

## IJM CORPORATION BERHAD (104131-A)

EGM Minutes dd 25 August 2015

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**EXTRACT** of the **MINUTES** of the **Extraordinary General Meeting {EGM}** of **IJM CORPORATION BERHAD [“IJM”] (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 3.50 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' 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:-

107 members and 43 proxies

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The Chairman welcomed the representatives of the Principal Adviser, AmInvestment Bank Berhad, and the Solicitors, Azman Davidson & Co. to the meeting.

The Chairman informed that four (4) proposals would be considered at the EGM as follows:-

- (i) proposed increase in the authorised share capital of IJM from RM3,000,000,000 comprising 3,000,000,000 ordinary shares of RM1 each (“Shares”) to RM5,000,000,000 comprising 5,000,000,000 Shares (“Proposed Increase in Authorised Share Capital”);
- (ii) proposed bonus issue of up to 1,792,633,010 new Shares (“Bonus Shares”), to be credited as fully paid-up at par, on the basis of one (1) Bonus Share for every one (1) existing Share held by the entitled shareholders on the entitlement date (“Proposed Bonus Issue”);
- (iii) proposed additional award of options under the Employee Share Option Scheme (“ESOS”) and shares under the Employee Share Grant Plan (“ESGP”) to the CEO&MD (“Proposed Additional Award to CEO&MD”); and
- (iv) proposed award of options under ESOS and shares under ESGP to the Deputy CEO & Deputy MD (“Proposed Award to Deputy CEO & Deputy MD”).

AmInvestment Bank Berhad and Azman Davidson & Co. were appointed as the Principal Adviser and the Solicitors respectively for the Proposed Increase in Authorised Share Capital and Proposed Bonus Issue.

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## 1.0 BRIEFING

Before considering the resolutions, the Chairman invited Mr Lim Tee Phoi (“Mr Lim”) of AmInvestment Bank Berhad, to present to the meeting an overview of the Proposed Increase in Authorised Share Capital and Proposed Bonus Issue for the benefit of members present at the meeting.

The areas covered included the objectives, financial effects of the Proposed Bonus Issue, return to shareholders, approvals required and indicative timeline for implementation.

After the presentation by Mr Lim, the Chairman invited questions and comments from the floor in connection with all the proposals, and the questions in relation to the Proposed Additional Award to CEO&MD and Proposed Award to Deputy CEO & Deputy MD were responded by Datuk Lee Teck Yuen, the Senior Independent Non-Executive Director (Annexure I).

## 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 2 of the Notice of the EGM 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 PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

It was resolved that the authorised share capital of IJM be increased from RM3,000,000,000 comprising 3,000,000,000 ordinary shares of RM1 each (“Shares”) to RM5,000,000,000 comprising 5,000,000,000 Shares by the creation of an additional 2,000,000,000 Shares and that, as a consequence, the relevant clause in the Memorandum & Articles of Association be amended accordingly.

The poll result was noted as follows:-

	<u>Number of Shares</u>	<u>%</u>
Voted FOR	1,046,821,637	93.68
Voted AGAINST	70,615,504	6.32
	<u>1,117,437,141</u>	<u>100.00</u>

ABSTAINED: 637,300 shares

Prior to voting on the resolution, members were informed that 90.7% (693.2 million shares) of the total votes received from members appointing proxies have indicated support for the resolution, and 9.2% (70.6 million shares) against.

## 4.0 PROPOSED BONUS ISSUE

It was resolved that authority be and is hereby given to the Board of Directors of the Company (“Board”) to capitalise a sum of up to RM1,792,633,010 from the share premium account of the Company and issue up to 1,792,633,010 ordinary shares of RM1 each (“Bonus Shares”), to be credited as fully paid-up at par, on the basis of one (1) Bonus Share for every one (1) existing ordinary share of RM1 each (“Share”) held by the shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined by the Board (“Proposed Bonus Issue”)

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that the Bonus Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued and paid-up Shares, save and except that the Bonus Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the allotment of the Bonus Shares

and that the Board be and is hereby authorised to do all things and acts as may be required to give full effect to the Proposed Bonus Issue with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating to the Proposed Bonus Issue.

The poll was noted as follows:-

	<u>Number of Shares</u>	<u>%</u>
Voted FOR	1,114,070,241	99.70
Voted AGAINST	3,366,900	0.30
	<u>1,117,437,141</u>	<u>100.00</u>

ABSTAINED: 637,300 shares

Prior to voting on the resolution, members were informed that 99.5% (760.5 million shares) of the total votes received from members appointing proxies have indicated support for the resolution, and 0.4% (3.4 million shares) against.

