BENALEC HOLDINGS BERHAD
200501020529 (702653-V)
(Incorporated in Malaysia)

Minutes of the Fifteenth Annual General Meeting of the Company conducted online through live streaming from the broadcast venue at Benalec Holdings Berhad Headquarters (Pacific Board Room), No. 23, Jalan Perintis U1/52, Glenmarie Temasya , Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan, on Tuesday, 18 May 2021 at 10.00 a.m.

Present	:	Mr Wong Yoke Nyen – Others as per attendance list	Chairman of the meeting
By Invitation	:	Dato' Leaw Seng Hai Ms Leaw Ai Lin Mr Koo Hoong Kwan En. Fazrin Azwar Bin Md. Nor	Directors
In Attendance	:	Ms Michelle Lim Wei Lee	Secretary
		Ms Tham Yin Tong* Mr Lee Sing Sian*	Representatives of Tricor Corporate Services Sdn Bhd

*via video conference

1. QUORUM

On behalf of the Board of Directors of Benalec Holdings Berhad ("the Company" or "BHB"), Mr Wong Yoke Nyen ("the Chairman"), the Independent Non-Executive Chairman of the Company, welcomed all present at the meeting.

Upon confirmation of a quorum pursuant to Clause 56(2) of the Company's Constitution by the Secretary, the Chairman called the meeting to order at 10.00 a.m.

2. NOTICE OF MEETING

The Chairman informed that the resolutions set out in the notice of meeting would be voted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Chairman further informed that the Company was required to appoint at least one scrutineer to validate the votes cast at the general meeting and then declared that the scrutineer for the poll was Asia Securities Sdn. Berhad ("AS").

The Chairman informed that the poll on all resolutions would be conducted after the meeting had deliberated on all the items on the agenda. Shareholders or proxies who wished to vote before the voting session could do so via the online remote voting until an announcement on its cessation was made.

The Chairman further informed that Ordinary Resolutions 1 to 9, as tabled at the meeting, required a simple majority of more than 50% votes from the shareholders and proxies who were present and voting at the meeting.

The Chairman also informed that during the Q&A session, the Company would address the questions submitted electronically in advance by shareholders or proxies, who could also pose questions during the meeting by typing their questions in the query box. Should there be a duplication in the questions, the Company would group the related and similar questions and provide the appropriate responses. In the event the Company was unable to answer all the questions due to time constraint, the Company will provide the responses either by email or post them on the Company's website.

The Chairman informed that the poll would be administered by the Poll Administrator, namely Tricor Investor & Issuing House Services Sdn. Bhd., and the appointed scrutineer, AS.

The representative from the Poll Administrator was invited to explain the voting procedure through the remote participation and voting application to the shareholders.

There being no objection, the notice convening the meeting, having been circulated to all the shareholders of the Company within the statutory period, was taken as read.

3. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

The Audited Financial Statements for the financial year ended 31 December 2020, together with the Reports of the Directors and Auditors thereon ("Audited Financial Statements"), having been circulated to all the shareholders of the Company within the statutory period, were tabled before the meeting for discussion.

It was noted that pursuant to Section 340(1)(a) of the Companies Act 2016, this agenda item would not require the shareholders' approval.

The Chairman then informed the shareholders or proxies to leave their questions in the query box and the Board would address the questions during the Q&A session later.

4. ORDINARY RESOLUTION 1
DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The meeting continued to consider the payment of Directors' fees of RM413,400.00 for the financial year ended 31 December 2020.

The Chairman informed the shareholders or proxies to leave their questions pertaining to this resolution in the query box and the Board would address the questions during the Q&A session later.

Thereafter, the Chairman put the motion to a vote by poll at the end of the meeting.

5. ORDINARY RESOLUTION 2
DIRECTORS' BENEFITS FOR THE PERIOD FROM 19 MAY 2021 UNTIL THE NEXT ANNUAL GENERAL MEETING

The meeting continued to consider the payment of Directors' benefits.

The Chairman informed that the Board of Directors had proposed an aggregate amount of RM50,000.00 to the Directors of the Company for the period from 19 May 2021 until the next Annual General Meeting of the Company.

The Chairman further informed the shareholders or proxies to leave their questions in the query box pertaining to this resolution and the Board would address the questions during the Q&A session later.

Thereafter, the Chairman put the motion to a vote by poll at the end of the meeting.

6. ORDINARY RESOLUTIONS 3 AND 4
RE-ELECTION OF DIRECTORS
(I) MR WONG YOKE NYEN
(II) EN. FAZRIN AZWAR BIN MD. NOR

(I) Re-election of Mr Wong Yoke Nyen

The Chairman passed the chair to Mr Koo Hoong Kwan ("Mr Koo") as the agenda item related to his re-election. Mr Koo informed that Mr Wong Yoke Nyen was retiring from the Board pursuant to Clause 76 of the Company's Constitution and being eligible, had offered himself for re-election. His profile is available on page 10 of the Annual Report.

Mr Koo further informed the shareholders or proxies to leave their questions pertaining to Mr Wong Yoke Nyen's re-election in the query box and the Board would address the questions during the Q&A session later.

