the labour shortage issue in the Group and was there any loss of revenue in FY2017 due to the shortage of labour?

   The shortage of labour is less acute in Sabah as compared to Peninsular Malaysia. The issue in Sabah is more about securing skilled harvesters for tall palms. In FY2017, the demand on scarce labour resource was less felt due to the lower crop production that resulted from the El Nino weather impact. The Group has not incurred any loss of revenue in FY2017 due to shortage of labour.

   (b) Could the Board share the mechanisation that had been implemented and the results achieved in terms of labour ratio per hectare or the cost saved?

   The Group's investment in mechanisation is to ensure its operations are sustainable in the future as labour constraints are expected to worsen. The Group has been primarily focusing on site specific in-field mechanisation pertaining to crop evacuation. This has helped ease labour constraints and over time, should contribute towards reducing the labour ratio per hectare. Costs, however, is higher as durability of machines is subjected to rigorous conditions.

   (c) What is the current percentage of foreign workers to the total workers in the Group?

   In the Malaysian operations, foreign workers approximate 90% of the total workforce.

3. For the last 14 years, the entire oil palm planting material requirements in the Group's Malaysian operations including all the replanting programme, as well as the Group's requirements in the Indonesian operations were all planted with IJM DxP planting material produced by the Group's Research Centre.

   (a) How was the current yields of the palms planted with DxP seeds 14 years ago compared to the industry average?

   In addition to planting materials, FFB yields are dependent on many factors such as weather, terrain, labour availability and estate practices. Performance of any planting material cannot be compared with another easily. However, based on commercial results, the IJMP DxP seeds are considered among the better seeds, particularly for its early high yields, oil and kernel content and low Dura contamination.

   (b) Would there be any plan to produce DxP seeds for commercial sales?

   The IJMP DxP seeds have been sold commercially since 2010.

4. As at 31 March 2017, the amount due from non-controlling interest totaled RM38.7 million. As explained in Note 19 (b)(v) to the Financial Statements, these amounts are operational in nature on furtherance of the overseas subsidiaries business operations.

   (a) What is the principal activities of these subsidiaries and what is the effective equity interest of IJM in these subsidiaries?

   The principal activities of the subsidiaries are cultivation of oil palms and processing of FFB. The effective equity interests of IJM Plantations in these entities range between 90-95%. Refer to page 5 of the Annual Report.

   (b) Could the Board share the latest financial positions of these subsidiaries and their outlook in the coming years?

   The subsidiaries form the Group's operations in Indonesia. The outlook is as stated in the Management Discussion and Analysis on page 27 of the Annual Report and segmental reporting in page 162-164.

   (c) Is the amount expected to increase further in the coming years and when would management intend to demand for repayment of the amount?

   The amount is not expected to increase materially in the coming years. Repayment would coincide with the dividends paid by these subsidiaries.

Corporate Governance

The internal Audit function has been outsourced to the Internal Audit Department of IJM Corporation Bhd. As reported in the Audit Committee Report, the internal audit costs incurred for the Group for the financial year 31 March 2017 was approximately RM600,000. For the financial year ended 31 March 2016, the internal audit fees charged to the Group was only RM160,000.

(a) What was the reason for the significant increase in the internal audit fees for the Group?

In the FY2017 Annual Report, the figures include IJM Corporation's group internal audit cost and cost of the internal audit staff based in Sabah and Indonesia.

In FY2016, the audit fees related to the IJM Corporation's group internal audit cost only.

(b) Could the Board share the basis of the fees charged by IJM Corporation Bhd?

The fees charged by IJM Corporation Bhd is based on proportionate time incurred by the internal audit staff of IJM Corporation Bhd assigned to undertake the internal audit work for IJM Plantations.

Pertinent Questions and Answers at the Annual General Meeting

Q1. What is the yield profile for the first five (5) years of the Group? The normal yield profile is between 80% to 100% of industry average. The yield profile for the Malaysian operations of the Group is on the higher side of the normal industry range, whereas for the Indonesian operations, the yield profile appeared to be lower. What are the long term measures taken by the Group to improve the yield for the Indonesian operations?

