

IOI CORPORATION BERHAD

(Company No. 9027-W)
(Incorporated in Malaysia)

Minutes of the Forty-Seventh Annual General Meeting (“47th AGM”) of the Company held at Putrajaya Ballroom I (Level 3), Putrajaya Marriott Hotel, IOI Resort City, 62502 Sepang Utara, Malaysia on Friday, 28 October 2016 at 10.00 a.m.

- Present : **Tan Sri Dato’ Lee Shin Cheng (Executive Chairman)**
Tan Sri Peter Chin Fah Kui
Datuk Karunakaran a/l Ramasamy
Dato’ Lee Yeow Chor
Mr Lee Cheng Leang
Mr Lee Yeow Seng
Mr Cheah Tek Kuang
Mr James Lim Tuang Ooi
Shareholders as per attendance lists
- By invitation : **Dato’ Gan Ah Tee (Managing Partner, Messrs BDO)**
Mr Alex Ooi Thiam Poh (Audit Engagement Partner, Messrs BDO)
Mr Tan Seng Choon (Head of Audit, Messrs BDO)
Mr Ho Kok Khiaw (Engagement Director, Messrs BDO)
Mr Kong Kian Beng (Deputy Group Financial Controller)
Mr Sudhakaran a/l Nottath Bhaskaran (Senior General Manager, Plantations)
Dr Surina binti Ismail (Group Head of Sustainability)
Cik Farah Suhanah binti Ahmad Sarji (Group Legal Counsel)
Karen Liew Wai Ching (Head of Corporate Communications)
Dr Lim Loon Lui (Controller, Biotechnology)
- In attendance : **Mr Vincent Tan Choong Khiang (Company Secretary)**

1.0 CHAIRMAN

Tan Sri Dato’ Lee Shin Cheng presided over the 47th AGM (the “Meeting”) and introduced each and every member of the Board of Directors (“Board”) who were in attendance.

The Chairman advise that under Article 51 of the Company’s Articles of Association, the quorum necessary for the transaction of business at a general meeting shall be 2 members present personally or by proxy or by corporate representative entitled to vote. The Chairman also reported that the Company has received 1,495 proxy forms and certificates of appointment of corporate representative, representing approximately 5.10 billion ordinary shares or 81.17% of the total issued share capital of the Company.

The Chairman then welcomed all the shareholders present and called the Meeting to order with the requisite quorum being present.

The Chairman briefed the shareholders, corporate representatives and proxies present of their right to speak and to vote on the resolutions. The Chairman informed that pursuant to Article 55 of the Company’s Articles of Association and Paragraph 8.29A of the Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions put to vote at the general meeting should be demanded a poll. The Chairman then informed that the polling should be conducted electronically by using a wireless handheld device. The Chairman also informed that the Board of Directors had appointed Boardroom Corporate Services (KL) Sdn Bhd (“Boardroom Corporate Services”) as Poll Administrator to conduct the polling process, while Boardroom Business Solution Sdn Bhd had been appointed as Scrutineers to verify the poll results of the Meeting.

The Chairman asked the representative from Boardroom Corporate Services to explain how the electronic poll voting was to be conducted and the house keeping rules for the poll voting process. The representative from Boardroom Corporate Services briefed the shareholders present the poll procedures and a trail run for the poll voting was conducted at the Meeting.

2.0 NOTICE

The notice convening the Meeting had been dispatched to the shareholders was taken as read.

3.0 AUDITED FINANCIAL STATEMENTS AND REPORTS

The Chairman tabled the Audited Financial Statements for the financial year ended 30 June 2016 ("FY2016") and the Reports of the Directors and Auditors. The Chairman then referred the shareholders, corporate representatives and proxies present to the Group's summary financial overview and performance highlights for FY2016 set out on pages 12 to 17 of the 2016 Annual Report. It was also highlighted that further details of the Group Financial Business Review for plantation and resources-based manufacturing were outlined on pages 18 to 37 of the Annual Report.