Thereafter, Mr Koo put the motion to a vote by poll at the end of the meeting. Mr Koo then passed the chair back to the Chairman.

(II) Re-election of En. Fazrin Azwar Bin Md. Nor

The Chairman informed that En. Fazrin Azwar Bin Md. Nor was retiring from the Board pursuant to Clause 76 of the Company's Constitution and being eligible, had offered himself for re-election. His profile is available on page 13 of the Annual Report.

The Chairman further informed the shareholders or proxies to leave their questions pertaining to En. Fazrin Azwar Bin Md. Nor's re-election in the query box and the Board would address the questions during the Q&A session later.

Thereafter, the Chairman put the motion to a vote by poll at the end of the meeting.

7. ORDINARY RESOLUTION 5
APPOINTMENT OF MESSRS BDO PLT AS AUDITORS OF THE COMPANY

The Chairman informed that the retiring Auditors, Messrs BDO PLT, had given their consent for re-appointment as Auditors of the Company. The meeting was requested to consider the re-appointment of Messrs BDO PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and authorise the Directors to fix their remuneration.

The Chairman further informed the shareholders or proxies to leave their questions pertaining to this resolution in the query box and the Board would address the questions during the Q&A session later.

Thereafter, the Chairman put the motion to a vote by poll at the end of the meeting.

8. ORDINARY RESOLUTIONS 6 (SPECIAL BUSINESS)
PROPOSED CONTINUATION IN OFFICE OF MR WONG YOKE NYEN AS INDEPENDENT NON-EXECUTIVE DIRECTOR

The Chairman handed over the chair of the meeting to Mr Koo to conduct the agenda item related to his (Mr Wong Yoke Nyen) continuation in office as Independent Non-Executive Director.

The meeting proceeded to consider the proposal for Mr Wong Yoke Nyen to continue in office as Independent Non-Executive Director of the Company.

Mr Koo further informed the shareholders or proxies to leave their questions pertaining to this resolution in the query box and the Board would address the questions during the Q&A session later.

Thereafter, Mr Koo put the motion to a vote by poll at the end of the meeting. Mr Koo then passed the chair back to the Chairman.

9. ORDINARY RESOLUTIONS 7 (SPECIAL BUSINESS) PROPOSED CONTINUATION IN OFFICE OF MR KOO HOONG KWAN AS INDEPENDENT NON-EXECUTIVE DIRECTOR

The meeting proceeded to consider the proposal for Mr Koo Hoong Kwan to continue in office as Independent Non-Executive Director of the Company.

The Chairman further informed the shareholders or proxies to leave their questions pertaining to this resolution in the query box and the Board would address the questions during the Q&A session later.

Thereafter, the Chairman put the motion to a vote by poll at the end of the meeting.

10. ORDINARY RESOLUTION 8 (SPECIAL BUSINESS) AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

The meeting continued to consider the special business in respect of the proposed Ordinary Resolution 8 on the authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016. The full text of the proposed Ordinary Resolution 8 had been set out in the notice of meeting and the same was taken as read.

The Chairman informed the shareholders or proxies to leave their questions pertaining to this resolution in the query box and the Board would address the questions during the Q&A session later.

Thereafter, the Chairman put the motion to a vote by poll at the end of the meeting.

11. ORDINARY RESOLUTION 9 (SPECIAL BUSINESS) PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The Chairman informed that the full text of the proposed Ordinary Resolution 9, as set out in the notice of meeting, and the details of the Proposed Renewal of Authority for Share Buy-Back, which had been clearly set out in the Share Buy-Back Statement contained in the Annual Report, was taken as read.

The Chairman further informed that the passing of this Ordinary Resolution 9 would provide a mandate for the Company to purchase its own shares up to 10% of the total number of issued shares of the Company and shall lapse at the conclusion of the next Annual General Meeting unless authority for the renewal is obtained from the shareholders of the Company at a general meeting.

The Chairman informed the shareholders or proxies to leave their questions pertaining to this resolution in the query box and the Board would address the questions during the Q&A session later.

Thereafter, the Chairman put the motion to a vote by poll at the end of the meeting.

The Chairman proceeded to the Q&A session.

The meeting went through the questions that were submitted before the meeting and those that were posed during that meeting.

After the questions from the shareholders had been satisfactorily answered by the Chairman and the Board, the Chairman concluded the Q&A session.

The Chairman added that the responses to the questions that were not addressed during the Q&A session would either be e-mailed to the shareholders concerned after the meeting or posted on the Company's website.

The Chairman then informed that since the Company had dealt with all the items on the Agenda, the meeting would proceed to conduct the poll for the proposed resolutions. The shareholders and/or proxies were informed to submit their vote.

The representative of the Share Registrar was invited to brief the shareholders on the poll procedure. The meeting proceeded to poll voting.

The voting session ended at 11.05 a.m. and the meeting was adjourned for 20 minutes for the counting of the votes.

