

## IJM CORPORATION BERHAD (104131-A)

31<sup>st</sup> AGM Minutes dd 25 August 2015

Page 1 of 5

**EXTRACT** of the **MINUTES** of the **31<sup>st</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, 25 August 2015, at 2.30 p.m.

---

---

### 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' Soam Heng Choon, *Chief Executive Officer ("CEO") & Managing Director ("MD")*
4. Mr Lee Chun Fai, *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:-

99 members and 52 proxies (excluding Directors and Secretary)

---

---

## 1.0 AUDITED FINANCIAL STATEMENTS

Before considering the 2015 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 2015. 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 business review of all the divisions, namely Construction, Property, Industry, Plantation and Infrastructure;
- c) corporate responsibility, covering marketplace, environment, community and workplace; and
- d) key short term and long term 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 20 August 2015 in relation to the strategies, financial performance and operational issues of the Group.

After the presentation of the CEO&MD, the Chairman invited questions and comments from the floor in connection with the 2015 Audited Financial Statements and the presentation, and the questions were responded to by the CEO&MD and/or Deputy CEO & Deputy MD accordingly (Annexure II).

The audited financial statements for the year ended 31 March 2015, 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.

## IJM CORPORATION BERHAD (104131-A)

31<sup>st</sup> AGM Minutes dd 25 August 2015

Page 2 of 5

### 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 6 of the Notice of the AGM dated 31 July 2015.

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>
Voted FOR	562,764,580	99.47
Voted AGAINST	<u>3,001,500</u>	<u>0.53</u>
	<u>565,766,080</u>	<u>100.00</u>

ABSTAINED: 544,191,499 shares

Prior to voting on the resolution, members were informed that 67.7% (510.4 million shares) of the total votes received from members appointing proxies have indicated support for the resolution, and 0.4% (3 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' David Frederick Wilson 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>
Voted FOR	557,116,743	98.47
Voted AGAINST	<u>8,648,837</u>	<u>1.53</u>
	<u>565,765,580</u>	<u>100.00</u>

ABSTAINED: 544,191,999 shares

Prior to voting on the resolution, members were informed that 66.9% (504.8 million shares) of the total votes received from members appointing proxies have indicated support for the resolution, and 1.2% (8.6 million shares) against. Members were also informed that the retirement of Dato' David Frederick Wilson under Section 129 of the Companies Act, 1965 requires not less than three-fourth of the consent of members present and voting.

- 3.3 It was resolved that Mr Pushpanathan a/l S A Kanagarayar be reappointed as Director.

The poll result was noted as follows:-

## IJM CORPORATION BERHAD (104131-A)

31<sup>st</sup> AGM Minutes dd 25 August 2015

Page 3 of 5

	<u>Number of Shares</u>	<u>%</u>
Voted FOR	831,829,669	99.69
Voted AGAINST	<u>2,620,100</u>	<u>0.31</u>
	<u>834,449,769</u>	<u>100.00</u>

ABSTAINED: 275,507,810 shares

Prior to voting on the resolution, members were informed that 99.1% (747.3 million shares) of the total votes received from members appointing proxies have indicated support for the resolution, and 0.4% (2.6 million shares) against.

3.4 It was resolved that Mr Lee Chun Fai be reappointed as Director.

The poll result was noted as follows:-

	<u>Number of Shares</u>	<u>%</u>
Voted FOR	811,877,569	97.30
Voted AGAINST	<u>22,571,200</u>	<u>2.70</u>
	<u>834,448,769</u>	<u>100.00</u>

ABSTAINED: 275,508,810 shares

Prior to voting on the resolution, members were informed that 96.5% (727.4 million shares) of the total votes received from members appointing proxies have indicated support for the resolution, 3% (22.6 million shares) against.

### 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>
Voted FOR	1,106,730,179	99.77
Voted AGAINST	<u>2,576,750</u>	<u>0.23</u>
	<u>1,109,306,929</u>	<u>100.00</u>

ABSTAINED: 650,650 shares

Prior to voting on the resolution, members were informed that 99.6% (750.8 million shares) of the total votes received from members appointing proxies have indicated support for the resolution, and 0.3% (2.6 million shares) against.

### 5.0 DIRECTORS' FEES

It was resolved that the Directors' fees of RM928,000 for the year ended 31 March 2015 be approved to be divided amongst the Directors in such manner as they may determine.

## IJM CORPORATION BERHAD (104131-A)

31<sup>st</sup> AGM Minutes dd 25 August 2015

Page 4 of 5

The poll result was noted as follows:-

	<u>Number of Shares</u>	<u>%</u>
Voted FOR	1,106,733,279	99.77
Voted AGAINST	<u>2,578,350</u>	<u>0.23</u>
	<u>1,109,311,629</u>	<u>100.00</u>

ABSTAINED: 645,950 shares

Prior to voting on the resolution, members were informed that 99.6% (750.8 million shares) of the total votes received from members appointing proxies have indicated support for the resolution, and 0.3% (2.6 million shares) against.

