

## IJM CORPORATION BERHAD (104131-A)

30<sup>th</sup> AGM Minutes dd 26 August 2014

**EXTRACT** of the **MINUTES** of the **30<sup>th</sup> Annual General Meeting {AGM}** of **IJM CORPORATION BERHAD (104131-A)** held at the Victorian Ballroom, Level 1, Holiday Villa Hotel & Suites Subang, 9 Jalan SS12/1, 47500 Subang Jaya on Tuesday, 26 August 2014, at 3.00 p.m.

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### DIRECTORS & SECRETARY PRESENT:-

1. Tan Sri Abdul Halim bin Ali, *Independent Non-Executive Chairman*
2. Tan Sri Dato' Tan Boon Seng @ Krishnan, *Deputy Non-Executive Chairman*
3. Dato' Teh Kean Ming, *Chief Executive Officer ("CEO") & Managing Director ("MD")*
4. Dato' Soam Heng Choon, *Deputy CEO & Deputy MD*
5. Datuk Lee Teck Yuen, *Senior Independent Non-Executive Director*
6. Datuk Ir. Hamzah bin Hasan, *Independent Non-Executive Director*
7. Pushpanathan a/l S A Kanagarayar, *Independent Non-Executive Director*
8. Dato' David Frederick Wilson, *Non-Executive Director*
9. Ng Yoke Kian, *Company Secretary*

### MEMBERS AND PROXIES PRESENT:-

60 members and 50 proxies (excluding Directors and Secretary)

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## 1.0 AUDITED FINANCIAL STATEMENTS

Before considering the 2014 Audited Financial Statements, the Chairman requested the CEO&MD to present to the meeting a brief on the Review of Group Performance and Prospects for the financial year ended 31 March 2014. The CEO&MD in his briefing covered the following:-

- a) the Group's performance review, which included income statement, balance sheet and segmental performance;
- b) the financial performance, project highlights, and market outlook of all the divisions, namely Construction, Property (including the proposed privatization of IJM Land Berhad), Industry, Plantation and Infrastructure;
- c) corporate responsibility, covering marketplace, environment, community and workplace; and
- d) key strategies of the Group.

The CEO&MD also presented the responses (Annexure I) of the Company to questions raised by the Minority Shareholder Watchdog Group *vide* letter dated 21 August 2014 in relation to the strategy and financial performance of the Group and corporate governance issues.

After the presentation of the CEO&MD, the Chairman invited questions and comments from the floor in connection with the 2014 Audited Financial Statements and the presentation, and the questions were responded by the Deputy Non-Executive Chairman, CEO&MD and/or CFO accordingly (Annexure II).

The audited financial statements for the year ended 31 March 2014, 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.

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### 2.0 POLL VOTING

The Chairman informed that all the resolutions to be considered at the meeting would be put to vote by poll, as stated in Note 7 of the Notice of the AGM dated 31 July 2014, in line with the recommendation of the Malaysian Code on Corporate Governance 2012.

Poll voting on the resolutions would be conducted concurrently by Tricor Investor Services Sdn Bhd, the appointed Official Independent Scrutineers.

### 3.0 ELECTION OF DIRECTORS

- 3.1 It was resolved that Tan Sri Abdul Halim bin Ali be reappointed as Director and shall continue in office until the conclusion of next Annual General Meeting in compliance with Section 129(6) of the Companies Act, 1965.

The poll result was noted as follows:-

	<u>Number of Shares</u>	<u>%</u>
Votes FOR	520,864,905	95.73
Votes AGAINST	<u>23,224,780</u>	<u>4.27</u>
	<u>544,089,685</u>	<u>100.00</u>

ABSTAIN: 361,601,899 shares

Prior to voting on the resolution, members were informed that 73.8% (515.5 million shares) of the total votes received from members appointing proxies have indicated support for the resolution, and 3.3% (23.2 million shares) against. Members were also informed that the retirement of Tan Sri Abdul Halim bin Ali under Section 129 of the Companies Act, 1965 requires not less than three-fourth of the consent of members present and voting.

