

**JAKS RESOURCES BERHAD**  
Registration No. 200201017985 (585648-T)  
(Incorporated in Malaysia)

**SUMMARY OF KEY MATTERS DISCUSSED**

**AT THE TWENTY-FIRST ANNUAL GENERAL MEETING OF THE COMPANY**

**Date** : 27 June 2023, Tuesday  
**Time** : 10.30 a.m.

Set forth below are the Key Matters Discussed:

<b>No.</b>	<b>Queries</b>	<b>Responses</b>
1	<b>Kindly provide more information of the progress, developments and traction of JAKS' 2 energy projects, namely JAKS Hai Duong Plant ("JHDP") and its LSS4. What is the expected revenue and profit contribution from each of the projects?</b>	<p>JHDP has been operational since early 2021. Our share or profits from JHDP amounted to RM156 million and RM140.7 million respectively for FYE 2022 and FYE 2021. We expect JHDP to continue generating stable recurring income throughout the 25 years concession period.</p> <p>In terms of LSS4, the solar farm is completed and currently undergoing commissioning &amp; testing by TNB. It is scheduled to commence operation by end of Q3 2023 where JAKS will then recognise long-term recurring income for 25 years.</p>
2	<b>Has the company participated in any construction tender processes recently?</b>	Yes, we are selectively participating in construction tender, particularly in infrastructure construction projects such as roads, water & sewerage, flood mitigation and prevention projects.
3	<b>Why is the construction business not getting any new project?</b>	<p>Malaysia's construction industry has been lacklustre for the past few years with a lack of new contract roll-out. However, we are optimistic that the sizable development budget announced for Budget 2023 will provide much-needed support for the construction sector. The Group is optimistic and looking forward to the revival with roll-out of constructions jobs to replenish its order book with good and profitable infrastructure projects.</p> <p>We are cautiously selective to target projects that are profitable with good margin.</p>
4	<b>Please disclose the current order book of the Group, including the list of projects, their duration, margins, and overall value.</b>	As at May, our total unbilled order book amount to RM74.8 million comprising of 6 projects which are expected to be fully recognised in 2024.
5	<b>Does the Company have the expertise to venture into renewable energy sector? Considering the substantial capital investment of approximately RM1.95 billion (equity and debts combined) and the low return on equity (ROE) and return on capital</b>	Yes, we have established capability and expertise in the renewable energy ("RE") sector through our Large Scale Solar 4 project ("LSS4") which has been completed and now undergoing testing & commissioning. This augurs well for the Group as we continue to expand in the RE sector which is a growing industry, to deliver sustainable growth and eventually to improve the ROE and ROCE.

	employed (ROCE) of 2.69% and 1.87% respectively, it is necessary to explore ways to improve the company's performance.	
6	<b>The Company has been deliberating for many years to divest its loss-making properties namely, Evolve Concept Mall and Pacific Towers Business Hub. Could you share the company's plans for these properties? Is there any ongoing negotiation with REIT players for the disposal of these properties?</b>	For Property Investment segment, the immediate goal is to increase its' occupancy rates with strong and reliable tenant profiles, thereby improving the saleability of the assets. In achieving this objective, we have recently appointed an experienced property manager to manage Evolve Mall. With the new manager in place, we are confident that we are able to improve our property segment. Meanwhile, discussions are ongoing for divestment of these properties.
7	<b>Please shed some light on the projected losses for its investment property division for FYE23 and FYE24? Is there a silver lining to this segment and kindly share us the recovery plan.</b>	<p>We anticipate FYE23 to remain challenging for the investment property division. However, with the improvement in footfalls and ongoing negotiations this year, we anticipate the occupancy rate for both property assets to increase to above 60% by early 2024 if all our efforts and plans materialise.</p> <p>In addition, we have recently appointed an experienced property manager to manage Evolve Mall. With the new manager in place, we are confident that we are able to improve our investment property division.</p>
8	<b>What is the occupancy rate for both properties?</b>	As at May 2023, the occupancy rate of the Pacific Towers Business Hub stood at approximately 35% and the occupancy rate of Evolve Concept Mall stood at 57%. With the improvement in footfalls and ongoing negotiations this year, we anticipate the occupancy rate for both property assets to increase to above 60% by early 2024.
9	<b>What is the plan of the Company to regain market confidence of JAKS given its' tumbling share price over the last few years?</b>	The Company's share price movements are dependent on market forces beyond the Company's control. At present, our main focus is to execute the business plans and strategies and in turn, enhancing shareholders' value.
10	<b>Malacca Securities is ceasing coverage on JAKS due to "reallocation of internal resources and the lack of retail and institutional interest". What are the plans to ensure that JAKS will turn into a credible, strong performance and institutionalised company?</b>	<p>We are unable to comment on the actions of Malacca Securities.</p> <p>The last few years has been tough due to the recovery from the pandemic. We have had some success in completing the JHDP Vietnam Power Plant and LSS4. The Group's immediate focus is to continue executing the business plans and strategies which will in turn, hopefully attract renewed interest from investors.</p>
11	<b>Why is JAKS looking to acquire assets when it is operating at negative cash flow?</b>	Based on the newspaper article published on New Strait Times dated 19 June 2023, the acquisition of RE assets include brownfield assets that will immediately generate cash flow to the Group.

