

MINUTES OF THE TWENTY-FOURTH ANNUAL GENERAL MEETING OF DRB-HICOM BERHAD ("DRB-HICOM" OR "THE COMPANY") HELD AT THE GLENMARIE BALLROOM, HOLIDAY INN KUALA LUMPUR GLENMARIE, NO. 1, JALAN USAHAWAN U1/8, SEKSYEN U1, 40250 SHAH ALAM, SELANGOR DARUL EHSAN ON TUESDAY, 30 SEPTEMBER 2014 AT 9.00 A.M.

Present :

YBhg Dato' Syed Mohamad Syed Murtaza	- Chairman
YBhg Tan Sri Dato' Sri Haji Mohd Khamil Jamil	- Group Managing Director ("GMD")
YBhg Dato' Noorizan Shafie	- Director
YBhg Dato' Ibrahim Taib	- Director
YBhg Dato' Haji Abdul Rahman Mohd Ramli	- Director
YBhg Tan Sri Marzuki Mohd Noor	- Director
Mr Ong Ie Cheong	- Director
Mr Ooi Teik Huat	- Director

By Invitation

YBhg Datuk Mohamed Razeek Md Hussain	- Chief Operating Officer ("COO"), Services & Properties
YBhg Dato' Md Radzaif Mohamed	- COO, Automotive Distribution & Manufacturing
Encik Ahmad Fuaad Mohd Kenali	- Group Chief Financial Officer ("GCFO")
YBhg Dato' Abdul Harith Abdullah	- Chief Executive Officer, Proton Holdings Berhad
Encik Amril Samsudin	- Chief Executive Officer, Defence & Aviation
Mr Amalanathan Thomas	- Head, Group Financial Services
Tuan Syed Naqiz Shahabuddin	- Naqiz & Partners
Mr Abraham Verghese	- Ernst & Young

In Attendance :

YBhg Dato' Chan Choy Lin, Carol - Secretary

Shareholders/ Proxies/ Authorised Representatives/ Invitees and others as per attendance lists.

The Annual General Meeting ("AGM") commenced with a welcoming remark and housekeeping reminders by the emcee from the Group Communications Department, DRB-HICOM followed by the National Anthem, and the 'Doa' recital.

YBhg Dato' Chairman then presided to welcome all the shareholders and attendees to the Twenty-Fourth (24th) AGM of the Company.

1. QUORUM

Upon confirming the presence of the requisite quorum, YBhg Dato' Chairman called the meeting to order at 9.00 a.m.

YBhg Dato' Chairman introduced the Board of Directors and the Company Secretary of the Company to the shareholders and invited the Group Managing Director ("GMD") to present to the shareholders the Group's achievement and performance for the financial year ended ("FYE") 31 March 2014 and the prospects moving forward.

2. INTRODUCTION BY GROUP MANAGING DIRECTOR

The GMD gave his welcoming speech and expressed his appreciation to the shareholders for their support and showing great interest in the progress of the DRB-HICOM Group. He informed the meeting that his Management team of DRB-HICOM/Chief Executive Officers would assist him in the presentation on the achievements and performances of the Company under their respective sectors for the FYE 31 March 2014:-

- a) Encik Ahmad Fuaad Mohd Kenali, the GCFO would present the corporate and financial updates including the economic outlook, broad plans moving forward as well as the borrowings of the Group.

- b) YBhg Dato' Radzaif Mohamed, the COO, Automotive Distribution & Manufacturing would present the progress of the Automotive Distribution & Manufacturing Division of the Group.
- c) YBhg Datuk Mohamed Razeek Md Hussain, the COO, Services and Properties would present the updates on the Services and Property companies including the operations of Konsortium Logistik Berhad ("KLB") and International College of Automotive ("ICAM").
- d) Encik Amril Samsudin, the Chief Executive Officer ("CEO") - Defence & Aviation would provide updates on the defence project.
- e) YBhg Dato' Abdul Harith Abdullah, the CEO of PROTON Holdings Berhad ("PROTON") would provide the insights of PROTON Group.

The GMD further informed that the traditional business patterns are changing as globalisation spreads where the Company's suppliers, customers and partners are also now its competitors. Hence, the Management have to guide the Group through uncharted and often unanticipated global shifts to bring value not only to the shareholders and investors but also to the employees, partners and customers. As such, in this complex global business environment, no specific or single business model would fit the broad range of situation that the Company encounters.

For the FYE 31 March 2014, it had been challenging as the Company achieved growth in revenue but did not reach the set ambitious targets. The Company achieved revenue of RM14.2 million with a profit before tax of RM796.6 million. Notwithstanding this, the Company aims to achieve more in the coming years and acquired two (2) major business entities namely, Composite Technologies Research Malaysia Sdn Bhd ("CTRM") and KLB. The Group now has over 100 operating companies, the diversity of which adds strength to the Group's sustainability and growth.