The Chairman informed the Meeting that the Company had received a letter from the Minority Shareholders Watchdog Group ("MSWG") and for the benefits of the shareholders, the Chairman invited Dato' Lee Yeow Chor ("Dato' Lee"), the Chief Executive Officer ("CEO") to present the questions and answers to the Meeting, in which it was summarised as follows:-

Strategy / Financial

1. **As reported in the Management Discussion and Analysis, the Company have a dedicated research team focussed on improving FFB yields and oil extraction rates and carrying out research involving tissue culture to cultivate planting materials with superior traits. Over the years, millions of high-yielding clonal palms had been produced and field planted in trials and commercial planting areas.**

Despite the research works, we noted no significant improvement to both FFB yields as well as oil extraction rate over the last ten years.

When would the FFB yields and oil extraction rates ("OER") expected to show noticeable improvement considering that the yields of oil palms are highly dependence on many other factors such as soil and climatic conditions, the quality of plantation management, etc?

Response from the CEO

Climatic conditions generally plays an important role on FFB yields. This is more pronounced especially during the "double drought" of El Nino which happened in the third quarter of 2015 and beginning of 2015 affecting the current FFB yield. We expect the growth in FFB yield to recover gradually in the near future.

On the other hand, approximately 11% of IOI's total planted area of 180,000 ha have been planted with high-yielding clonal palms and these plantings have displayed significant increase in OER of around 12% - 15%. Given that only half of these clonal palms are already mature, the effects of improving OER can only be realised gradually, as evidenced by the steady improvement in the past 5 years. While we expect our OER to improve steadily as we continue to replant using these high-yielding clonal palms, the outcome may be affected by other factors such as soil and climatic conditions and so forth.

2. **As announced by the Company on 29 March 2016, the RSPO certification for the entire IOI Group's oil palm production would be suspended effective 1 April 2016. The suspension was then lifted on 8 August 2016. It was reported that the Group had lost some major customers following the RSPO suspension.**
- a. **What was the total financial impact in FY2016 resulted from the RSPO suspension?**
- b. **What is the percentage of sales regained following the lifting of RSPO certification?**

Response from the CEO

- a. The RSPO certification suspension has impacted mainly the specialty oils and fats sub-segment. However, the impact for FY2016 is not significant in view that the suspension only happened in the last quarter of the financial year.

Nonetheless, we are now working hard towards regaining the businesses that were lost during the suspension period to minimise the financial impact for FY2017.

- b. Following the lifting of RSPO certification on 8 August 2016, we have been actively embarking on our sustainability commitments. Business lost during the 4 month suspension period has been regained progressively and is an ongoing process. We are optimistic that given our increased emphasis on sustainability and the strong fundamentals of our downstream business, we will eventually regain all the business lost during the suspension period.

3. **As reported in the Sustainability and Corporate Responsibility Report, IOI places substantial investments in occupational safety and health management systems for the employees.**

What is the total annual budget allocated for effective implementation of the Workplace Health and Safety Management Systems, including amount for training and awareness campaigns, personal protective equipment, etc?

Response from the CEO

The Group recognises the importance of occupational health and safety, it is the Group's top priority to provide safe and healthy working conditions to its employees. As such, allocation of resources for workplace health and safety has been an integral part of our businesses and embedded in the annual operating budgets.

4. **As shown in Note 40 to the Financial Statements, the net gearing ratio of the Group was 76.25% and the gross gearing ratio was 103.4% as at 30 June 2016.**

Moving forward, would there be any plan to pare down the borrowings in view that the existing gearing ratio is relatively high?

Response from the CEO

The Group has plans to pare down the borrowings further to reduce the net gearing ratio. We have the capacity to do so due to the substantial positive cash flow from our operations every year.

After responding the questions from MSWG, the Chairman further invited the shareholders to raise questions.

Comments from shareholders and/or proxy and the response from the Company

- (a) Shareholder requested that for the benefit of shareholders, the Company is advisable to give visual images and presentation to shareholders during the Meeting.

Shareholder also requested the printed annual report to be given during the Meeting and the CEO clarified that the abridged annual report together with annual report in CD-ROM format had been given to all shareholders earlier and the reduction of printed annual report was the Group's effort to sustainability. Nevertheless the Chairman noted the suggestions.

- (b) Shareholder highlighted that the Roundtable on Sustainable Palm Oil ("RSPO") suspended the RSPO certification of the IOI Group in relation to the complaint against PT Sukses Karya Sawit, PT Berkat Nabati Sawit, PT Bumi Sawit Sejahtera, all subsidiaries of the IOI Group. The shareholder was sharing the potential losses incurred from the analyst reports and he was hopeful that the Directors would be able to enlighten the losses.