A1. The yield profile would be affected by factors such as location of the plantations, type of terrain and infrastructure available for operational efficiency. The yield profile for the Malaysian operations was higher partly due to the established infrastructure including the mill availability in the vicinity. On the other hand, the plantation in Indonesia is located in remote and interior area with less effective infrastructure. Non-availability of mills in the vicinity coupled with no market off-take of young crops also impacted the yield profile of the Indonesian operations. The yield would improve upon the establishment of infrastructure.

Q2. The FFB crop production of the Malaysian operations has declined from 480,591 metric tonnes in financial year ("FY") 2016 to 464,019 metric tonnes in FY 2017 due to weather phenomena. When will the Company sees the FFB crop production to be normalised from the lingering weather effect of the El Nino and La Nina?

A2. Recovery from the weather phenomena will normally take about two (2) years. Unfortunately, there was a back-to-back from drought to heavy rainfall phenomenon which had also adversely impacted the Group's FFB production. Nevertheless, viewing from the palm flowers pattern, the Group is expected to see a better recovery in the FFB production in the next FY.

Q3. The Group has initiated the use of digital devices in its supervision of estate operations, in particular in the Desa Talisai Estate in Sabah. When will the Group be able to fully implement the digital devices for the entire estate operations in Sabah?

A3. The Group started implementing the digital devices in one (1) of the estates in Sandakan region and has now moved to cover the entire estate operations in the Sugut region. The decision on implementing the digital device would depend on consideration such as the GPS signals and the volume on crop information, it would not be viable to implement the digital data logger for the replanting areas as there is no crop information available. Prudent and practical approach has been adopted in the digitalisation of the estates operations of the Group.

Q4. There was a deferred tax of about RM10 million charged in the fourth quarter of the FY 2017. Is it an one-off item or a recurrent item?

A4. The RM10 million charged was mainly due to derecognition of deferred tax assets ("DTA") arising from tax losses in the Indonesian operations. Pursuant to the Indonesian tax law, the tax losses if not utilised within five (5) years, would expire and could no longer be available for set off against profits. In view of the lower FFB production in FY 2017, subsequent years' production were assumed to be lower, thereby reducing the Group's profitability prospect. As such, the Group was required to derecognise about RM10 million of the unutilised tax losses. It is not a one-off tax item as Management will review the DTA annually against future profitability based on appropriate revised key assumptions, such as crude palm oil prices and FFB production, to decide on recognition and derecognition of the DTA in future.

Q5. What is the production cost per metric tonne for the Malaysian and Indonesian operations?

A5. The production cost per metric tonne for the Malaysian operations was approximately RM1,600 and for Indonesian operations was higher mainly due to the lower FFB yield from the large area under young maturity.

Q6. What is the replanting cost per hectare in Sabah? About 3,000 hectares of land has not been planted under the Indonesian operations, when will it be planted and what is the planting cost?

A6. The replanting cost to maturity in Sabah ranged between RM7,000 and RM8,000 per hectare on flat area, whilst an average of RM12,000 per hectare on more difficult terrain. Out of the 3,000 hectares of land not planted in Indonesia, 1,500 hectares is targeted to be planted in FY 2018. The planting will be undertaken in stages over the next two (2) to three (3) years, at a planting cost of about RM20,000 per hectare.

Q7. With reference to page 145 of the Annual Report, there is a plantation expenditure comprising employee benefits expenses, retirement benefits, payments to contractors and suppliers, and finance costs which was capitalised during the FY. To what extent does the Company capitalise these expenditure and when will these expenditure be amortised?

A7. The plantation expenditure is generally classified into three (3) categories, namely land clearing, immature maintenance and general charges, which was currently being capitalised. The Group is presently applying the capital maintenance method and the plantation expenditure is not being amortised. Come FY 2019, with the adoption of the new Amendments to MFRS 116, such plantation expenditure would be amortised over a period of 22 years (assuming the life span of palm for 25 years minus three (3) years of immature period), where the profits of the Group would be reduced accordingly. The impact on the profits however be cushioned by the replanting cost that would no longer be charged to the Income Statement but instead capitalised into plantation expenditure.