The GMD then briefed the meeting on the following eight (8) strategic focus areas which the Group will observe in order to achieve the desired outcomes:-

- i. Sustainable growth – This would be done through continuous development and improvement in the Group products, services, channels and expansion.
- ii. Group synergy – There would be increase in synergistic opportunities within the Group to cross pollinate the businesses and jointly develop new products that are of par excellence at competitive price.
- iii. Effective partnerships – The Group will fully leverage on its existing partnerships and collaborations and will also explore new partnerships and strategic collaborative opportunities as the Group aspires to expand the business globally.
- iv. Innovation – As the business landscapes change dramatically, the Group must look beyond the horizon and anticipate changes in not only technologies and products, but also the processes, policies, services and customers' preference.
- v. Marketing and customers centricity – The Group will venture to adopt world class marketing practices with the customers in mind.
- vi. Operational excellence – The Group must develop the right kind of systems, processes and attitude to enhance productivity, quality and delivery so that the Group can improve not only to be efficient but also effective.
- vii. Cost management – cash flow and cost management would be pursued across the spectrum. Moreover, cost saving measures have always been and would be one of the Group's top priorities.
- viii. The winning workforce – The Group would build a workforce that is passionate and creative with a winning mind set. Focus would be on talent management and career development to ensure that the Group will always have the right people at the right place that can lead the Group's businesses and working as a team to achieve the set targets.

The GMD expressed his utmost appreciation and thanks to the Chairman and the Members of the Board of DRB-HICOM for their continued support, guidance and counsel that enabled the Company to progress in the changing business environment.

He also extended his appreciation to the Board of Management, Management and staff of DRB-HICOM as well as the shareholders, partners, vendors, suppliers, stakeholders and the Government for helping the Group to be where it is now.

He then invited the Management Members of DRB-HICOM/CEOs to present the achievements and performances of the Group under their respective sectors/companies for the FYE 31 March 2014.

1. Encik Ahmad Fuaad presented the updates on corporate and financial performance which encompassed the following:-
 - i. Financials from FY 2010 to FY 2014.
 - ii. Balance sheet management from FY 2010 to FY 2014.
 - iii. Share price performance from FY 2010 to FY 2014.
 - iv. Analyst recommendations.
 - v. Return to shareholders.
 - vi. Corporate initiatives taken/to be taken in FY 2013/2014 and FY 2014/2015.

2. YBhg Dato' Radzaif presented the updates on Automotive Distribution & Manufacturing Division of the Group which encompassed the following:-
 - i. Automotive market shares from January to December 2013.
 - ii. National Automotive Policy ("NAP") 2014.
 - iii. NAP 2014 business opportunities/impact to DRB-HICOM.
 - iv. Automotive distribution moving forward.
 - v. Launches and events for FY 2013/2014.
 - vi. DRB-HICOM Automotive Complex at Pekan.
 - vii. Plan layout for Volkswagen ("VW") operations.

- viii. Motorcycle engine development project.
 - ix. Motosikal Dan Enjin Nasional Sdn Bhd transformation plan.
 - x. Broad turnaround strategies for CTRM.
 - xi. Key projects of Defence.
3. YBhg Datuk Mohamed Razeek gave an update on Services and Property companies as well as the operations of KLB and ICAM which encompassed the following:-
- i. Services
 - (a) PUSPAKOM Sdn Bhd – service network.
 - (b) Alam Flora Sdn Bhd
 - (c) KL Airport Services Sdn Bhd Group with KLB.
 - (d) ICAM
 - (e) POS Malaysia Berhad
 - (f) Bank Muamalat Malaysia Sdn Bhd
 - ii. Properties
 - New launches FY 2013/2014 and FY 2014/2015:-
 - (a) Glenmarie.
 - (b) Proton City.
 - (c) Glenmarie Cove.
4. Encik Amril Samudin gave an update on DRB-HICOM Defence Technologies Sdn Bhd (“Deftech”) which encompassed the progress of current AV8 project undertaken by Deftech.
5. YBhg Dato’ Abdul Harith presented the insight on PROTON Group which encompassed the following amongst others:-
- i. PROTON market share for FY 2012/2013 and FY 2013/2014.
 - ii. Key challenges.
 - iii. Factors affecting sales.

- iv. New product launches for FY 2013/2014 and FY 2014/2015.
- v. The new Iriz launched on 25 September 2014.
- vi. The new Iriz - price range for Malaysia.

After the presentations, the Emcee handed the meeting over to YBhg Dato' Chairman to continue with the proceedings.

