QUESTIONS RAISED BY MSWG RELATING TO 44TH AGM OF IOI CORPORATION BERHAD

Strategic & Financial Matters:

1. **We noted from the recent announcement on the mandatory take-over offer to acquire all the remaining shares in Unico-Desa Plantations Berhad ("Unico-Desa") at cash offer price of RM1.17 per offer share, which was 1.38 times to the net asset value of Unico-Desa as at 30 June 2013.**

   What were the justifications for paying a higher offer price at the premium of 38% to the books of Unico-Desa compared to the other Sabah-based plantation companies, such as Hap Seng Plantations, Cepatwawasan, Golden Land, NPC Resources, Dutaland and etc. where they were only traded at smaller premium or even at a discount to their book values?

   The offer price of RM1.17 was arrived at on a willing buyer-willing seller basis after taking into consideration the audited net assets per share per Unico-Desa share of RM0.85 as at 31 March 2013 as well as the potential future earnings of Unico-Desa and potential synergistic benefits arising from the acquisition to IOI Corp Group, with the location of the estates being close to IOI Corp Group's current estates in Sabah. 38% premium to book is not reflective of the true value of Unico-Desa as the assets were recorded at historical price.

   In addition, we have also taken into consideration that Unico-Desa's estates are well managed and its FFB yield and crude palm oil extraction rate are at healthy levels of 23.80 tonnes per mature hectare and 20.33% respectively.

   Furthermore, Unico-Desa is a pure plantation company after the listing of its hire purchase business, which is in line with the core business activity of IOI Corp Group.

2. **Following the Government's decision to lower the export duty from 23% to a range of 4.5% to 8.5%, please brief on the impact of this policy to the Group's plantation performance since the new tax structure took effect from 1 January 2013.**

   The Group's downstream refining processing capacity vs CPO production is approximately 3:1. CPO price is determined by supply and demand factors not only related to palm oil itself but also other competing oils. The effect of the lowering of export duty of CPO and abolishment of quota to selected companies has put Malaysia-based refiners on a more level playing field in the international market place. This is possible because the price of CPO available to a Malaysian-based refiner and that of Indonesia-based refiner is more comparable now. In today's context, the export duty payable by a Malaysian CPO exporter is RM104 whereas that of Indonesian CPO exporter is about RM218. As a plantation company, there is an additional option to export the CPO if local refiners are unable to compete with the international CPO market price.

3. **As noted in the announcement dated 22 August 2013, the Securities Commission had approved the Proposed Demerger and Listing of IOI Properties on 21 August 2013. Would the Proposals still be on schedule to be completed by end of this year?**

   Barring any unforeseen circumstances, the Proposals are anticipated to be completed by end of this year.

Would the IPO offer price for the re-listing of IOI Properties Group Berhad ("IOIPG") be much higher than the privatization price of RM2.598 made by the Group to privatize IOI Properties in year 2009? Would the proposed listed IOI Properties, if it were to be privatized again, be offered at a lower offer price to another re-listing IPO price in future?

The final listing reference price of IOIPG will be determined at a later date taking into account, *inter-alia*, the following:

(i) the market valuation of comparable companies listed on Bursa Malaysia Securities Berhad which are involved in similar businesses as IOIPG;

(ii) the audited NA of IOIPG upon completion of the Proposed Internal Reorganisation; and

(iii) the earnings potential of IOIPG.

As extracted from our circular to shareholders dated 4 October 2013 and strictly for illustration purposes only and based on information available during the period prior to the announcement of the Proposals as at 14 May 2013, the indicative listing reference price would be RM2.51 per IOIPG Share determined based on the latest twelve months audited profit after taxation of the proforma IOIPG Group as at FYE 30 June 2013 of RM610.9 million multiplied by an indicative price earnings multiple of approximately 13.5 times to derive at a proposed listing market capitalization of approximately RM8.3 billion. As at date of announcement of the Proposals, the indicative price earnings multiple of approximately 13.5 times was derived after taking into consideration the average comparable companies price earnings multiples as follows:-

Comparable companies	**May 2013 Price Earnings Ratio (times)**
UEM Sunrise Berhad	20.19
SP Setia Berhad	17.61
UOA Development Berhad	6.96
Mah Sing Group Berhad	9.50
Eastern & Oriental Berhad	13.29
Sunway Berhad	7.82
IJM Land Berhad	18.46
Average	**13.40**

(Source: Bloomberg)

Assuming that there are no changes, the indicative reference price mentioned above will be within the range of the privatisation price of RM2.598. However, please note that the listing offer price will be priced up to 30% discount from the final listing reference price to reward existing shareholders of IOI Corp, which may also consist of IOI Properties shareholders who accepted the privatisation offer of IOI Properties.

Post listing both IOI Corp and IOIPG will be completely separated listed entities. Therefore any decision on corporate exercises including future plans to privatise IOIPG (if proposed) will rest on the decision of the management and shareholders of IOIPG.

Corporate Governance:

1. **As stated in the MCCG 2012 under recommendation 3.5, the Board should comprise a majority of independent directors where the Chairman of the Board is not an independent Director. We note that the number of independent Directors constitutes 38% of the Board members.**

2. **Addressing and formalizing the approach to gender diversity and actions taken to meet the target of 30% women directors and also discloses it in the Annual Report.**

   The Board recognises the paramount importance of good corporate governance to the success of the Group. We will further review the corporate governance practice to bring the same in line with the Recommendations under the Code progressively.