12	<b>When the Group expects to be self-sufficient to be able to finance its operations, growth without reliance on fundraising activities?</b>	The Group is still expanding and growing its' business. We intend to tap into several source of financing instead of relying solely on fundraising from public i.e. tapping into the bond/sukuk market or collaborate with foreign private equity funds who are aggressively looking to invest in RE assets
13	<b>What is the expected IRR of the renewable energy project (LSS4) in Penang after the revision of the concession?</b>	IRR of solar projects like the LSS4 is highly sensitive to interest rate movements. Generally speaking, industry players expect an IRR of 6% - 9% for such solar projects. Our LSS4 project falls within that range.
14	<b>What is JAKS' current dividend policy?</b>	As for now, JAKS do not have a dividend policy. However, we have taken steps to move into establishing a dividend policy through the proposed dividend reinvestment plan exercise
15	<b>What was the reason behind the resignation of a number of independent directors on 31 May 2023?</b>	<p>The reason for the resignation is due to the listing requirement for Independent Directors to serve for a maximum of 12 years in cumulative tenure under the guidance of Bursa. Please refer to the link below for extract of the enhanced Main Market Listing Requirements ("MMLR") of Bursa Securities Malaysia Berhad ("Bursa Securities").</p> <p><a href="https://www.bursamalaysia.com/bm/about_bursa/media_centre/bursa-malaysia-strengthens-board-effectiveness-through-enhancements-to-the-main-and-ace-market-listing-requirements">https://www.bursamalaysia.com/bm/about_bursa/media_centre/bursa-malaysia-strengthens-board-effectiveness-through-enhancements-to-the-main-and-ace-market-listing-requirements</a></p>
16	<b>The Group has been using UHY as the auditor since FYE2017. This marks the 6th year the audit has been done by UHY. How does this long-term relationship impact the audit process, particularly in terms of integrity, objectivity, and leniency, especially regarding trade receivables and related party transactions? We would appreciate insights from the UHY audit partner on this matter.</b>	We wish to highlight that pursuant to MIA by laws "Section 540 Long Association of Personnel (Including Partner Rotation) With an Audit Client", UHY maintains its' independence, integrity and objectivity in audit engagements through rotation of partners. For example, though UHY is in its' 6 <sup>th</sup> year of engagement with JAKS Resources Berhad ("JRB"), the current audit partner Ms Ho is on her first year of engagement with JRB.
17	<b>What are the steps taken by the Group to instil confidence of its corporate governance, namely the dealings with related parties to ensure that all the dealings are on arms-length basis?</b>	Any related-party transactions ("RPT") within the Group are on an arm-length basis and comply with strict corporate governance rules. In addition, these RPTs are duly disclosed in our Annual Report and signed off by the external auditors.
18	<b>What factors are considered when determining the salary of management, and was a remuneration committee involved in the decision-making process?</b>	<p>The salaries of management team take into account various factors such as job responsibilities, qualifications, experience, performance, and contributions to the company.</p> <p>The function of a Remuneration Committee is to ensure that the levels of remuneration are sufficient to attract and retain Directors of the quality required to manage the business of the Group. The Remuneration Committee is</p>

		entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors, by linking their rewards to corporate and individual performance with the Director concerned abstaining from deliberations and voting on decisions in respect of his remuneration package. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned and is determined by the Board as a whole. For further information, kindly refer to the Remuneration Committee Report in our Annual Report.
19	<b>Any update on the litigation cases?</b>	Save as disclosed in our Annual Report and as announced on Bursa Securities, there is no material update on the ongoing litigation cases.
20	<b>The fixing of the private placement price at RM0.185 will impact the interest of the minority shareholders due to its shareholding structure, leading to a dilution effect. This may result in Private Placement investors selling at lower prices, perpetuating the depressed level of JAKS' share price. In hindsight, this corporate action appears to have negatively affected shareholders. We would appreciate your comments on this matter.</b>	We believe the dilution effect from issuance of new placement shares on 29 May 2023 is not significant as the total number of new shares issued were 129,017,000, representing only 5.81% of the enlarged share base of the Group. The proceeds raised were required by the Group and utilized in the best interest of the Group.
21	<b>The Board has resolved to fix the issue price for the Private Placement at RM0.185 per Placement Share on 18 May 23. However, during the EGM, it was discussed that the price would be set higher, contrary to the decision made. Additionally, the EGM agreed to provide an additional discount for Private Placement investors. What is the rationale behind issuing shares at a lower price? Please disclose the list of Private Placement investors and indicate if they have any relationships with JAKS' directors.</b>	<p>The issuance of new placement shares at 18.5 sen per share was determined based on funding requirements of the Group at that point in time as it is in the interest of the Group to repay its' debt obligations. This repayment is expected to enhance our financial position and improve overall profitability through interest savings.</p> <p>We are not able to disclose the list of private placement investors due to confidentiality reasons. However, we wish to highlight that the placement exercise is undertaken in full compliance of the MMLR of Bursa Securities.</p>
22	<b>What is the rationale behind appointing M&amp;A as the co-placement agent for JAKS' current private placement?</b>	The rationale to appoint M&A as the co-placement agent for our current private placement exercise is to tap onto a wider network of investors
23	<b>JAKS have done many times of private placement throughout the years, please brief us on the projects in Vietnam and other projects. How do these projects demonstrate a healthy cash flow considering the</b>	The investment in Hai Duong BOT thermal power plant was successfully completed in January 2021. Since then, it has proven to be a rewarding venture for the Group. i.e. the dividend received amounted to RM70.1 million in 2022. We expect Hai Duong power plant to continue to provide a steady income stream to the Group throughout its' 25-year