3. NOTICE

YBhg Dato' Chairman continued with the meeting and with the consent of the shareholders, the notice convening the meeting having been circulated earlier was taken as read.

YBhg Dato' Chairman briefed the members, corporate representatives and proxies present of their right to speak at the meeting and vote on the several resolutions set out in the Notice of 24th AGM dated 8 September 2014, as follows:-

- i. Voting shall be by way of a show of hands unless if a poll is demanded by any of the persons allowed under the Articles before or on the declaration of the result of a show of hands. On a show of hands, every person present who is a member or a representative or proxy or attorney shall have one vote.
- ii. Nevertheless, pursuant to Article 65 of the Company's Articles of Association, a resolution put to vote at the general meeting shall be decided by way of a show of hands unless a poll is demanded.

YBhg Dato' Chairman further informed that the Minority Shareholder Watchdog Group ("MSWG") had earlier raised some points of interest to the Company. The points raised by MSWG together with the Company's responses thereto were then read by the GCFO, Encik Ahmad Fuaad Mohd Kenali for the information of the attendees.

Before the meeting proceeded with the resolutions, the Chairman placed on record that some shareholders had appointed him as their proxy and he would vote according to their instructions for each resolution.

4. **AGENDA 1**
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 TOGETHER WITH THE REPORTS OF DIRECTORS AND INDEPENDENT AUDITORS THEREON

The Audited Financial Statements for the financial year ended 31 March 2014 together with the Reports of Directors and Independent Auditors thereon were tabled to the Meeting.

YBhg Dato' Chairman informed the shareholders that the Audited Financial Statements together with the Directors' and Independent Auditors' Reports do not require a formal approval of the shareholders as stipulated under Section 169(1) of the Companies Act, 1965. Thus, the Audited Financial Statements together with the Directors' and Independent Auditors' Reports would not be put forward for voting.

The Chairman then invited questions from the floor.

The questions/clarifications raised by the shareholders/proxies during the meeting together with the Company's responses were as disclosed in annexure "A" attached hereto.

After all enquiries had been satisfactorily answered, the Chairman proceeded with the second agenda of the Meeting.

5. **AGENDA 2**
ORDINARY RESOLUTION NO. 1
DECLARATION OF A SINGLE TIER FINAL DIVIDEND OF 4.5 SEN PER SHARE

The Chairman proposed that the recommendation of the Directors to declare a single tier final dividend of 4.5 sen per share for the financial year ended 31 March 2014 as stated in the Directors' Report, be approved for payment on 30 October 2014 to the shareholders of the Company registered at the close of business on 3 October 2014.

Upon the proposal by the Chairman which was seconded by Madam Loke Swan Yen, the following motion was put to the meeting for a vote by show of hands and was unanimously declared as carried (voting for was 38 votes and none against):-

“THAT a single final tier dividend of 4.5 sen per for the financial year ended 31 March 2014, be and is hereby approved for payment on 30 October 2014 to the registered shareholders of the Company at the close of business on 3 October 2014.”

6. AGENDA 3 (i)
ORDINARY RESOLUTION NO. 2
RE-ELECTION AND RETENTION of YBHG DATO' SYED MOHAMAD SYED MURTAZA AS SENIOR INDEPENDENT DIRECTOR

YBhg Dato' Chairman informed the meeting that since he is retiring at this AGM and is subject to re-election as a Director under Article 79 of the Company's Articles of Association as set out in Agenda No. 3 (i), he would hand over the Chair to YBhg Datuk Haji Abdul Rahman Mohd Ramli, an Independent Director to preside over the proceedings.

YBhg Datuk Haji Abdul Rahman Mohd Ramli took over the Chair and proceeded with the meeting.

The Presiding Chairman refer to Agenda No. (3) (i) on the re-election and retention of YBhg Dato' Syed Mohamad Syed Murtaza as Senior Independent Director of the Company pursuant to Article 79 of the Company's Articles of Association and the Malaysian Code on Corporate Governance 2012 (“MCCG”). YBhg Dato' Syed Mohamad Syed Murtaza, a Senior Independent Non-Executive Director who has served the Company for a cumulative term of close to nine (9) years retires from the Board by rotation at this AGM and being eligible, offers himself for re-election and retention as Senior Independent Director of the Company to hold office until the conclusion of the next AGM. His profile was set out on pages 24 and 25 of the Annual Report.

Upon the proposal by Mr William Woon which was seconded by Puan Sharifah Intan Syed Murtaza, the following motion was put to the meeting for a vote by show of hands and was declared carried by majority (voting for was 34 votes and against was 1 vote):-

“THAT YBhg Dato’ Syed Mohamad Syed Murtaza, the Director retiring by rotation in accordance with Article 79 of the Articles of Association of the Company and pursuant to the recommendation by MCCG, be and is hereby re-elected and retained as Senior Independent Director of the Company to hold office until the conclusion of the next annual general meeting.”