### 5.0 PROPOSED ADDITIONAL AWARD TO CEO&MD

It was resolved that the Directors be and are hereby authorised to offer additional options to subscribe for ordinary shares of RM1.00 each in the Company (“Shares”) under the employee share option scheme and grant additional Shares under the employee share grant plan from time to time to Dato’ Soam Heng Choon (“DSHC”), the Chief Executive Officer & Managing Director of the Company, for an additional amount of not exceeding 5,000,000 Shares and in any event for a total amount of not exceeding 10,000,000 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 of the Company.

The poll result was noted as follows:-

	<u>Number of Shares</u>	<u>%</u>
Voted FOR	798,689,922	71.50
Voted AGAINST	318,429,569	28.50
	<u>1,117,119,491</u>	<u>100.00</u>

ABSTAINED: 954,950 shares

The interested Director, DSHC, had abstained from voting in respect of his shareholdings on the resolution. He had also undertaken to ensure that the persons connected with him abstained from voting on the resolution. Prior to voting on the resolution, members were informed that 58.3% (445.4 million shares) of the total votes received from members appointing proxies have indicated support for the resolution, and 41.6% (318.4 million shares) against.

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### 6.0 PROPOSED AWARD TO DEPUTY CEO & DEPUTY MD

It was resolved that the Directors be and are hereby authorised to offer options to subscribe for ordinary shares of RM1.00 each in the Company (“Shares”) under the employee share option scheme and grant Shares under the employee share grant plan to Lee Chun Fai (“LCF”), the Deputy Chief Executive Officer & Deputy Managing Director of the Company, from time to time and in any event for an amount of not exceeding 7,500,000 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 of the Company.

The poll result was noted as follows:-

	<u>Number of Shares</u>	<u>%</u>
Voted FOR	798,874,272	71.50
Voted AGAINST	318,430,569	28.50
	<u>1,117,304,841</u>	<u>100.00</u>

ABSTAINED: 769,600 shares

The interested Director, LCF, had abstained from voting in respect of his shareholdings on the resolution. He had also undertaken to ensure that the persons connected with him abstained from voting on the resolution. Prior to voting on the resolution, members were informed that 58.3% (445.4 million shares) of the total votes received from members appointing proxies have indicated support for the resolution, and 41.6% (318.4 million shares) against.

### 7.0 TERMINATION

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

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

Q1 How are the options and shares under the Long Term Incentive Plan (“LTIP”) of the Company awarded to the eligible employees?

A1 The awards of options and/or shares are based on the performance of the eligible employees, performance of each division and the Group as well as the total shareholder return. The principle of the LTIP was to align the rewards to employees with the performance of the Group.

Q2 As reflected under the Group Financial Highlights (Page 40 of the Annual Report), the Property Division of the Group had recorded a decline in profit before tax from RM749 million in financial year ended (“FY”) 31 March 2014 to RM495 million in FY 31 March 2015. However, Dato’ Soam Heng Choon (“DSHC”), who was then the Head of Property Division was awarded 467,500 options over ordinary shares of RM1.00 each in the Company (“Options”) on 24 December 2014, whereas Dato’ Teh Kean Ming, who was then the Chief Executive Officer (“CEO”) & Managing Director (“MD”) of IJM was only awarded 220,000 Options. On page 157 of the Annual Report, it appeared that a generous amount of Options were awarded to employees from the Property Division compared to employees from other Divisions. Was there a discrepancy in the allocation of the Options?

A2 DSHC was appointed the Deputy CEO and Deputy MD of IJM in June 2013. The Company had tried to seek the shareholders’ approval during the Annual General Meeting (“AGM”) in 2013 for the proposed award to DSHC under the LTIP but was unsuccessful. The shareholders’ approval was subsequently obtained at the AGM in 2014. Following the approval, awards were granted to DSHC on 24 December 2014, in addition to his existing entitlement, the awards also included his increased entitlement after his appointment as the Deputy CEO and Deputy MD of the Company. The Property Division had performed very well in FY 2014 and therefore the employees from the Property Division were rewarded slightly better than other Divisions of the Group in December 2014.

Q3 How does the performance of the CEO&MD and Deputy CEO and Deputy MD under the LTIP correlates to the performance of the Group? Is there a specific target set for each of them before an award is given?

A3 There are Key Performance Indicators (“KPI”) to be achieved by the employees, including the CEO&MD and Deputy CEO & Deputy MD. If the KPI could not be achieved by the employees or the Group could not meet the performance targets, the affected employees would not be entitled to the award.

Q4 Has the Company undertaken any review of the performance measurement in regards to the reward system of the LTIP to ensure that it is a fair allocation?

A4 The formulae for the allocation of the award to eligible employees under the LTIP was based on shared destiny philosophy. Eligible employees would be awarded based on individual performance and performance of the Group (including the performance of each divisions). Other than commercial factors, other qualitative factors such as efficiency were also being considered for the award. Each award under the LTIP would be vested over a period of three (3) years with the intention to retain the talented eligible employees with the Group.