- 3.2 It was resolved that Dato' Teh Kean Ming be reappointed as Director.

The poll result was noted as follows:-

	<u>Number of Shares</u>	<u>%</u>
Votes FOR	700,746,728	95.41
Votes AGAINST	<u>33,707,346</u>	<u>4.59</u>
	<u>734,454,074</u>	<u>100.00</u>

ABSTAIN: 171,237,510 shares

Prior to voting on the resolution, members were informed that 94.8% (662.2 million shares) of the total votes received from members appointing proxies have indicated support for the resolution, and 4.8% (33.7 million shares) against.

- 3.3 It was resolved that Datuk Lee Teck Yuen be reappointed as Director.

The poll result was noted as follows:-

	<u>Number of Shares</u>	<u>%</u>
Votes FOR	732,503,354	99.73
Votes AGAINST	<u>1,950,720</u>	<u>0.27</u>
	<u>734,454,074</u>	<u>100.00</u>

ABSTAIN: 171,237,510 shares

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Prior to voting on the resolution, members were informed that 99.3% (693.9 million shares) of the total votes received from members appointing proxies have indicated support for the resolution, 0.3% (2.0 million shares) against, and 0.4% (2.6 million shares) abstain.

### 4.0 APPOINTMENT OF AUDITORS

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

The poll was noted as follows:-

	<u>Number of Shares</u>	<u>%</u>
Votes FOR	905,679,964	99.99
Votes AGAINST	420	<u>negligible</u>
	<u>905,680,384</u>	<u>100.00</u>

ABSTAIN: 11,200 shares

Prior to voting on the resolution, members were informed that 99.9% (698.5 million shares) of the total votes received from members appointing proxies have indicated support for the resolution and none against.

### 5.0 DIRECTORS' FEES

It was resolved that the Directors' fees of RM854,667 for the year ended 31 March 2014 be approved to be divided amongst the Directors in such manner as they may determine.

The poll result was noted as follows:-

	<u>Number of Shares</u>	<u>%</u>
Votes FOR	905,679,124	99.99
Votes AGAINST	1,260	<u>negligible</u>
	<u>905,680,384</u>	<u>100.00</u>

ABSTAIN: 11,200 shares

Prior to voting on the resolution, members were informed that 99.9% (698.5 million shares) of the total votes received from members appointing proxies have indicated support for the resolution and none against.

### 6.0 AUTHORITY TO ISSUE SHARES UNDER SECTION 132D

It was resolved that the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act 1965, to allot and issue not more than ten percent (10%) of the issued share capital 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.

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The poll result was noted as follows:-

	<u>Number of Shares</u>	<u>%</u>
Votes FOR	459,973,103	65.35
Votes AGAINST	<u>243,916,977</u>	<u>34.65</u>
	<u>703,890,080</u>	<u>100.00</u>

ABSTAIN: 201,801,504 shares

Prior to voting on the resolution, members were informed that 65.1% (454.6 million shares) of the total votes received from members appointing proxies have indicated support for the resolution, and 34.9% (243.9 million shares) against.

### 7.0 PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

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 issued capital of the Company; and
- ii) the funds allocated for the purchase of shares shall not exceed its retained profits and share premium account

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 and/or cancelled)

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.

The poll result was noted as follows:-

	<u>Number of Shares</u>	<u>%</u>
Votes FOR	905,674,688	99.99
Votes AGAINST	<u>16,396</u>	<u>negligible</u>
	<u>905,691,084</u>	<u>100.00</u>

ABSTAIN: 500 shares

Prior to voting on the resolution, members were informed that 99.9% (698.5 million shares) of the total votes received from members appointing proxies have indicated support for the resolution, and 10,700 shares against.

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### **8.0 PROPOSED AWARD TO DATO' SOAM HENG CHOON**

It was resolved that the Directors be and are hereby authorised to offer options to subscribe for ordinary shares of RM1.00 each in IJM Corporation Berhad ("IJM Shares") and grant IJM Shares to Dato' Soam Heng Choon ("DSHC"), the Deputy CEO & Deputy MD of the Company, from time to time and in any event for an amount not exceeding 5,000,000 IJM Shares and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the by-laws of the Long Term Incentive Plan.