The Presiding Chairman, then hand back the Chair to YBhg Dato’ Chairman to continue with the rest of the agenda on the notice of meeting.

7. AGENDA 3 (ii)
ORDINARY RESOLUTION NO. 3
RE-ELECTION OF YBHG DATO’ IBRAHIM TAIB AS DIRECTOR

The shareholders’ approval was sought for the re-election of YBhg Dato’ Ibrahim Taib. In accordance with Article 79 of the Company’s Articles of Association, YBhg Dato’ Ibrahim Taib, retires from the Board by rotation and being eligible, offers himself for re-election. His profile was set out on pages 26 to 27 of the Annual Report.

Upon the proposal by Mr William Woon which was seconded by Puan Sharifah Intan Syed Murtaza, the following motion was put to the meeting for a vote by show of hands and unanimously declared as carried (voting for was 36 votes and none against):-

“THAT YBhg Dato’ Ibrahim Taib, the Director retiring by rotation in accordance with Article 79 of the Articles of Association of the Company, be and is hereby re-elected to the Board.”

8. AGENDA 4 (i)
ORDINARY RESOLUTION NO. 4
RE-APPOINTMENT AND RETENTION OF YBHG DATUK HAJI ABDUL RAHMAN MOHD RAMLI AS INDEPENDENT DIRECTOR

The shareholders’ approval was sought for the re-appointment and retention of YBhg Datuk Haji Abdul Rahman Mohd Ramli, who is over the age of 70 as Independent Director of the Company pursuant to Section 129 of the Companies Act, 1965 and in line with the recommendation by MCCG. The profile of YBhg Datuk Haji Abdul Rahman Mohd Ramli was set out on pages 28 to 29 of the Annual Report.

Upon the proposal by Mr William Woon which was seconded by Madam Loke Swan Yen, the following motion was put to the meeting for a vote by show of hands and declared carried by majority (voting for was 29 votes and against was 1 vote):-

“THAT YBhg Datuk Haji Abdul Rahman Mohd Ramli, the Director retiring in accordance to Section 129 of the Companies Act, 1965, and pursuant to the recommendation by MCCG, be and is hereby re-appointed and retained as Independent Director of the Company to hold office until the next annual general meeting.”

9. AGENDA 4 (ii)
ORDINARY RESOLUTION NO. 5
RE-APPOINTMENT AND RETENTION OF MR ONG IE CHEONG PURSUANT AS
INDEPENDENT DIRECTOR

The shareholders' approval was sought for the re-appointment and retention of Mr Ong Ie Cheong, who is over the age of 70 as Independent Director of the Company pursuant to Section 129 of the Companies Act, 1965 and in line with the recommendation by MCCG. The profile of Mr Ong Ie Cheong was set out on pages 28 to 29 of the Annual Report.

Upon the proposal by Encik Mazrul Fadzil Marzuki which was seconded by Ms Sim Siew Li, the following motion was put to the meeting for a vote by show of hands and declared carried by majority (voting for was 32 votes and against was 1 vote):-

“THAT Mr Ong Ie Cheong, the Director retiring in accordance to Section 129 of the Companies Act, 1965, and pursuant to the recommendation by MCCG, be and is hereby re-appointed and retained as Independent Director of the Company to hold office until the next annual general meeting.”

10. AGENDA 5
ORDINARY RESOLUTION NO. 6
RE-APPOINTMENT OF MESSRS ERNST & YOUNG AS AUDITORS

The shareholders' approval was sought for the re-appointment of the Auditors for the ensuing year. The Chairman proposed that Messrs Ernst & Young, who have expressed their willingness to continue in office, be re-appointed Auditors of the Company, to hold office until the conclusion of the next annual general meeting and that the Directors be authorised to determine and approve their remuneration.

Upon the proposal by YBhg Dato' Chairman which was seconded by Madam Loke Swan Yen, the following motion was put to the meeting for a vote by show of hands and declared carried by majority (voting for was 26 votes and against was 1 vote):-

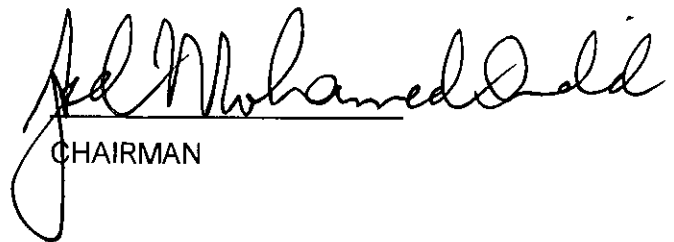
"THAT Messrs Ernst & Young be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next annual general meeting at a fee to be determined by the Directors."