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

In relation to the renewal of general mandate to issue not more than 10% of the issued share capital of the Company, the Chairman explained that the renewal of general mandate was for purposes of funding future investment projects, working capital and acquisitions would provide flexibility and avoid any unnecessary delay and cost in convening a general meeting for such issuance of shares should the need arise. The Company would make an announcement accordingly, of the actual purpose and utilisation of proceeds should there be a decision to issue new shares. The approval of the relevant authorities would be still required before any share could be issued by the Company.

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.

The poll result was noted as follows:-

	<u>Number of Shares</u>	<u>%</u>
Voted FOR	382,590,398	53.70
Voted AGAINST	<u>329,926,627</u>	<u>46.30</u>
	<u>712,517,025</u>	<u>100.00</u>

ABSTAINED: 397,440,554 shares

Prior to voting on the resolution, members were informed that 43.8% (330.4 million shares) of the total votes received from members appointing proxies have indicated support for the resolution, and 43.7% (329.8 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

## IJM CORPORATION BERHAD (104131-A)

31<sup>st</sup> AGM Minutes dd 25 August 2015

Page 5 of 5

- 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>
Voted FOR	1,109,310,979	99.99
Voted AGAINST	9,050	<u>negligible</u>
	<u>1,109,320,029</u>	<u>100.00</u>

ABSTAINED: 637,550 shares

Prior to voting on the resolution, members were informed that 99.9% (753.4 million shares) of the total votes received from members appointing proxies have indicated support for the resolution, and 7,400 shares against.

### 8.0 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 20 August 2015**

---

Q1 : Gautami Power contributed a lower turnover of RM1.84 million in FY2015 compared to RM9.35 million in FY2014 and registered a loss of RM23.40 million compared to RM21.09 million in FY2014. As stated in the CEO's review of operations, it is expected to contribute regular income once the gas supply is stabilised.

- (a) What was the reason for the shortage of supply of gas?
- (b) Is there sufficient mechanism in place to ensure there are no future gas shortages that could disrupt the plant's performance?

A1 : [Reply to Question 1 \(a\)](#)

The shortage of gas supply to power plants in India has been a persistent industry-wide challenge for many years due to the lack of locally sourced natural gas, which resulted from imposed price controls, while demand for gas has been growing rapidly.

[Reply to Question 1 \(b\)](#)

The Indian government recognises the problems faced by the power sector and is considering measures to free up gas supply for the power generation sector such as giving the power sector equal priority with gas buyers in the fertiliser sector. We are hopeful that this issue will be resolved given the lower oil prices currently.

Q2 : The CEO's review of operations in the Construction Division highlighted that the implementation of GST had adversely affected the demand for commercial properties in the near future and the risks associated with foreign exchange rate fluctuations will remain a concern for business.

- (a) What are the measures taken by the Board to mitigate these impacts?
- (b) What would be the expected financial impact on the sales (in percentage) for the Groups property division for FY2016?

A2 : [Reply to Question 2 \(a\)](#)

As individual property buyers adjust to the new GST regime, which may affect short term demand for commercial properties, the Construction Division is pursuing civil infrastructure projects to replenish its order book. This notwithstanding, IJM Construction is highly sought after by private sector developers for its established execution track record and will continue to tender for building construction projects undertaken by reputable developers.

At present, the proportion of mechanical, electrical and building material costs subject to foreign currency fluctuation is relatively small. Nonetheless, IJM Construction constantly evaluates the cost of the import components of its ongoing projects. At present, however, such components for projects under construction have been mostly procured.

Reply to Question 2 (b)

Following weaker consumer sentiment on the back of the recently implemented GST and depreciating Ringgit, and coupled with continued stringent mortgage approvals by banks, the Group expects the property market in FY2016 to be more challenging.

Q3 : When would be the expected completion date for the 233 km West Coast Expressway project connecting Banting to Taiping and what would be the expected return to IJM for this project?

A3 : Construction on the West Coast Expressway is expected to be completed in 2019. We expect the project to contribute positively during the construction period.

Q4 : The Group's outstanding order book stood at around RM7 billion in FY2015. What would be the Group's targeted order book for the next two financial years?

A4 : The prospects for order book replenishment is encouraging due to the Malaysian Government's continued emphasis on infrastructure development under the 11th Malaysia Plan such as MRT2, LRT3, Pan Borneo Highway and other various rail and highway projects. Additionally, the Construction Division is well positioned to pursue building projects by private developers and IJM Land.

Q5 : We noted that the Property Division posted a revenue of RM2,203.42 million in FY2015, a marginal decrease compared to RM2,224.96 million in FY2014. Profit before tax for the financial year was RM494.66 million, a decrease of 34% from the prior year of RM748.66 million.

