

Operational & Financial Matters

- Q1. As part of the Group's replanting programme, over 7,000 hectares of past prime trees were replanted during FY2021 with higher yielding oil palm planting materials. However, the replanted area was short of the Group's initial target to replant by about 12,000 hectares due partly to restrictive measures contained in the pandemic-related SOPs (page 15 of Annual Report 2021 ("AR2021")).

What is the Group's current progress on replanting, and will the Group be able to achieve its target replanting schedule for the financial year ending 2022?

The earlier target replanting for FY2022 was about 11,000 hectares. However, to capitalise on current record high CPO prices, we have delayed our replanting programme for this year and will only likely complete an estimated 8,000 hectares of replanting for FY2022. Nevertheless, the replanting of about 8,000 hectares represents 5.1% of our planted hectrage in Malaysia and is higher than our usual replanting rate of 3% to 4%.

- Q2. The Group aims to reduce plantation workforce by more than 25% through the implementation of various estate mechanisation and digitalisation programmes (page 17 of AR2021).

- (a) To-date, the Group's plantation workforce has been reduced by how many percent?

Plantation workforce has reduced by about 20% since the start of the 5-year plan, partly due to the unintended effect of the Covid-19 pandemic restrictions.

- (b) What is the estimated budget allocation for estate mechanisation and digitalisation programmes for financial year 2022?

The CAPEX budget for mechanisation is RM6.6 million and for digitalisation is about RM8.3 million. The estimated OPEX for mechanisation is RM19 million and for digitalisation is about RM11 million.

Due to the recent pandemic and shortage of labour, we have accelerated our mechanisation efforts, and to date 50% of our operating units have implemented the FFB Main Line mechanisation. We hope to achieve the target well ahead of our initial timeline.

- Q3. The Group has awarded contracts for the construction of a palm wood factory to convert oil palm trunks into high performance palm wood boards and panels. The factory is targeted to be completed by end of 2022 (page 17 of AR 2021).

- (a) What is the estimated cost of construction and capital expenditure to be incurred for the palm wood factory?

The estimated cost of construction and other capital expenditure is approximately RM110 million.

- (b) Where does the Group plan to market its palm wood boards and panels to?

Initially, we will be marketing mainly to Malaysian furniture manufacturers which export approximately RM13 billion worth of furniture in 2021. We will also market these sustainable palm wood blocks and panels to countries such as China, Europe and USA.

QUESTION RAISED BY MSWG RELATING TO 52ND AGM OF IOI CORPORATION BERHAD

- Q4. Inventories written down to net realisable values increased significantly to RM16.4 million (2020: RM2.7 million) (Note 10, page 28 of Financial Report 2021).

What is the nature of these inventories that have been written down? Are the inventories written down still salable?

The inventories that are written down to net realisable values of RM16.4 million in FY2021 are mostly oleochemical products. These inventories are still salable and the reason for the write down is due to a drop in market prices at the end of June 2021. For reference, the average CPO price for the month of May 2021 and June 2021 was RM4,572 and RM3,831 per MT respectively.