11. TERMINATION

There being no further business, the meeting ended at 12.30 p.m. with a vote of thanks to the Chairman.

Dated this 30th day of September, 2014

CONFIRMED


CHAIRMAN

Annexure "A"

The salient questions/clarifications/comments raised by the shareholders/proxies together with the Management's response were as follows:-

1. Mr Tan See Peng, a Shareholder, enquired on the amount of losses recorded by Lotus Group in the last two (2) financial years.

YBhg Dato' Abdul Harith Abdullah, the Chief Executive Officer of Proton Holdings Berhad Group ("PROTON") responded that for the last two (2) financial years ("FY") 2012/2013 and FY 2013/2014, Lotus Group recorded losses amounting to £867.0 million and £71.0 million respectively.

2. Mr Lai, a Shareholder, enquired and sought clarifications on the following:-
 - a. The earnings outlook of PROTON.
 - b. Whether the number of the cars sold by PROTON was on track compared to its budgeted volume.
 - c. Whether there is any plan to divest the Company's shareholdings in Bank Muamalat (Malaysia) Berhad ("BMMB").
 - d. It was reported in the local newspaper that the Company is bidding for the incinerator project in Kepong and confirmation on this matter.

The GMD responded to the above queries as follows:-

- a. The earnings outlook of PROTON is reasonably positive since the Company is working on a long term plan to improve its overall performance and sustainability, moving forward. The Company is focusing on improving PROTON's performance by producing quality product, optimisation of cost and timely delivery, brand and customer confidence, enhancing the after sales and services as well as establishing a long range product plan for its models spreading up to 2019 in order to be visible in the popular segments of the automotive market.

- b. For FY2014/2015, PROTON is projected to sell 160,000 units of car. The GMD explained that despite the general slowdown in the automotive industry compared to the previous years, he is confident that the recently launched PROTON Iriz on 25 September 2014 will beef up PROTON sales and market share.
 - c. On the divestment of BMMB, the Company is still negotiating with the relevant party to divest 30% of the Company's investment in BMMB as required by Bank Negara Malaysia ("BNM"). The Company hoped to conclude the divestment by end of 2014.
 - d. On the bidding for the incinerator project in Kepong, the Company through its wholly-owned subsidiary, DRB-HICOM Environmental Services Sdn Bhd had formed a consortium with a 20% equity participation in the Malakoff-Sumitomo-DRB-HICOM Consortium to bid for the incinerator project. The Consortium is led by Malakoff Berhad and the project is an extended service to be provided by Alam Flora Sdn Bhd.
3. Puan Sharifah Intan Syed Murtaza, a Shareholder, commented and/or sought clarifications on the following matters:-
 - a. For FY 2013/2014, the market share of Motosikal Dan Enjin Nasional Sdn Bhd ("MODENAS") had declined to 7.5% and whether the performance of MODENAS has any impact on the income of DRB-HICOM Group and what counter measures are to be taken by the Group to reduce the impact, if any.
 - b. The motorcycles produced and manufactured by China are expected to flood the Malaysian market soon. How will this affect the motorcycle market share of DRB-HICOM Group and what are the counter measures to be taken by the Group to address this situation.

YBhg Dato' Chairman informed the meeting that Puan Sharifah Intan is her sister before providing the clarifications as follows:-

- a. The Chairman assured the shareholders that he being the Chairman of MODENAS as well as the President of the Motorcycle Scooter Assembly & Distributor Association of Malaysia ("MASAM") will look into ways and means to ensure that the market share of MODENAS will grow to at least 10%. He added that the Company is currently working on a strategic plan to turnaround the performance of MODENAS.
 - b. On the potential competition from China made motorcycles, he informed that MASAM is working closely with the Ministry of International Trade and Industry and the Ministry of Transport on the vehicle type of approval ("VTA") to raise the standards of motorcycles assembled in Malaysia. He believed that by raising the technical barrier, it will be difficult for the China made motorcycles to penetrate into the Malaysian market.
4. The representative of Minority Shareholder Watchdog Group ("MSWG"), Puan Lya Rahman commended the Board, the GMD and the key Management team of DRB-HICOM for the comprehensive and informative presentations on the achievements of the Group and Company for FYE 31 March 2014 as well as the moving forward plans of the Group.

On behalf of the MSWG, Puan Lya Rahman also commended the Company for uploading the minutes of the previous AGM as well as the Memorandum and Articles of Association in the Company's websites in line with the recommendations of the Malaysian Code on Corporate Governance 2012 ("CG").