Upon completion of the counting of the votes, the Chairman called the meeting to order at 11.25 a.m. and announced the results of the poll as follows:-

ORDINARY RESOLUTION 1 – DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Result On Voting By Poll					
Vote For		Vote Against		Total Votes	
No. of Shares	%	No. of Shares	%	No. of Shares	%
336,441,837	99.4865	1,736,446	0.5135	338,178,283	100.000

Based on the poll result, the Chairman declared the following motion carried:-

"**RESOLVED** THAT the payment of Directors' fees of RM413,400 to the Non-Executive Directors for the financial year ended 31 December 2020 be approved."

ORDINARY RESOLUTION 2 – DIRECTORS' BENEFITS FOR THE PERIOD FROM 19 MAY 2021 UNTIL THE NEXT ANNUAL GENERAL MEETING

Result On Voting By Poll

Vote For		Vote Against		Total Votes	
No. of Shares	%	No. of Shares	%	No. of Shares	%
336,597,737	99.5220	1,616,546	0.4780	338,214,283	100.000

Based on the poll result, the Chairman declared the following motion carried:-

"**RESOLVED** THAT the payment of Directors' benefits of up to RM50,000.00 to the Non-Executive Directors for the period from 19 May 2021 until the next Annual General Meeting be approved."

ORDINARY RESOLUTION 3 – RE-ELECTION OF MR WONG YOKE NYEN

Result On Voting By Poll

Vote For		Vote Against		Total Votes	
No. of Shares	%	No. of Shares	%	No. of Shares	%
337,139,061	99.6853	1,064,222	0.3147	338,203,283	100.000

Based on the poll result, the Chairman declared the following motion carried:-

"**RESOLVED** THAT Mr Wong Yoke Nyen, retiring pursuant to Clause 76 of the Company's Constitution and being eligible, be re-elected as Director of the Company."

ORDINARY RESOLUTION 4 – RE-ELECTION OF EN. FAZRIN AZWAR BIN MD. NOR

Result On Voting By Poll

Vote For		Vote Against		Total Votes	
No. of Shares	%	No. of Shares	%	No. of Shares	%
337,134,011	99.6838	1,069,272	0.3162	338,203,283	100.000

Based on the poll result, the Chairman declared the following motion carried:-

"**RESOLVED** THAT En. Fazrin Azwar Bin Md. Nor, retiring pursuant to Clause 76 of the Company's Constitution and being eligible, be re-elected as Director of the Company."

ORDINARY RESOLUTION 5 – APPOINTMENT OF MESSRS BDO PLT AS AUDITORS OF THE COMPANY

Result On Voting By Poll

Vote For		Vote Against		Total Votes	
No. of Shares	%	No. of Shares	%	No. of Shares	%
336,772,611	99.5649	1,471,672	0.4351	338,244,283	100.000

Based on the poll result, the Chairman declared the following motion carried:-

"**RESOLVED** THAT Messrs BDO PLT be hereby re-appointed as Auditors of the Company at a fee to be agreed upon with the Directors and to hold office until the conclusion of the next Annual General Meeting."

ORDINARY RESOLUTION 6 (SPECIAL BUSINESS) – PROPOSED CONTINUATION IN OFFICE OF MR WONG YOKE NYEN AS INDEPENDENT NON-EXECUTIVE DIRECTOR

Result On Voting By Poll

Vote For		Vote Against		Total Votes	
No. of Shares	%	No. of Shares	%	No. of Shares	%
337,144,961	99.6871	1,058,322	0.3129	338,203,283	100.000

Based on the poll result, the Chairman declared the following motion carried:-

"**RESOLVED** THAT approval be and is hereby given to Mr Wong Yoke Nyen, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company."

ORDINARY RESOLUTION 7 (SPECIAL BUSINESS) – PROPOSED CONTINUATION IN OFFICE OF MR KOO HOONG KWAN AS INDEPENDENT NON-EXECUTIVE DIRECTOR

Result On Voting By Poll

Vote For		Vote Against		Total Votes	
No. of Shares	%	No. of Shares	%	No. of Shares	%
337,136,861	99.6847	1,066,422	0.3153	338,203,283	100.000

Based on the poll result, the Chairman declared the following motion carried:-

"**RESOLVED** THAT approval be and is hereby given to Mr Koo Hoong Kwan, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company."

ORDINARY RESOLUTION 8 (SPECIAL BUSINESS) – AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

Result On Voting By Poll

Vote For		Vote Against		Total Votes	
No. of Shares	%	No. of Shares	%	No. of Shares	%
337,898,661	99.9085	309,622	0.0915	338,208,283	100.000

Based on the poll result, the Chairman declared the following motion carried:-

"**RESOLVED** THAT pursuant to Sections 75 and 76 of the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirement") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 20% of the total number of the issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate").

AND THAT such approval on the Proposed 20% General Mandate shall continue to be in force until 31 December 2021.

AND THAT with effect from 1 January 2022, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Paragraph 6.03 of the Listing Requirements provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer by the Company from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 10% General Mandate").

AND THAT such approval on the Proposed 10% General Mandate shall continue to be in force until:

a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;
b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting.

whichever is the earlier.

(The Proposed 20% General Mandate and Proposed 10% General Mandate shall hereinafter refer to as "Proposed General Mandate").