	<b>invested amounts?</b>	<p>concession period</p> <p>The LSS4 project is expected to be completed by Q3 of 2023, which start to contribute to the Group's financials for 25 years.</p>
24	<b>There was a purchase of PPE of RM31 million in Q1 2023 results. Kindly disclose the details of this capex as this is material &amp; the rationale of doing so.</b>	This was due to the construction of our LSS4 project.
25	<b>Please explain how the RM70 million dividend received from JHDP was utilised?</b>	As per the Annual Report, the dividends received from JHDP in year 2022 were mainly utilised for working capital and debt servicing.
26	<b>Is the Company facing issues on collections given the high receivables recorded on the Company's balance sheet? What are the mitigating actions in place to tackle this issue?</b>	The receivables consist of contract and retention sums for construction projects, including the USD454m Engineering, Procurement and Construction ("EPC") 2 Vietnam Contract. We do not foresee any problems with the collection when it is fully completed.
27	<b>JAKS have consistently been having very high Trade and Other Payables of RM 477 million as at quarter ended 31 March 2023. with barely any current assets to cover this short-term liabilities given the persistent negative operating cashflow due to lack of new cashflow generating businesses being developed. Vietnam biz is not helping as only when dividends is declared will JAKS realise its profits. How probable is it that cashflow problem will be resolved this year?</b>	The trade and other payables are mainly owing to sub-contractors for the Construction Division, including retention sums. There is sufficient receivables and progress billings to customers to cover these trade payables. We are focused to secure more viable projects particularly in RE sector to improve cashflows.
28	<b>Any more provisions and impairments in the near future? Is the Company facing issues in collection from its customers for its completed works. Any risk management policy by the Group to avoid this from happening in the future?</b>	Any provisions and impairments of the Group will be done in accordance with accounting standards. Meanwhile, we do not foresee any problems with collections as bulk of the receivables are mainly from secured construction jobs from the government and JHDP.
29	<b>Kindly present the cost-cutting measures by the Group in the midst of its precarious cashflow position. What is the reduction in staff costs for FYE2022 compared to FYE2021?</b>	<p>We acknowledge that cost-cutting measure is a temporary fix to current situation. However, we need to strike a balance between cost-cutting measures and growing the business</p> <p>In terms of staff cost, we have implemented cost reduction measures in year 2020 and 2021 through staff rationalisation and reduction of salary. The slight increase in salary cost for 2022 is in tandem with the reopening of economy post-pandemic and the Group's commitment in</p>

		growing the business.
30	<b>Any plan for major restructuring of its businesses and workforce to streamline its non-core assets, focus on profitable businesses and to ensure that the capital is allocated only to profitable businesses?</b>	There is no intention for major restructuring to be undertaken at the moment. Nevertheless, we are focused in securing more profitable business and projects.
31	<b>Considering the company's current liquidity position and the concerns raised by investors due to multiple share issuances, is it possible for the company to suspend its LTIP for directors and staff, as well as the approved private placement exercise until the liquidity situation improves? Please provide your perspective on this matter.</b>	LTIP is important to the company as it serves the purpose of retaining and awarding key employees who plays a vital role in the Group as well as giving the employees a greater sense of ownership and belonging towards the Group, thus increasing their level of dedication, loyalty, and motivation. It also enables the Company to conserve cash instead of paying out compensation and remuneration in cash.
32	<b>Please provide an update on the status of subscribing the additional 10% stake in JHDP. Is JRB planning for a cash call (right issue) to subscribe the additional 10% of JHDP?</b>	<p>We have received several financing proposals from Singaporean financial institutions and currently negotiating the terms.</p> <p>We wish to clarify that we do not intend to undertake a cash call exercise to subscribe the 10% option. At present, we have received several financing proposals from Singaporean financial institutions and currently negotiating the terms.</p>
33	<b>What is the loan tenure for JHDP loan?</b>	The loan tenure of JHDP is 10 years, expiring in 2030
34	<b>Kindly clarify whether there is a basis to estimate the dividend payment from JHDP? How often is dividend declared? Are there any binding written agreements in place for the distribution of JHDP dividends?</b>	Based on the understanding between the JV parties, 100% of distributable profits from JHDP are expected to be declared as dividends on an annual basis, subject to cashflow requirements. Under Vietnamese laws, dividends can only be distributed upon determining the profits available by filing of audited accounts and tax submissions.
35	<b>The thermal coal prices settling at \$200 per tonne, which is half from its peak of \$400 early of the year. What impact does this have on the earnings of JAKS' power plants in Vietnam?</b>	The coal price is pass-through to the off-taker, Vietnam Electricity (EVN) and as such, JHDP is not exposed to the risk of global coal price fluctuations.