Puan Lya commented that although it was noted that the Company had in 2006 obtained the shareholders' approval for the payment of Company's Directors' fees not exceeding RM800,000 for each financial year effective 31 March 2006 onwards, however in line with the CG practice, she proposed for the Management to consider seeking the shareholders' approval on the payment of Directors' fees at future annual general meetings of the Company.

5. Encik Mohammed Amin Mahmud, a Proxy holder, commended on the comprehensive presentations of the Group's performance FY 2013/2014 by the Key Management team but expressed disappointment that the Group recorded lower profit for FY 2013/2014 compared to the previous year and also the poor share price performance of DRB-HICOM shares.

The GMD responded to the above as follows:-

- a. The market price of DRB-HICOM shares is beyond the control of the Company since the shares are independently traded on the stock market. The share price of DRB-HICOM has been trading below the net asset value and the analysis made by several research houses based on the Group's fundamentals indicated target share prices of between RM2.49 to RM3.60 per DRB-HICOM share.
 - b. For FY 2013/2014, the Group's revenue improved by 8.1% to RM14.2 billion however, the Group's operating profits declined marginally by 3.7% to RM601.8 million from RM624.8 million in the previous year mainly due to higher finance costs and the net loss incurred by PROTON Group. Despite the challenges faced by PROTON and Lotus, the Management is confident that with the strategic long term business plan in place, the Group's performance will improve in the coming years.
 - c. On the high finance cost incurred by the Company, it was mainly use for expansion of the Group's business such as the acquisition of Composites Technology Research Malaysia Sdn Bhd, Konsortium Logistik Berhad and others. The Company needs to incur financial costs to expand the Group's businesses.
6. Mr Raymond Soh, a Shareholder, commended the Company for the comprehensive and informative presentations on the Group and Company. He commented and sought clarifications on the following matters:-

- a. Lotus Group is the main hindrance to the Group's performance and what is the current financial position of Lotus Group and whether it is viable to maintain Lotus Group in the DRB-HICOM Group.
- b. Whether the appointment of YABhg Tun Dr Mahathir Mohamad as the Chairman of PROTON could help to turnaround PROTON.
- c. Whether PROTON can now produce its own car.
- d. Due to the stiff competition in the automotive industry, how is PROTON going to compete with other marques in the market without collaborating with other international car makers.
- e. The PROTON discount voucher of RM500 for Proton Iriz 1.3L and RM1,000 for 1.6L might not be able to help the shareholders to buy a PROTON car.

YBhg Dato' Chairman took note of the comments by Mr Soh and provided the following clarifications:-

- a. The Group is honoured to have YABhg Tun Dr Mahathir Mohamad as the Chairman of PROTON as he will be of great help to turnaround PROTON.

YBhg Dato' Chairman added that based on his past 45 years' experience in the automotive industry, he is able to attest that the automotive industry is a very challenging industry. He added that no model of a car in the world is manufactured in one (1) country and the automotive industry has turned to global sourcing where car component parts are sourced from several countries. Nevertheless, PROTON has successfully launched PROTON Iriz recently which has more than 80% of its component parts being produced by the local vendors. As such, we must be proud of the car produced by PROTON.

- b. The turnaround of Lotus Group has been progressing quite well and Lotus Group will be a successful company in time to come.

YBhg Dato' Chairman then referred to the GMD to respond on the PROTON discount voucher.

The GMD clarified that the PROTON discount voucher is a token of appreciation from PROTON to the shareholders. He added that no other Original Equipment Manufacturer ("OEM") will give any discounts for a newly launched car model.

7. Encik Rahim Ismail, a Shareholder, commented and/or sought clarifications on the following matters:-
- a. Instead of trying to turnaround the performance of Lotus Group, it would be more beneficial to focus on the core business of PROTON.
 - b. The low share price of the Company was due to the public perception and not the analysts' reviews. To improve the share price, Management might need to consider declaring higher dividend.

The GMD responded to the above as follows:-

- a. Several initiatives have been implemented by the Company to ensure Lotus Group achieves their Annual Management Plans ("AMPs"). There is a demand for Lotus cars worldwide and Lotus Group needs to enhance its production in order to meet the orders. Currently, Lotus Group is producing an average of 40 cars per week and the Company is optimistic that Lotus Group could achieve sales of more than 2,000 units in FY2014/2015. With the Lotus long term business plan in place and based on the evaluation exercise conducted by the Company, in the long run, it is more beneficial to keep Lotus Group in the DRB-HICOM Group.
- b. On the share price of DRB-HICOM, the GMD admitted that the share price of the Company has been languishing but the Management is focusing on the fundamentals of the Company and will continue to add value to enhance the share price of the Company.
- c. It has always been the Group's intention to create value for the shareholders through a sustainable dividend policy. For the last three (3) years, the Company has maintained the total dividend payout rate of 6% and moreover, the Company has to reserve some funds for the expansion of the Group.