AND THAT the Directors of the Company be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

AND THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."

ORDINARY RESOLUTION 9 (SPECIAL BUSINESS) – PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

Result On Voting By Poll

Vote For		Vote Against		Total Votes	
No. of Shares	%	No. of Shares	%	No. of Shares	%
337,930,661	99.9093	306,622	0.0907	338,237,283	100.000

Based on the poll result, the Chairman declared the following motion carried:-

"**RESOLVED** THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

i. the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
ii. the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase.

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

(a) the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
(b) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
(c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

i. To cancel all or part of the Purchased Shares;
ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
iv. To resell all or part of the treasury shares;
v. To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
vi. To transfer all or part of the treasury shares as purchase consideration;
vii. To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or

viii. To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities."

12. CLOSURE

There being no further business, the meeting closed at 11.30 a.m. with a vote of thanks to the Chair.

SIGNED AS A CORRECT RECORD

CHAIRMAN OF THE MEETING

Dated: 12 June 2021

AW:SF:TYT:LSS
Minutes of 15th AGM

NOTES IN RESPECT OF THE QUESTION-AND-ANSWER ("Q&A") SESSION AT THE FIFTEENTH ANNUAL GENERAL MEETING OF THE COMPANY CONDUCTED ONLINE THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT BENALEC HOLDINGS BERHAD HEADQUARTERS (PACIFIC BOARD ROOM), NO. 23, JALAN PERINTIS U1/52, GLENMARIE TEMASYA, SEKSYEN U1, 40150 SHAH ALAM, SELANGOR DARUL EHSAN, ON TUESDAY, 18 MAY 2021 AT 10.00 A.M.

Operational & Financial Matters

1. Covid-19 Pandemic

Q **As the Covid-19 pandemic continues to spread, what is the expected impact of the pandemic on Benalec's operations and financial position in FY2021? What is the Board doing to mitigate the impact of the pandemic on Benalec's overall business activities?**

Ans Fundamental changes in the operating environment within the property and construction sectors have negatively impacted all operators within the sector as a whole. The Group has not been spared in some aspects. We have seen significant changes in the overall pattern of production, consumption and trade, as well as contractions on income, spending and employment of the country. We noted that in general, everyone is reining in non-essential or expansionary spending in the short term due to the economic impact brought on by the pandemic.

As far as the Company is concerned, as most of our raw materials are locally sourced and since the Company has always been vertically integrated in its supply chain such that our fleet of vessels are self-owned instead of being chartered from the third parties, our business model remains resilient from the aspect of supply chain and was minimally disrupted by the pandemic, other than having to compulsorily halt operations temporarily during the different stages of MCO in compliance with the government ruling.

As for the demand aspect, uncertainties in the market, both on the economic and political fronts in Malaysia, have caused serious ripple effects across all sectors. General market sentiments have turned cautious and conservative within the investment fraternity, especially when it comes to major investments in new projects and/or real estate. Pursuant to this, we have observed a noticeable slowdown in the interest for our reclaimed land bank.

Despite the challenges highlighted, the Board and Management continue to believe in the resiliency of our whole business model, as well as the underlying value of the reclaimed land bank of the Group. This is underscored by the Group's ability to monetise more than 955 acres of land in Melaka to date, amounting to more than RM1.3 billion in land sales being achieved. However, we endeavour not to stay complacent, and to remain vigilant towards the needs of the market, striving to innovate, adapt and create value for our customers wherever possible.

The Company's aggressiveness is proven by the amount of land sales that the Company was able to close, and even complete, in the last financial year despite the struggles brought on by the pandemic. The management has managed to sell approximately 42 acres of land since the start of FY2020, bringing in revenue of about RM36 million to the Company; this is a considerably amazing feat in the wake of a market-wide decline throughout FY2020.

We remain confident in the existing business direction of the Company and do not foresee any near-term change, other than those complementary or synergistic to our core businesses which we have been actively looking out for. Having said that, for the purpose of diversifying the revenue stream of the Company into a more sustainable and recurring pattern, we will not hesitate to look at opportunities that arise which will allow us to achieve that.

2. Financial Performance

a **The Group has recorded a loss before taxation of RM73.8 million in FY2020 compared to a loss before taxation of RM64.1 million in the prior financial period (page 21 of the Annual Report 2020).**

As the loss before taxation grew larger in FY2020, how does the Board plan to address the financial performance of the Group, moving forward?

Ans to 2(a) The increase of loss before taxation in FY2020 was mainly due to the loss arising from the disposal of land transactions, which were deemed necessary by the Board to sustain the operations of the Group and replenish its cash flow amidst the depressed and uncertain market condition caused by the Covid-19 pandemic.

The prevailing economic crisis caused by the current Covid-19 pandemic is unprecedented and unexpected. The resilience of the Malaysian economy is further challenged by the oil price volatility, recent political changes in Malaysia and the weakening Ringgit against other major currencies. Many market makers and players have adopted a wait-and-see approach due to the tightening of the financial markets. This has caused a profound impact on many businesses, including the business and operations of the Group.