36	<p>Please share some of the key operating and financial metrics of Vietnam's power plants. How do these metrics compare on a quarter-on-quarter basis since the plants began commercial operations?</p>	<p>Share of profit breakdown:</p> <table><tr><th>Quarte rs</th><th>FYE 2021 (RM mil)</th><th>FYE 2022 (RM mil)</th><th>FYE 2023 (RM mil)</th><th>Remark</th></tr><tr><td>Q1</td><td>29.9</td><td>33.9</td><td>28.3</td><td>The declined in share of profit in Q1FYE2023 was due to increase in interest expenses.</td></tr><tr><td>Q2</td><td>37.5</td><td>29.6</td><td>-</td><td>The lower share of profit in Q2FYE2022 was due to lower production rate.</td></tr><tr><td>Q3</td><td>43.4</td><td>46.5</td><td>-</td><td>The higher share of profit in Q3FYE2022 was due to high production rate.</td></tr><tr><td>Q4</td><td>30.0</td><td>46.2</td><td>-</td><td>The lower share of profit in Q4FYE2021 was due to a scheduled plant maintenance.</td></tr><tr><td>Total</td><td>140.7</td><td>156.2</td><td>28.3</td><td>-</td></tr></table> <p>Save as disclosed above, we are not authorised to disclose the key operating metrics of the power plant.</p>	Quarte rs	FYE 2021 (RM mil)	FYE 2022 (RM mil)	FYE 2023 (RM mil)	Remark	Q1	29.9	33.9	28.3	The declined in share of profit in Q1FYE2023 was due to increase in interest expenses.	Q2	37.5	29.6	-	The lower share of profit in Q2FYE2022 was due to lower production rate.	Q3	43.4	46.5	-	The higher share of profit in Q3FYE2022 was due to high production rate.	Q4	30.0	46.2	-	The lower share of profit in Q4FYE2021 was due to a scheduled plant maintenance.	Total	140.7	156.2	28.3	-
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Q1	29.9	33.9	28.3	The declined in share of profit in Q1FYE2023 was due to increase in interest expenses.																												
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Total	140.7	156.2	28.3	-																												
37	<p>The contribution from JHDP appears to be declining year-on-year, with FYE21 and FYE22 reaching RM156.2 million and RM140.7 million respectively. In Q1 2023, the contribution was merely RM28 million, indicating a significant drop. The ballpark internal rate of return (IRR) for this high-risk RM1.87 billion energy project is estimated to be between 5-6%, considerably lower than industry players such as YTL, Malakoff, and Mega First Corporation. Could the management shed light on these discrepancies and explain why the project's IRR is below baseline? Additionally, please explain if there are any hidden costs associated with</p>	<p>This is incorrect as contributions from JHDP in FYE22 increased to RM156.2 million from RM140.7 million in FYE21. For Q1 2023, as explained, decrease in profit contribution was due to escalating interest rates. In contrast, our internal calculation of the IRR is higher than 5-6%.</p>																														

	<b>this project.</b>	
38	<b>How come the profit from JHDP dropped significantly QOQ? I have read news that the JHDP hit the highest electricity generated on Mar 2023 &amp; the heat wave should benefit JHDP.</b>	The drop in profit contribution from JHDP in Q1 2023 is mainly attributable to the increase in financing cost as a result of recent interest rate hikes across the globe.
39	<b>Is there a dispute between JAKS and its JV partner, CPECC that resulted delays in the payment of the dividend?</b>	We wish to highlight that there is no dispute with CPECC and we do not foresee any delays in dividend payment this year.
40	<b>Why there are so many regulated short-selling (“RSS”) shorting on JAKS price?</b>	We are unable to comment as the RSS activities are driven by market forces.
41	<b>Whether the repayment of JHDP loan will affect dividend distribution?</b>	The capital structure (debt/equity) has been in place since inception of the project and remains unchanged.
42	<b>What are the chances of settlement out of court with Star?</b>	It is a possibility.
43	<b>What are the updates on expansion to Indonesia?</b>	Based on the newspaper article published on New Strait Times dated 19 June 2023, we are evaluating the opportunities available in Indonesia, particularly in RE space as we see strong growth potential in Indonesia.  Any material development on these opportunities will be announced on Bursa Securities.
44	<b>Is the Company going to buy back its' share price?</b>	Not at present as we intend to focus on growing the business
45	<b>Any door gifts for participants?</b>	All entitled shareholders from the meeting will be rewarded with a RM30 TNG e-wallet credit which will be available within 1 month from date of AGM.