8. Encik Mohammed Amin Mahmud, a Proxy holder, enquired whether the Company has requested for funds from Petronas or Government.

The GMD informed that the Company had never requested for any funds from Petronas or the Government and it was merely rumours overplayed by the media and certain 3rd parties. Generally, all companies in Malaysia are eligible for three (3) types of incentives from the Government under pioneer status which gives companies tax incentives, a research and development grant and incentives for training.

Based on the Government's announcement on incentives for Research & Development cost ("R&D"), PROTON is eligible to seek reimbursement on the investment made thus far. Hence, PROTON had submitted a request to the Government for the reimbursement of R&D spent for the years 2010 to 2015 amounting to approximately RM1.7 billion.

Such R&D grant is available to all automotive related company in the country as long as they undertake R&D activities and comply with the technical and financial requirements set by the Government. These grants have been granted to other automotive companies as well and, it is not unusual and is a normal practice in the industry.

9. Mr Liu Pin Young, a Shareholder, commented and/or sought clarifications on the following matters:-
- a. Page 22 of the Annual Report 2014 of the Company showed that the lower PBT registered by the Company in FY 2013/2014 was mainly due to PROTON and Lotus losses and hence, the Company should consider disposing PROTON and Lotus as the Company's performance was badly affected by the performance of the PROTON Group.
 - b. Page 137 of the Annual Report 2014 showed the negative cashflow from financing activities of the Company and how the Company is going to manage its gearing, moving forward.

- c. Page 137 of the Annual Report 2014 showed acquisition of substantial investment securities by a banking subsidiary Company and the reason behind this investment decision.

The GMD responded to question (a) as follows:-

- a. In January 2012, the Company bought 42.7% stake in PROTON from Khazanah Nasional Berhad and subsequently privatised the national carmaker. The Company intends to keep PROTON within the Group as the Management strongly believes that they will be able to turnaround the national carmaker in future. He added that running a national car business is one (1) of the Group's long term strategies and the shareholders need to be patient to see the results. Moreover, he has great faith in YBhg Dato' Harith, the Chief Executive Officer of PROTON, to turnaround PROTON Group.

He further informed that PROTON's business plan includes increasing the product variants through new models, re-branding and pricing, enhancing presence in the B-segment market, improving efficiency and cost control as well as review the local and export sales network. PROTON will introduce new models to boost the sales and market share. As at to-date, PROTON has received 17,000 booking orders for its newly launched PROTON Iriz.

- b. On questions (b) and (c), Encik Ahmad Fuaad Mohd Kenali, the GCFO of the Company and YBhg Dato' Haji Mohd Redza Shah Abdul Wahid, the CEO of Bank Muamalat (Malaysia) Berhad ("BMMB") provided the following clarifications:-
- i) Encik Ahmad Fuaad responded that the acquisition of investment securities by BMMB is part of BMMB's Treasury Management activities in buying and selling securities.
- ii) YBhg Dato' Haji Mohd Redza informed that BMMB needs to buy and sell securities for its business. BMMB through Muamalat Invest Sdn Bhd, its subsidiary company manages the wholesale fund.

10. Encik Mohd Ismail, a Shareholder, commented and/or sought clarifications on the media report that DEFTECH and Petronas are parties to the search and rescue work for the Malaysian Airlines Flight MH370 and whether the rescue work is part of the Company's corporate responsibility activities and how much cost will be incurred by the Group.

Encik Amril Samsudin, the CEO of Defence & Aviation provided the shareholders with the progress of the search and recovery ("SAR") of MH370 as follows:-

- i) On 26 June 2014, the Australian Deputy Prime Minister, Mr Warren Truss announced the new priority search area measuring up to 60,000 sq.km had shifted further south along the 7th arc.
- ii) Currently, a Dutch firm Fugro Survey Pte Ltd ("Fugro") is utilising the vessel Fugro Equator, to undertake a bathymetric survey in the new search area, together with the Chinese navy's Zhu Kezhen. The survey had already covered 60% of the area estimated around 32,000 sq.km, since it started in April 2014.
- iii) The underwater search is expected to take up to 12 months to complete. The assets to be mobilised are already with Fugro Discovery which is en route to Perth from the United Kingdom.
- iv) PETRONAS had allocated a budget of RM67 million to fund the MH370 SAR operation through the Ministry of Defence's ("MINDEF") Amanah account.

The GMD added that DEFTECH is the only private company in Malaysia that had within 48 hours responded to the Government's call to assist in the SAR. DEFTECH through the collaboration with Phoenix International ("Phoenix") has provided the technical advice and assistance on the execution of the SAR operations.