The CEO clarified that the estimated losses quoted by the analysts were incorrect as the suspension was last for 4-month, where the loss projected was on annual basis. The CEO informed that the RSPO suspension was indeed a challenging time for the Group and it was not the financial impact but rather the corporate reputation has been affected. The CEO also explained that the Group was indeed volunteered highlighted one of the violation rules to RSPO even before the complaint was made and at that material time, the Indonesia management had taken various corrective actions to rehabilitate the affected peat area of approximately 140 hectares. The CEO stressed that the management did not planted on the peat land and the lapses were due to the contractor's oversight. The CEO acknowledged the lapses and shortcoming over the suspension and to him, it was more importance on the subsequent corrective actions and action plans to address the sustainability issues moving forward as the Group has a total planted area of approximately 180,322 hectares. The Chairman added that the RSPO update had been addressed by the CEO in his response to the MSWG's question.

- (c) Shareholder enquired on the share of losses from joint venture in Adeka Foods (Asia) Sdn Bhd and the gestation period to turnaround. The CEO explained that the joint venture was with Adeka Corporation, Japan for the manufacturing of margarine and shortening since September 2014 which is mainly focus to be marketed in Southeast of Asia region. The CEO informed that he expected the joint venture to break even in year 2017.
- (d) Shareholder enquired the declining plant utilization rate in the downstream divisions and their prospects. The CEO explained that the decrease on the utilisation plant rates were not alarming as like specialty fats the reduction of 5% was mainly due to the temporary RSPO suspension and low margin business in refinery segment. The CEO also commented that the oleochemical segment had been enjoying good performance in the last 2 years and he expected the coming to be challenging due to palm kernel price hike. The CEO informed that despite the RSPO suspension, the Group managed to secure additional business from America.
- (e) Shareholder enquired on the reason of forex loss and the plan to reduce borrowings of the Group. The CEO informed that the Group has an average of RM900 million to RM1 billion cash flow and it will be able to reduce the USD borrowings exposure. He added that the Group had repaid about USD600 million and planned to repay additional USD200 million in next year to further reduce the USD borrowings. The CEO further informed that the forex loss was due to the actual repayment of borrowings.

- (f) Shareholder noted the product mix of the Group consists of rubber and requested an explanation from the Directors. The Chairman informed that the existence of rubber crops was mainly due to the Ganoderma disease affecting the oil palm at certain estates in Gomali and hence, the replanting of rubber was carried out at that time.

The Chairman informed that the Audited Financial Statements for the year ended 30 June 2016 and the Directors' and Auditors' Reports thereon, were tabled at the Meeting for discussion only and were not required to be put forward for voting.

The Audited Financial Statements for the year ended 30 June 2016 and the Directors' and Auditors' Reports thereon laid before the Meeting in compliance with Section 169(1) of the Companies Act 1965 were duly received.

4.0 RE-ELECTION OF DIRECTORS RETIRING PURSUANT TO ARTICLE 101 OF THE COMPANY'S ARTICLES OF ASSOCIATION

- 4.1 The Chairman informed that two Directors shall retire by rotation in accordance with Article 101 of the Company's Articles of Association and be eligible for re-election. The retiring Directors who being eligible, offered themselves for re-election under Ordinary Resolutions 1 and 2 respectively were as follows:-

- (a) Datuk Karunakaran a/l Ramasamy (Ordinary Resolution 1)
- (b) Mr James Lim Tuang Ooi (Ordinary Resolution 2)

- 4.2 The Chairman sought for proposer and seconder in respect of the re-election of each Director under the following resolutions, which were proposed to be voted on individually, in a separate motion, in accordance with Article 101 of the Company's Articles of Association:-

- (a) Ordinary Resolution 1 on the proposed re-election of Datuk Karunakaran a/l Ramasamy, it was duly proposed by Mr Wan Heng Wah and seconded by Madam Lai Ming Chun @ Lai Poh Lin.
- (b) Ordinary Resolution 2 on the proposed re-election of Mr James Lim Tuang Ooi, it was duly proposed by Madam Lai Ming Chun @ Lai Poh Lin and seconded by Puan Shah Rani binti Zakaria.