In light of the current uncertainties in both the national and global economies, it is generally perceived that the property market will remain soft in the immediate and near term.

However, as highlighted in the answer to the above Question 1, we continue to believe in the resiliency of our business model as well as the underlying value of the reclaimed land bank of the Group. This outlook is in sync with the progressive reopening and recovery of the Malaysian economy, with initiatives and assistance provided by PENJANA and other stimulus packages such as Prihatin.

Bearing in mind the financial position of the Group at all times, the management is constantly looking out to explore and diversify its income stream, as well as participating in tender of projects that are viable to bring in recurring income and to replenish its existing order book. We recognise the need to generate new recurring revenue and income stream to smoothen the current lumpiness in our income and cash flow recognition. Undeniably, property development is thought to be one of the natural vertical integrations of our current unique business model as a master developer of the land which we reclaim and own. We are mindful of the additional gestation period of topside developments, given that our core business of reclamation itself is already one with an extraordinarily long turnaround time. At the same time, it is also important for us to create opportunities for our existing customers to thrive in their businesses, such that what we should complement instead of cannibalise what they do. We firmly believe in the power of partnerships when it comes to venturing into new businesses or industries. Therefore, should there be a requirement by our customers for us to participate in developing properties on our reclaimed land on a joint venture basis, subject always to identifying suitable partners and having a viable proposal which offers value propositions that align with our business direction, we will certainly welcome and seriously consider the offer.

b **There is a loss arising from the disposal of land transactions. The disposals were deemed necessary by the Board of Directors to sustain the operations of the Group amidst the depressed and uncertain market condition caused by the Covid-19 pandemic (page 21 of the Annual Report 2020).**

i. What is the expected disposal of land transactions to be transacted in FY2021, if any?

ii. Does the Board expect the Group to record another loss arising from the disposal of land in FY2021? If so, what is the expected amount?

Ans to 2(b)

i) The Group completed another land SPA in the first quarter of FY2021, with disposal consideration of RM20.05million, and expects to complete another three (3) more SPAs, which are in the final stage of drafting and targeting execution in the second to third quarter of FY2021 for a total disposal consideration of RM44.59 million.

ii) The abovementioned SPAs will be signed with separate parties with different profit margins to be achieved. Considering the current depression in the market condition – lack of demand in illiquid investments, depressed real estate prices, buyers' inability to complete or secure funding etc. – and while having to ensure the Group's ongoing sales and healthy financial position, it is crucial for the Group to do the necessary to continue attracting interest and creating opportunities for potential purchasers in the current dampened market. As far as the pandemic goes, it remains the utmost priority of the Group to generate sufficient cash flow to sustain its business, over and above its profitability.

c **There is impairment loss on contract asset of RM6.1 million and impairment of work-in-progress (WIP) of RM2.6 million recorded in FY2020 (Page 21 of the Annual Report 2020).**

Will there be further impairment loss on contract asset and impairment of WIP in FY2021? If so, what is the expected amount?

Ans to 2(c) The impairment losses on contract asset and work-in-progress are to prudently reflect the recoverable amount of these assets by determining the probability of default, as well as assess any forward-looking information, which is in line with the adoption of MFRS 9 – *Financial Instruments* by the Group whereby the Group assesses on a forward-looking basis the expected credit loss associated with its financial assets.

The Company shall re-assess and review all its financial assets, including the contract assets and work-in-progress, as per the adoption of MFRS 9 in FY2021 at a later time due to the current uncertain circumstances.

3 **The outstanding order book of the Group for all land reclamation contracts in Melaka and Pulau Indah as at FY2020 stands at RM87.9 million (page 20 of the Annual Report 2020).**

a) How long will the order book of RM87.9 million last?
b) What is the targeted order book replenishment in the next two financial years?

Ans to 3(a) and 3(b) For your information, the unbilled portion as reported in the current order book does not include the reclamation of our 2 flagship projects in Johor, i.e. our Tanjung Piai and Pengerang project, with total expected GDV at more than RM16 billion. The reclamation contracts from these 2 projects were awarded directly from the State, hence there is no contract sum as the Group shall be entitled to payment-in-kind via its land portion upon completion of reclamation works.

In respect of contracts under the existing order book that are settled by way of cash consideration, the Group is expected to complete these contracts within the time period stipulated in the respective contracts, which generally ranges from twelve (12) to thirty (30) months from the commencement of work.

For contracts that are settled by way of consideration in kind (i.e. land portion), especially from our Johor projects, with the current challenges in the property market and bearing in mind the financial position of the Group at all times, the Group's latest strategy leans towards a more conservative approach, whereby our aim is to market and monetise our existing inventory first, and adopt the "sell-then-build" model wherever possible for the unreclaimed concessions.

As highlighted in the answer to Q1 and Q2(a) above, the Group also constantly looks out to explore and to diversify its income stream, as well as participates in tender of projects that are viable to bring in recurring income, as well as to replenish its order book. We recognise the need to generate new recurring revenue and income stream to smoothen the current lumpiness in our income and cash flow recognition.