He further stated that the SAR operation is a non-profitable project and is an obligation of DEFTECH to the country. Although the SAR operation is substantially funded by Petronas, the Company will still incur some operational and logistics expenses for the exercise.

11. Mr Raymond Soh, a Shareholder, commented and/or sought clarifications on the following matters:-
- a. On the BNM's requirement for banks to comply with the latest Basel III regulation, whether BMMB will merge with other banks to further strengthen its financial position.
 - b. For PROTON operations, whether PROTON is looking for collaboration with international partner to strengthen its performance.

The GMD responded to the above as follows:-

- a. As at to-date, BMMB has completed Basel III which is a comprehensive set of reform measures, developed by the Basel Committee on Banking Supervision, to strengthen the regulation, supervision and risk management of the banking sector.

YBhg Dato' Haji Mohd Redza added that Basel III aims to improve the banking sector's ability to absorb shocks arising from financial and economic stress, improve risk management and governance as well as to strengthen banks' transparency and disclosures and has nothing to do with merger exercise within the financial institutions.

- b. PROTON is exploring the possibility of collaborating with strategic and suitable OEMs which are world renowned to optimise the processes, range, quality and cost of developing a car to improve its competitiveness.

12. Puan Sharifah Intan Syed Murtaza, a Shareholder, enquired whether PROTON could extend the validity of PROTON discount voucher from 30 November 2014.

YBhg Dato' Harith was agreeable to extend the PROTON discount voucher for another month up to 31 December 2014 and he encouraged the shareholders to buy PROTON Iriz.

13. Mr Lee Eng Fock, a Shareholder, commented and/or sought clarifications on the following matters:-
- a. Whether PROTON could extend the validity of the PROTON discount voucher to next year and whether he could combine several PROTON vouchers obtained through his family members who are the shareholders of the Company to purchase one (1) PROTON Iriz.
 - b. Whether the Management would be seeking for the Shareholders' approval for a fund raising exercise to finance the Company's expansion in the near future.
 - c. The Company needs to improve the investors' perception in order to further improve the Company's share price.

The GMD responded to the above as follows:-

- a. On the request for extension of the PROTON discount voucher to one (1) year, the GMD informed that he will discuss the matter further with YBhg Dato' Harith. As to the utilisation of the several PROTON vouchers to purchase one (1) PROTON Iriz, the GMD emphasised that one (1) discount voucher is to be used for the purchase of one (1) unit of PROTON Iriz.
- b. The Company has always emphasised on prudent financial management and has constantly been sourcing for the cheapest funds to finance the Group's operations. For the time being, the Management has no intention to seek funding from the shareholders.
- c. The GMD commented that he personally would like to see that the share price of the Company goes higher as he has 10% shareholding in Etika Strategi Sdn Bhd, the holding company of DRB-HICOM with 55.92% interest in DRB-HICOM. Hence, he would be happy if the share price goes up since he will benefit from the hike in the share price. However, the Shareholders must be patient as he believes that in the long run, the share price of the Company could reach the analyst targeted price of RM3.60 per share as the sustainability of the Group's business will justify the share price.

14. Mr William Woon, a Proxy holder, commended the Board and Management of DRB-HICOM for their hardwork and dedication in ensuring improvement in the Group's performance.
15. Madam Loke Swan Yen, a Shareholder, expressed her sincere gratitude and thanks to the Board for the contribution made by the Company to Persatuan Dialisis Kurnia Petaling Jaya. She looks forward to the continuous support from the Company for the dialysis centre.
16. Mr Lee Eng Fock, a Shareholder, commented and/or sought clarifications on the following matters:-
 - a. Whether the Company has any plan to re-brand PROTON and rename BMMB.
 - b. For FYE 2013/2014, there was an increase of 101% in the Research & Development (R&D) cost from RM330 million to RM664 million but there was reduction in the PROTON car sales. He then enquired on the total R&D cost of PROTON Iriz and the payback period of PROTON Iriz.

The GMD responded to question (a) as follows:-

- a. The Company is working on a re-branding and re-positioning programme for PROTON internally and externally. The management of PROTON is currently working on changing the market perception on PROTON and changing the attitude and aptitude of the employees of PROTON.

On BMMB, the GMD commented that BMMB has contributed positively to the Group. He added that there was no issue in using the word "Muamalat" for the Bank's name since "Muamalat" is an Arabic terminology for commerce or transaction and it is acceptable worldwide.

YBhg Dato' Harith responded to question (b) as follows:-

- b. The total R&D cost for PROTON Iriz is RM600 million and the R&D investment should see its return within a period of two (2) years. The Company is confident that its newly launched compact car PROTON Iriz will revive PROTON and boost the overall PROTON sales.

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