In view of the current challenging business environment, what is the Board's view on the performance of the Property Division for FY2016?

A5 : Given the more challenging market environment, the financial performance of the Property Division is expected to be weaker in FY2016.

Q6 : It was recently reported that Norges Bank Investment Management has excluded IJM Corporation Berhad from its investments due to risks of severe environmental damage in connection with the Company's conversion of tropical forest into oil palm plantations.

(a) Could the Board comment on this issue?

(b) Has the plantation operation attained full RSPO certification?

A6 : Reply to Question 6 (a)

The Board respects the fund's decision to divest from IJM but disagrees with its assessment on the environmental practices adopted by the Group's Plantation Division.

The Group's entire palm oil operations in Malaysia have been fully certified under MPOB Code of Practices. In FY2015, the Desa Talisai Palm Oil Mill successfully achieved both the International Sustainability Carbon Certification (ISCC) and the Malaysian Sustainable Palm Oil (MSPO) certifications.

The Group's operations in Indonesia have also begun with the ISPO certification scheme, which is mandatory, and is currently undergoing the audit for all its operating units.

IJM Plantations Berhad ("IJMP") undertakes extensive efforts in its socio-environmental and conservation endeavours. More details can be found on the Annual Report of IJMP.

Reply to Question 6 (b)

IJMP has adopted a phased approach in its journey towards achieving certification for sustainability, appreciating that there must be adequate and effective capacity building on the subject matter. As such, IJMP has embarked on a roadmap towards attaining RSPO certification along with numerous other local and global certification schemes.



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

Q1 What are the translation losses from foreign exchange for the financial year ended (“FY”) 31 March 2015 (“FY 2015”) and FY 31 March 2014 (“FY 2014”)? Would the translation losses be higher for financial year ending 31 March 2016 (“FY 2016”)?

A1 The translation losses for FY 2015 and FY 2014 were RM7.6 million and RM1.5 million respectively. With the current weakening of the Ringgit Malaysia, the Group is expected to incur higher translation losses for FY 2016.

Q2 The Property Division of the Group had recorded a decline in profit of 34% for FY 2015 which was mainly due to one-off recognitions in FY 2014 comprised of a re-measurement gain on previously held stake in Bandar Rimbayu Sdn Bhd and a gain from the disposal of land in Kemaman. Would the profit of the Property Division continue to decline in FY 2016 following the weakening of the property market?

A2 In view of the challenging times and softening of the property market, the performance of the Property Division is expected to weaken in FY 2016.

Q3 The revenue of the Construction Division of the Group had declined by 41%, while profit had improved by 10% for FY 2015. What was the cause of the mismatch between revenue and profit?

A3 The lower revenue was mainly due to new projects secured in FY 2015 have yet to contribute significantly whereas the higher profit was due to finalisation of accounts of some projects. The profit margin is expected to normalise in FY 2016.

Q4 As reflected under Note 3 of the Notes to the Audited Financial Statements of FY 2015 (Page 202 of the Annual Report), there was a 5% impact from the US Dollar foreign currency translation against the Ringgit Malaysia. What are the measures to be taken by the Group to manage the currency exchange risk?

A4 The USD loans of the Company had been substantially repaid during FY 2015 and other smaller USD loan repayments of the Group would be made in the next two (2) years. However, the repayment of USD loans for the plantation business would take a longer period due to the expansion plan in Indonesia.

Q5 The scheduled toll hike for the New Pantai Expressway (“NPE”) and Besraya Highway (“Besraya”) had been deferred. Are the deferments detrimental to the Group?

A5 There were no toll hikes in the past five (5) years for NPE and Besraya. The Group was not adversely impacted financially as NPE and Besraya have been compensated by the Government. Both the highways had achieved its projected traffic volumes. However, the traffic volume at Lebuhraya Kajang-Seremban was lower than anticipated and below its projection.

Q6 How much is the Group’s revenue generated from its overseas business operations?

A6 More than 80% of the Group’s revenue is derived from local business operations and the balance is from overseas business operations.

**IJM CORPORATION BERHAD (104131-A)**

AGM Minutes dd 25 August 2015

Annexure II

Q7 What is the balance of the plantable land bank for the Indonesian operations?

A7 The balance of plantable land bank for the Indonesian operations is about 2,000 hectares.

Q8 Is it a deliberate policy of the Company to sell its overseas toll concession business or the Company is selling the concession business as it is an opportune time for the Company to do at a right price?

A8 When the valuation of the mature concession asset is compelling, the Company would consider disposing such asset and the profit generated from the disposal would be re-invested into other projects.

Q9 What is the progress of work of the West Coast Expressway project (“WCE Project”)?

A9 The work has already commenced for the WCE Project, mainly in Klang (Selangor) and Teluk Intan (Perak). Management would endeavor to ensure timely completion of the WCE Project.