4 **The Group is currently embarking on its next phase of growth via two (2) flagship projects in south Johor, namely Tanjung Piai Maritime Industrial Park ("TPMIP") and Pengerang Maritime Industrial Park ("PMIP") (page 18 of the Annual Report 2020).**

a) What is the current progress of the TPMIP and PMIP projects?
b) Are any of the Group's current projects facing cost overruns or other issues?
c) Are the two flagship projects expected to be completed within the stipulated timeframe? If delays are expected, what are the reasons?

Ans to 4(a), (b) & (c) With the first 100-acre land ready for topside development at TPMIP, Management is still engaging with prospective partners for several different topside development projects. We have found that uncertainties in the oil market have generally caused prospective investors from the said industry to be extremely cautious and conservative about long-term commitments. Exacerbated by the current slowdown in the global economy affecting many companies, we have stepped back from some of our previous interests to focus on the viability of the existing businesses.

We are not alone in this downturn as we have also observed significant delays in other infrastructure projects across the region, not least the Petronas RAPID Refinery project. Dubbed the largest downstream investment by Petronas to date and worth over US$27 billion, the commercial operational date of the Petronas RAPID Refinery has been delayed since first quarter of 2019. The project has also faced huge setbacks when it was hit by two separate fires/explosions during its commissioning stage in April 2019 and March 2020 respectively. With the current pandemic resulting in most economic activities at a complete standstill, the commercial operation date of RAPID has now been pushed back by more than 2 years to mid-2021.

This has indirectly impeded the progress of our project located in Pengerang, namely the PMIP. It has always been the Company's strategy to develop PMIP in line with the progress of the RAPID Refinery so as to be well positioned to capture the spillover demand that is expected to be generated by such a catalytic development geared towards driving the local oil and gas market. PMIP is only 5km away from RAPID, offering an excellent location for the development of downstream support activities which are intended to serve or complement RAPID. Therefore, by continuing to take a more conservative approach towards the Company's development of another large greenfield project, the management has decided to adopt a "wait-and-see" approach with regards to the launch and development of our PMIP.

Having said that, we are still confident that the unique characteristics and strong competitive advantages of our Johor projects will allow us to capture opportunities that will arise imminently in the oil, gas, chemicals and even renewables markets, as the world economy moves more actively towards environmental sustainability. Rest assured that we are not only doing everything we can to aggressively garner, keep and convert the strong interest in our projects, but we are also mindful about the Company's resources and capabilities in this time of market-wide struggle.

As the master developer and concessionaire owners of both TPMIP and PMIP, Benalec can reclaim the land according to the potential offtakers' requirement based on the "sell-then-build" model. Therefore, the costs and timeframe of reclamation correspond to the demand from potential off-takers. With proper planning and comprehensive costing, realistic reclamation schedule, and partial payment schedule by the offtakers prior to any commencement of reclamation work, we are confident in ensuring smooth cash flow for completion of the project and to deliver the reclaimed land within the stipulated timeframe to the offtakers.

5 **What is the business prospect of the Group's vessel chartering and marine transportation segment in FY 2021?**

Ans Unlike many other marine construction contractors, Benalec owns and operates its own fleet of vessels to support its projects as part of its vertical integration in supply chain. Due to the current economic slowdown and market environment of the domestic and regional maritime industry, there has been a softening in demand for vessels, both internally and externally. As such, not all vessels owned by the Group have been fully utilized as some of these vessels are highly specialized vessels. The usage of these vessels depends on their suitability in relation to our site profile, taking into consideration possible areas of achieving economies of scale to reap better cost efficiencies.

In line with the market recovery expected towards the end of 2021, we believe the land reclamation and dredging industry will also pick up its pace, resulting in more demand and opportunities for the Group to secure clients for its vessel chartering services.

<u>Corporate Governance and Sustainability Matters</u>

1 **The Company in its Corporate Governance Report for FY2020 (Page 10) stated that it has applied Practice 3.2 of the Malaysian Code on Corporate Governance.**

The Company has stated that the whistle-blower policy and procedures is available on Company's website at www.benalec.com.my. It encourages employees and associates to report incidences of suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, wastage, and or abuse involving the resources of the Group.

However, we were unable to locate the Whistleblowing Policy on your corporate website. Please take note of this.

Ans Thank you for notifying us and we have now ensured that the same can be found on the Company's website.

2 **On sustainability, how is the Company intending to manage the environmental aspect in relation to its land reclamation activities?**

The Company has adhered and will always adhere to obtain and comply with all the necessary approvals from the Department of Environment, various authorities and local councils for its reclamation projects. Mitigation measures and implementation of Environmental Management Plan are also carried out on project sites to ensure that the reclamation footprints are undertaken within the acceptable environmental impact and risk as approved by the Department of Environment.

Certain reclamation works done may in fact be beneficial for the environment. For instance, based on the approved Detailed Environmental Impact Assessment (DEIA) of our TPMIP site, an adequate buffer zone is designated between the reclamation site at TPMIP and the internationally recognized Ramsar mangrove wetlands along the adjacent coastline, which are also National Parks. The formation of TPMIP indirectly acts as a breakwater intercepting longshore currents caused by passing vessels, which protects the mangroves over the longer term.