The poll result was noted as follows:-

	<u>Number of Shares</u>	<u>%</u>
Votes FOR	528,992,240	58.41
Votes AGAINST	<u>376,657,544</u>	<u>41.59</u>
	<u><u>905,649,784</u></u>	<u><u>100.00</u></u>

ABSTAIN: 41,800 shares

The interested Director, DSHC, had abstained from voting in respect of his shareholdings on the resolution. Prior to voting on the resolution, members were informed that 46.1% (321.9 million shares) of the total votes received from members appointing proxies have indicated support for the resolution, and 53.9% (376.7 million shares) against.

### **9.0 TERMINATION**

There being no other business, the meeting was terminated at 5.10 p.m. with a vote of thanks to the Chair.

**Reply to the enquiries from Minority Shareholder Watchdog Group *vide* letter dated 21 August 2014**

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**Strategy/Financials**

Q1 : On Page 81 under the Infrastructure segment it was stated that LEKAS had incurred a significant impairment recognition of RM96 million. Please elaborate on the contributing factors to the impairment and what would be the expectations/outlook going forward?

A1 : The impairment is principally due to lower than expected initial traffic and traffic growth since the highway commenced full tolling in September 2010. Having ascertained a stabilised traffic pattern and restructuring of its debts, the Group decided to make the impairment to an amount commensurate with the shortfall in the present value of projected future cash flows.

Efforts to create better public awareness such as improvements in signage as well as advertising and promotional campaigns have been undertaken and are yielding some positive results. Additionally, the traffic is expected to improve considerably in the coming years due to the heightened pace of developments in the Kajang corridor.

Q2 : Please indicate what was the amount for the Group's impairment incurred in respect of the Argentina's toll concession operations as mentioned in the Chairman's Statement on page 56 of the Annual Report. Could the Board shed some light on this issue and how did the impairment come about?

A2 : IJM has impaired its investment in Grupo Concesionario del Oeste S.A. by RM21.9 mil in the year mainly due to a weaker Argentine peso that has fallen from RM0.5839 in April 2013 to RM0.4076 in March 2014 as well as domestic cost inflationary pressures.

Q3 : Property investor sentiments appear to dampen property sales following the cooling measures. Has this development taken a toll on IJM's property developments, if any, and what measures would be taken to make IJM distinguishable from other competitors?

A3 : As reported in the CEO's Review of Operations, property sales in FY14 amounted to RM2.9 billion, which is the highest ever recorded by IJM Land. We are, nonetheless, cognisant of the current property market where buyers are facing tougher borrowing assessments by banks, additional government measures as well as general affordability challenges due to recent price increases, especially in major cities.

As a developer with over 4,700 acres spread across Malaysia, IJM Land has a wide range of products that include integrated developments, residential townships, high-rise condominiums, office towers, retail malls and commercial properties. Our aim is to provide quality products to our buyers in the various market segments. In addition to underscoring the construction quality of our products, the Group makes continuous improvement efforts in areas such as brand development, building material selection, design trends, information technology, security ecosystems, environmental sustainability and infrastructure connectivity to constantly build value for our target demography.

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Q4 : Share of losses from joint ventures increased three-fold from loss of RM37.87 million in FY2013 to a loss of RM143.3 million in FY2014. How and what has the Board done to improve the situation and what is the expectation going forward?

A4 : The increase in share of losses from joint ventures was primarily due to the impairment of RM96 million made in relation to LEKAS. As this is a one-off item, and with the rate of development taking place in the Kajang corridor as explained in the reply to Q1, we believe traffic at LEKAS should improve going forward.

### **Corporate Governance**

MSWG is promoting standards of corporate governance best practices in PLCs. In this regard, we would like the Board to address the following issues:-

Q1 : Could the Board clarify the reasons(s) for the resignation of a former Executive Director, Dato' Tan Gim Foo?