Q8. With reference to page 29 of the Annual Report, the Net Profit attributable to the Owners of the Company ("Net Profit") had increased to RM115 million in FY 2017 from RM24 million in FY 2016. How does the Net Profit correspond with the increase in employee benefits expense (page 137 of the 2017 Annual Report), Directors remuneration (page 138 on the 2017 Annual Report) and dividend payment? The dividend yield of the Company was about 2.2% based on financial year closing share price. Can the Board consider paying a better dividend to its shareholders?

A8. The staff salary increment is based on consideration, among others, cost of living; whilst bonus payouts are based on both staff and Group's performance including profitability. There was no change and the same formula has been adopted in rewarding employees thus far.

As for the Directors' fees for the Non-Executive Directors, an adjustment has been proposed after the Nomination and Remuneration Committee of the Company undertook a review exercise, where they had studied and benchmarked the Directors' fees payout against other peer plantation companies. The increase was also endorsed by the holding company.

In relation to dividend, the Company is being guided by its dividend policy in paying the annual dividend to its shareholders. In FY 2016, the Company paid an interim dividend of 5 sen per share. With an improved financial performance of the Group for FY 2017, a higher interim dividend of 7 sen per share was paid recently in July 2017, the higher dividend represented a 40% increase from the FY 2016. This is after due consideration of the capital commitment for the Indonesian operations and the replanting activities in the Malaysian operations.

Q9. With reference to page 23 of the Annual Report, the Company (through Gunaria Sdn Bhd, a wholly-owned subsidiary) had on 1 March 2017 entered into a Novation Agreement with KL-Kepong Plantation Holdings Sdn Bhd ("KLKPHSB") and an individual shareholder. What is the impact of the execution of the Novation Agreement to the Group?

A9. There is no impact to the Group since the Novation Agreement relates to the novation of rights, benefits and obligations of Gunaria Sdn Bhd under the Conditional Share Subscription Agreement dated 21 November 2014 to PT Indonesia Plantation Synergy, a 90% subsidiary of the Company in Indonesia.

Q10. Is it necessary for the Company to seek authorisation to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act") and to renew the shares buy-back authority?

A10. The authorisation to issue shares and to renew the shares buy-back authority could be regarded as an "insurance". The two (2) authorisation would provide flexibility for the Company to either issue shares or buy-back shares on a timely manner when the need arises.

Q11. Would the Company consider seeking retrospective shareholders' approval after the financial year end for the payment of meeting allowance to the Non-Executive Directors?

A11. The approval for the payment of meeting allowance to the Non-Executive Directors is required pursuant to the provisions in the Act, which was implemented on 31 January 2017. Section 230 of the Act provides that any benefits payable to the Directors of a listed company are subject to shareholders' approval at the general meeting. The practice to obtain approval for payment of Directors' fee after the financial year end would remain on a retrospective basis but prospective approvals would be obtained for payment of meeting allowances to the Non-Executive Directors so as to defray some of the cost incurred (including the payment of Goods and Services Tax) by the Non-Executive Directors for attending the meetings. The benefits such as meeting allowance would only be paid to the Non-Executive Directors after their attendance of the relevant meetings.

Q12. With reference to page 40 of the Annual Report, the meeting allowance for FY 2017 was RM42,000. How is the approval sought for the meeting allowance of RM100,000 under Resolution 10 compared to the meeting allowance of RM42,000 for FY 2017?

A12. The meeting allowance for FY 2017 was for the period of 12 months from 1 April 2016 to 31 March 2017, whilst the meeting allowance indicated in the Resolution 10 is for a longer period of 19 months from 31 January 2017 until the next Annual General Meeting ("AGM") in 2018. The RM100,000 includes the payment in arrears from 31 January 2017 till to-date and the allowance for scheduled and unscheduled meetings (when necessary) to be held until the next AGM.