<u>Questions from shareholders</u>

<u>Shareholder – Lim Fang Khong</u>

Q1 **From the IPO price, Benalec share price has been dropping till now. Will the Board of Directors, who are paid huge fees, take any further action?**

A While we continually strive to uncover new avenues to create more value for our Company and hence our shareholders, unfortunately the movement of our share price is not really within our control.

We can, however, categorically state that the prevailing share price grossly undervalues the intrinsic worth of the Company. The validity of our assertion is underscored by the price-to-book metric – the conventional indicator used to value asset-heavy companies with reference to its current share price. Benalec's price-to-book currently stands at 0.29 times; essentially this means that for every RM1.00 worth of Benalec's net assets, the market is only ascribing a value of RM0.29. Given that Benalec's net assets comprise substantially reclaimed land, property, plant and equipment (all of which are tangible assets), the current share price represents an undervaluation of close to 350% of our Company. It is also worth noting that the current Net Asset per share of the Company stands at RM0.56 and this is close to 3.5 times of what our shares are trading at today.

Furthermore, our lands, which are part of the Group's inventory, are recorded in the lower of cost or market value according to the accounting policies adopted by the Group. There is a substantial difference between the costs incurred by the Company and the current market value of what it is worth. In other words, there is significant revaluation that is unaccounted for even when looking at the book value or Net Assets of the Company.

Hence, we are unperturbed by the prevailing low price of our shares; in fact, many within the investment fraternity view that such undervaluation could be a buying opportunity. We are confident that as long as the Company continues to focus on what it does well in terms of business, as soon as market sentiment improves, it will only be a matter of time that a long overdue correction happens and the market value of our shares will align with the intrinsic value of our Company.

Shareholder – Teh Kian Lang

Q2 **Status of Pulau Indah land,**

Status of Tanjung Piai project?

A **Pulau Indah**

The Group's Pulau Indah land development continues to attract strong interest and demand from various small- to medium-sized companies, as well as large scale logistics, manufacturing & property development companies which are interested in building facilities in the Pulau Indah area. However, we have rejected several offers that we have received after careful consideration as we are still holding out for the price which the Group is confident the land is able to fetch.

Spillover effects from surrounding developments within the area will continue to enhance the value of the Group's land bank in Pulau Indah in the medium to long term:

(i) Central Spectrum Sdn Bhd's Selangor Bio-Bay, a mixed development comprising industrial, commercial and residential developments focused on promoting biotech and life-science sectors, is located immediately adjacent to the Group's land bank.

(ii) Moreover, large scale projects which have been announced in the past include IKEA's RM908 million regional distribution and supply chain centre at Central Spectrum's Pulau Indah Industrial Park ("PIIP") development, which is located directly opposite the Group's landbank.

(iii) Westports Holdings Bhd's RM10 billion port expansion over the next 25 years comprising expansion of its Container Terminal 10 (CT10) to 17 (CT17) via a 146.4-hectare of leasehold land acquisition. These eight additional berths will support and strengthen Port Klang's role as the pre-eminent port for the nation's gateway trade, which is mainly operated by Westport's current container terminal facilities comprising CT1 to CT9 already operating at a 77% capacity. Westports is located only 8km from the Group's landbank in Pulau Indah.

(iii) Pulau Indah Power Plant Sdn Bhd's 1,200MW combined cycle gas turbine plant to improve baseload supply for the region. Scheduled to commence operations by 2024, the power plant is expected to provide high efficiency, low carbon power to the central region of peninsular Malaysia where there is a high demand for electricity. The new power plant is expected to help attract new industrial development and stimulate economic activity within the region.

We are positive that our strategy in selling the entire 144-acre parcel en-bloc will not only allow us to differentiate our offering from other surrounding developments (considering Pulau Indah is currently facing scarcity of land), it will further allow the Group to capitalize on a potential appreciation in terms of price and at the same time lower its holding costs by not having to incur additional costs and capex for infrastructure. Based on a conservative estimate of selling price, our Pulau Indah land development is expected to generate a minimum of RM120 million in revenue to the Company in respect of its entitlement.

B **Tanjung Piai Martime Industrial Park ("TPMIP")**

With the first 100-acre land ready for topside development at TPMIP, the management is still engaging with prospective partners for several different topside development projects. We have found that uncertainties in the oil market have generally caused prospective investors from the said industry to be extremely cautious and conservative about long-term commitments. Exacerbated by the current slowdown in the global economy affecting many companies, we have stepped back from some of our previous interests to focus on the viability of the existing businesses.

We are not alone in this downturn as we have also observed significant delays in other infrastructure projects across the region, not least the Petronas RAPID Refinery project. Dubbed the largest downstream investment by Petronas to date and worth over US$27 billion, the commercial operational date of the Petronas RAPID Refinery has been delayed since first quarter of 2019. The project has also faced huge setbacks when it was hit by two separate fires/explosions during its commissioning stage in April 2019 and March 2020 respectively. With the current pandemic resulting in most economic activities at a complete standstill, the commercial operation date of RAPID has now been pushed back by more than 2 years to mid-2021.