A1 : Dato' Tan Gim Foo retired as the Deputy CEO and Deputy Managing Director of IJM on 6 June 2013 at the retirement age of 55 and therefore resigned from the Board accordingly. Dato' Tan was a dedicated IJM employee for 30 years and played an instrumental role in the growth and success of the Construction Division.

**Pertinent Questions and Answers at the Annual General Meeting**

- Q1 The gain on disposal of Konsortium Pelabuhan Kemaman Sdn Bhd (“KPK”) of approximately RM26 million was reflected in the Income Statement. However, the gain of approximately RM260 million on the disposal of 38% equity interest in Kuantan Port Consortium Sdn Bhd (“KPC”) was reflected in the retained earnings under the Balance Sheet. Why were there different accounting treatments for the two (2) gain on disposals?
- A1 According to the current accounting standards, if there is a change in the control of a company such as disposal of KPK, the gain will be recognised in the Statement of Comprehensive Income. If there is no change in control, such as the disposal of KPC, where KPC still remains as a subsidiary, the gain will be recognised in retained earnings.
- Q2 The gain on disposal of 35.6% Trichy Tollway Private Limited (“TTPL”) of approximately RM56 million had been reflected in the income statement. What was the equity interest of the Company in TTPL before the disposal and what was the accounting treatment for the gain on disposal?
- A2 TTPL was a 50:50 joint venture company between IJM Trichy (Mauritius) Limited (“IJMTML”) and Shapoorji Pallonji & Company Limited (“SPCL”). IJMTML and SPCL had disposed 35.6% and 37% equity interest respectively to Macquarie Group. The gain on the disposal was recorded in the Statement of Comprehensive Income.
- Q3 On page 57 of the Annual Report 2014, it was recorded that a fair value gain of RM267 million had been recognised due to the additional equity interest in Swarna Tollway Pte Ltd (“STPL”). Why was the increase in equity interest in STPL recognised as “additional” equity interest in financial year 2014 where it had no equity interest in financial year 2013 as reflected in the subsidiaries list on page 301 of the Annual Report 2014?
- A3 The Company initially had a minority shareholding of 35% in STPL and it was categorised under the associates list. Subsequently, the Company’s direct equity interest in STPL increased to 98.5% following the completion of the acquisition of additional equity interest in financial year 2014 thereby resulting in STPL becoming a subsidiary.
- Q4 What is the Company’s future plan for its investment of 7% in Scomi Group Bhd (“SGB”) and how will IJM Corporation Berhad (“IJM”) nurture the investment going forward for greater profitability? Will there be a plan to increase the investment in SGB?
- A4 IJM currently holds 9% equity interest and RM110 million convertible securities in SGB. If IJM exercises its put option on the convertible securities, its equity interest in SGB will increase to about 20%. IJM will likely not increase its interest in SGB so as to not affect its status as a Bumi controlled company.

The Company together with SGB, has been exploring growth opportunities in the oil and gas business as well as the rail transport business.



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Q5 When would the investment of the Company in the power generation plant in India be recouped as it is still in a loss position? Why did the Group invest in power generation business as it was different from the Group's entire portfolio?

A5 The Company invested in GVK Gautami Power Limited ("Gautami") since 1997 in view of the potential of power generation business in India. The power generation plant of Gautami is not operating in full capacity because of acute shortage of gas in India. If the power generation plant is operating at full capacity, a commensurate return can be expected based on the current demand in India.

Q6 A new bill to limit the foreign ownership of oil palm plantations to a maximum of 30% (from the current limit of 95%) is being proposed in Indonesia, how does this proposal affect IJM Group's Indonesian operations?

A6 The new bill has just been proposed and we do not have adequate details for the time being. However, Management will monitor the development of the proposed new bill.

Q7 When is the construction of the new deep water terminal ("NDWT") expected to commence and what will be the capacity of the NDWT?

A7 The current capacity of Kuantan Port is about 26 million tonnes. With the NDWT, the capacity of the Port will be doubled. The construction of breakwater by the Government is still in progress. The Privatisation Agreement for the NDWT is being finalised and the physical work is expected to commence in the first quarter of 2015.