The following Ordinary Resolution 1 was put to vote by poll and it was carried by majority votes (99.57%) versus 0.43% voted against:-

"It was resolved that Datuk Karunakaran a/l Ramasamy, the Director retiring by rotation pursuant to Article 101 of the Company's Articles of Association and being eligible, be hereby re-elected a Director of the Company".

The following Ordinary Resolution 2 was put to vote by poll and it was carried by majority votes (98.36%) versus 1.64% voted against:-

"It was resolved that Mr James Lim Tuang Ooi, the Director retiring by rotation pursuant to Article 101 of the Company's Articles of Association and being eligible, be hereby re-elected a Director of the Company."

5.0 RE-APPOINTMENT OF DIRECTORS WHO ARE OVER THE AGE OF SEVENTY YEARS

- 5.1 As the Chairman, Tan Sri Dato' Lee Shin Cheng is one of the Directors standing for re-appointment under item 3 of the agenda, the Chair was therefore passed to Tan Sri Peter Chin Fah Kui ("Tan Sri Peter Chin") to conduct the proceeding of the Meeting.

Tan Sri Peter Chin informed that the following Ordinary Resolution 3 which was proposed by Mr Tan Hoe Eng and seconded by Mr Chan Cha Lin, was put to vote by poll and it was carried by majority votes (99.03%) versus 0.97% voted against:-

"It was resolved that Tan Sri Dato' Lee Shin Cheng, a Director retiring pursuant to Section 129(2) of the Companies Act, 1965 be hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting".

- 5.2 The Chairman took over the chair for next agenda on Ordinary Resolution 4 pertaining to the re-appointment of Tan Sri Peter Chin Fah Kui.

The Chairman informed that the following Ordinary Resolution 4 which was proposed by Mr Alwin Chan Kam Yu and seconded by Madam Lai Ming Chun @ Lai Poh Lin, was put to vote by poll and it was carried by majority votes (88.31%) versus 11.69% voted against:-

" It was resolved that Tan Sri Peter Chin Fah Kui, a Director retiring pursuant to Section 129(2) of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting."

6.0 DIRECTORS' FEES

The fourth item on the agenda was to seek approval from the shareholders on the approval of Directors' fees of RM1,195,000 for the financial year ending 30 June 2017 payable quarterly in arrears after each month of completed service of the Directors during the financial year.

Ordinary Resolution 5 below was proposed by Mr Tan Hoe Eng and seconded by Mr Chan Cha Lin. It was put to vote by poll and carried by majority votes (90.75%) versus 9.25% voted against:-

"It was resolved that the payment of Directors' fees of RM1,195,000 for the financial year ending 30 June 2017 payable quarterly in arrears after each month of completed service of the Directors during the financial year, to be divided among the Directors in such manner as the Directors may determine, be and is hereby approved."

7.0 RE-APPOINTMENT OF AUDITORS

The Chairman informed the Meeting that this item on the agenda was to seek approval from the shareholders on the re-appointment of Messrs BDO as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Audit and Risk Management Committee to fix their remuneration.

The following Ordinary Resolution 6 proposed by Madam Lai Ming Chun @ Lai Poh Lin and seconded by Mr Lim Pin Yeong was put to vote by poll and was passed based on the result of votes were 99.99% voted For and 0.01% voted Against:-

"It was resolved that Messrs BDO be hereby appointed as the Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and that the Audit and Risk Management Committee be authorised to determined their remuneration."

8.0 AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

The Chairman informed the Meeting that the proposed ordinary resolution under item 6.1 of the agenda as special business was to seek renewal of a general mandate, which if passed, will empower the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.

The following Ordinary Resolution 7 was proposed by Mr Chan Cha Lin and seconded by Ms Ong Son Yang. The Ordinary Resolution 7 was put to vote by poll and it was carried by majority votes (98.26%) versus 1.74% voted against:-

“Resolved that pursuant to Section 132D of the Companies Act, 1965, the Directors be hereby authorised with full powers to allot and issue shares in the Company from time to time and upon such terms and conditions and for such purposes as they may deem fit subject always to the approval of the relevant authorities being obtained for such issue and provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital for the time being of the Company and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued.”