Despite such pessimistic global economic situation, we also observed some other bright spots that remain in the region for the oil & gas industry. The world's largest bunkering hub of Singapore saw an increase of 5% to 49.83mill MT of bunker sales for year 2020 compared to the same period last year, which represents the 2nd highest volume of sales since 2017. The strong showing is especially noteworthy, considering the estimated global demand for marine fuel dropped by around 10% in 2020 as the global economy slackened due to the pandemic.

For TPMIP, its strategic location – just off the Melaka Straits, the 2nd busiest shipping lane in the world, and right next to Singapore, the world's largest bunkering hub – makes it extremely well placed to capture value-added activities along one of the busiest maritime routes in the world. Coupled with its natural deep water of up to 30 meters and the availability of vast tracts of land for future expansion, TPMIP represents an extremely viable and attractive storage and logistical alternative to the land- and draft-restricted Singapore.

Having said that, we are still confident that the unique characteristics and strong competitive advantages of our TPMIP site will allow us to capture opportunities that will arise imminently in the oil, gas, chemicals and even renewables markets, as the world economy moves more actively towards environmental sustainability. Rest assured that we are not only doing everything we can to aggressively garner, keep and convert the strong interest in our projects, but we are also mindful about the Company's resources and capabilities in this time of market-wide struggle.

Shareholder – Ng Chun Wei

Q3 **a) What is Benalec's next project?**

As of FYE2020, the Group has outstanding book order of approximately RM87.9 million arising from reclamation contracts signed with third parties, mainly in Melaka. This outstanding book order does not include the reclamation of our two (2) flagship projects in Johor, i.e. the Tanjung Piai and Pengerang projects, with total expected GDV of more than RM16 billion. As the reclamation contracts from these two projects were awarded directly from the State, there is no contract sum as the Group shall be entitled to land portion upon completion of reclamation works.

With the current challenges in the property market and bearing in mind the financial position of the Group at all times, the Group's latest strategy leans toward a more conservative approach, whereby our aim is to market and monetise our existing inventory first, and to adopt the "sell-then-build" model wherever possible. The total market value of our current remaining unsold reclaimed land banks, which consist of lands in Melaka, P.Indah and Tanjung Piai, are estimated at about RM664 million, pending monetisation.

We recognize the need to diversify and generate new recurring revenue and income streams which can smoothen the current lumpiness in our income and cash flow recognitions. Undeniably, property development is thought to be one of the natural vertical integrations of our current unique business model as a master developer of the land, which we reclaim and own. We are mindful of the additional gestation period of topside developments, given that our core business of reclamation itself is already one with an extraordinarily long turnaround time. At the same time, it is also important for us to create opportunities for our existing customers to thrive in their businesses, such that what we do should complement instead of cannibalise what they do. We firmly believe in the power of partnerships when it comes to venturing into new businesses or industries. Therefore, should there be a requirement by our customers for us to participate in developing properties on our reclaimed land on a joint venture basis, subject always to identifying suitable partners and having a viable proposal which offers value propositions that aligns with our business direction, we will certainly welcome and seriously consider it.

b) Why is that the company does not have much cash despite the share buy back?

A The authority for share buy-back is an annual renewal mandate. Such mandate gives flexibility to the Company to buy back share without having to convene a separate general meeting should the Company want to do so.

The Company has not bought back any of its shares since 2017. As of to date, the Company has 12.7 million units of Treasury Shares. The Board will consider distributing the Treasury shares as a reward to shareholders as and when the circumstance permits, subject always to it being in the interest of the Company and the shareholders.

Shareholder – Au Yong Chee Hoong

Q4 Will the Board consider providing e-vouchers/door gifts to shareholders who attend the virtual AGM? A little help goes a long way in lieu of the current hardship.

A The Company currently does not practise giving e-vouchers/door gifts to shareholders. However, the Board appreciates the view put forth and will take this into consideration for our future guidance and reference.

Shareholder – Ker Su Chon

Q5 **Why has the financial performance not improved over the last few years? I am concerned about the company falling into the PN17 status.**

A Due to the COVID-19 pandemic, all public listed companies have been impacted. The Board will ensure that the Company does not fall under PN17 as the Board (especially Dato' Leaw Seng Hai) is making every effort to improve the financial performance during this tough time.

Shareholder – Yap Yik Yong

Q6
a. I refer to page 113 of the annual report. What is the reason for the substantial increase in non-deductible expenses?

b. I refer to page 112 of the annual report. Please explain the RM1.3 million accretion expenses of non-current amounts owing to related parties?

Ans to Q6(a) This is mainly due to the impairment losses, especially for the impairment of assets.

Ans to Q6(b) This is mainly due to the remediation of the fair value as required by the Malaysian accounting standard. Such remediation expenses or income is on a temporary basis and shall be aligned in the next financial year end.

Shareholder – Leong Wai Hong

Q7 Can you please add the chairman's statements and business discussion in your future abridged version of the annual report?

A We take note of your request and shall improve our presentation to our shareholders.