9.0 PROPOSED RENEWAL OF EXISTING SHARE BUY-BACK AUTHORITY

The Chairman informed the Meeting that the proposed ordinary resolution under item 6.2 of the agenda as special business was to seek renewal of the authority to purchase up to ten percent (10%) of the issued and paid-up share capital of the Company. The details of the Proposed Renewal of Existing Share Buy-Back Authority were stated in the Circular to shareholders dated 29 September 2016.

The following Ordinary Resolution 8 was proposed by Ms Lau Chu Lee and seconded by Madam Lai Ming Chun @ Lai Poh Lin. The Ordinary Resolution 8 was put to vote by poll and it was passed by majority votes (99.99%) versus 0.01% voted against:-

“Resolved:

That subject to compliance with applicable laws, regulations and the approval of all relevant authorities, approval be and is hereby given to the Company to utilise up to the aggregate of the Company’s latest audited retained earnings and share premium account, to purchase, from time to time during the validity of the approval and authority under this resolution, such number of ordinary shares of nominal value RM0.10 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad (“Bursa Securities”) upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and/or held by the Company pursuant to this resolution does not exceed ten percent (10%) of the issued and paid-up ordinary share capital of the Company at the time of purchase (“Proposed Purchase”);

That at the discretion of the Directors of the Company, the shares of the Company to be purchased are to be cancelled and/or retained as treasury shares and distributed as dividends or resold on Bursa Securities;

That the Directors of the Company be hereby empowered generally to do all acts and things to give effect to the Proposed Purchase with full powers to assent to any condition, modification, revaluation, variation and/or amendment (if any) as may be imposed by the relevant authorities

and/or do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company;

And that such authority shall commence immediately upon passing of this resolution until:

- (i) the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting,

whichever is the earlier but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authorities.”

10.0 PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The Chairman informed the Meeting that item 6.3 on the agenda, as special business, was to renew the existing Shareholders’ Mandate for the Recurrent Related Party Transactions of a revenue or trading nature which are necessary for day-to-day operations involving the interests of Directors, Major Shareholders or persons connected to the Directors and/or Major Shareholders of the Company and its subsidiaries (“Proposed Renewal Shareholders’ Mandate”).

As the Chairman, Tan Sri Dato’ Lee Shin Cheng, is one of the Directors interested in the Proposed Renewal Shareholders’ Mandate and he requested the Chair be passed to Tan Sri Peter Chin.

Tan Sri Peter Chin informed the Meeting that the details with regards to the Proposed Renewal Shareholders’ Mandate was set out in Part B of the Circular dated 29 September 2016. Tan Sri Peter Chin highlighted that Tan Sri Dato’ Lee Shin Cheng, Dato’ Lee Yeow Chor, Lee Yeow Seng, Lee Cheng Leang, Vertical Capacity Sdn Bhd were interested in the Proposed Renewal Shareholders’ Mandate, they would abstain from voting on Ordinary Resolution 9 in respect of their direct and indirect shareholdings in the Company.

The following Ordinary Resolution 9 was proposed by Mr Chan Cha Lin and seconded by Madam Lai Ming Chun @ Lai Poh Lin, and it was put to vote by poll. Ordinary Resolution 9 was passed with majority of votes (99.97%) versus 0.03% voted against:-

“Resolved:-

That subject always to the provisions of the Companies Act, 1965 (“the Act”), the Memorandum and Articles of Association of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad or other regulatory authorities, approval be hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations involving the interests of Directors, Major Shareholders or persons connected to the Directors and/or Major Shareholders of the Company and its subsidiaries (“Related Parties”), as detailed in Part B, Section 4 of the Circular to Shareholders of the Company dated 29 September 2016 (“Shareholders’ Mandate”) subject to the following:

- (a) the transactions are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year,

That authority conferred by this resolution will commence immediately upon the passing of this Ordinary Resolution and shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless renewed by a resolution passed by the shareholders of the Company in a general meeting;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company after that date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier,

And that the Directors of the Company be hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

The Chair of the Meeting was then passed back to Tan Sri Dato' Lee Shin Cheng.

11.0 CLSOURE

The Chairman informed the Meeting that there were no notices received for any other business to be conducted at the Meeting.

The Chairman concluded the Meeting and thanked all present. The Chairman declared the Meeting closed at 11.35 a.m.

Confirmed

Tan Sri Dato' Lee Shin Cheng
Chairman

Date: 28 October 2016