



UMW HOLDINGS BERHAD

Company No. 90278-P
(Incorporated in Malaysia)

MINUTES OF THE EXTRAORDINARY ANNUAL GENERAL MEETING OF THE COMPANY HELD ON TUESDAY, 15 OCTOBER 2019 AT 10.00 A.M. AT THE UMW AUDITORIUM, UMW HOLDINGS BERHAD, NO. 3, JALAN UTAS 15/7, BATU TIGA INDUSTRIAL ESTATE, 40200 SHAH ALAM, SELANGOR DARUL EHSAN, MALAYSIA

PRESENT

Board of Directors

Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman	- Group Chairman
Dr Veerinderjeet Singh a/l Tejwant Singh	- Chairman of the Meeting
Encik Badrul Feisal bin Abdul Rahim	- President & Group CEO
Dato' Eshah binti Meor Suleiman	
Datin Paduka Kartini binti Hj Abdul Manaf	
Cik Salwah binti Abdul Shukor	
Mr Lim Tze Seong	
Encik Razalee bin Amin	

Absent with apologies

Tan Sri Hasmah binti Abdullah

The attendance of corporate representatives, shareholders and proxies is as per the attendance record.

BY INVITATION

Representatives from Maybank Investment Bank Berhad

Puan Hidayah binti Hassan
Ms Lin Shueh Fen
Mr Joe Lee
Ms How Mei Ting

Representatives of DWA Advisory Sdn Bhd

Dato' Wan Asmadi bin Wan Ahmad
Encik Muhamad Sabberi bin Badrul Jamil
Encik Md Noor bin Abd Rahim
Encik Shauqi bin Soberi

Representatives from Messrs Albar & Partners

Mr Abraham Teh Tat Hon
Ms Cassandra Hogg
Ms Hannah Tay Yee Ai

Representatives from Raine & Horne International Zaki & Partners Sdn Bhd

Mr James KM Tan
Encik Ahmad Aswady bin Awang

Representatives from Messrs Ernst & Young

Ms Ng Yee Yee
Puan Farah Halijah binti A Halim

The attendance of members of management is as per the attendance record.

IN ATTENDANCE

Encik Mohd Nor Azam bin Mohd Salleh

- Group Secretary

ITEM

PROCEEDINGS

PRELIMINARY

The Group Chairman, Tan Sri Dato' Sri Hamad Kama Piah Che Othman, extended a warm welcome to shareholders, corporate representatives, proxies and invitees to the Company's Extraordinary General Meeting ("EGM"), and thanked them for their continuous support to UMW.

The Chairman introduced the Board members and senior management of the Company and representatives from the various advisers.

DECLARATION OF INTEREST

Before continuing with the formal proceeding of EGM, the Group Chairman informed the meeting that Datin Paduka Kartini Hj Abdul Manaf, Cik Salwah Abdul Shukor and himself, being the nominees of Permodalan Nasional Berhad ("PNB") (collectively referred to as "Interested Directors"), declared their interest in the Proposals as stated in the Notice of EGM, in view that PNB is deemed interested in the Proposals by virtue of it being a 30% shareholder in SSSB, the transacting party under the Proposals. The Group Chairman added that consequent to the above, the Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings of the Company in relation to the Proposals.

The Group Chairman stated that Amanah Saham Bumiputera ("ASB"), a major shareholder of the Company, is also deemed interested in the Proposals by virtue of PNB being a person connected to ASB. As such, ASB, PNB and the Interested Directors, will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposals at this EGM. He further stated that ASB and the Interested Directors have also undertaken that they will ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposals at this EGM.

In view of the above, the Group Chairman informed the meeting that Dr Veerinderjeet Singh, the Independent Non-Executive Director of the Company, is to chair the meeting at this EGM.

COMMENCEMENT OF EGM

The Chairman, having received confirmation from the Group Secretary on the presence of the requisite quorum at the commencement of the meeting in accordance with Article 82 of the Company's Constitution, officially commenced the EGM proceedings.

With the consent of shareholders, the Notice of EGM dated 30 September 2019 was taken as read. The Chairman proceeded to brief the meeting on the following -

**COMMENCEMENT
OF EGM**
(Cont'd)

- 1) The resolution set out in the Notice of EGM would be put to vote by poll in accordance with Article 89 of the Company's Constitution.
- 2) Securities Services (Holdings) Sdn Bhd has been appointed as the poll administrator to conduct the poll by way of e-voting and Commercial Quest Sdn Bhd has been appointed as the independent scrutineer to verify the poll results.
- 3) E-voting for all resolutions will only be carried out upon conclusion of all deliberations on items to be transacted in the Notice of EGM.
- 4) Voting results for each resolution will be announced at the end of the meeting and will be released to Bursa Malaysia Securities Berhad at the close of business.

**PRESENTATION
ON THE
PROPOSALS**

The Chairman then proceeded to invite the Group Chief Financial Officer, Encik Nik Azlan Nik Abdul Aziz and Dato' Wan Asmadi Wan Ahmad from DWA Advisory Sdn Bhd ("DWA Advisory"), the Independent Adviser, to give a presentation on the Proposals.

**ORDINARY
RESOLUTION -
PROPOSED
DISPOSAL OF
LAND AND
TENANCY OF
PROPERTIES**

The Chairman proceeded with the ordinary resolution to seek the shareholders' approval on the proposed disposal of industrial leasehold land together with all remaining buildings, structures and plants measuring in total 38.803 acres for a total cash consideration of RM287,700,000.00 to Strategic Sonata Sdn Bhd, and the subsequent tenancy of part of the properties from Strategic Sonata Sdn Bhd, as explained in detail in the Circular to Shareholders dated 30 September 2019.

The motion was proposed by Mr Sang Ang Soon and seconded by Mr Roy Boey Tchun Chien.

The Chairman briefly explained the Proposals as follows -

- 1) The disposal of 10 parcels of lands located in Shah Alam by the respective Vendors to Strategic Sonata Sdn Bhd, where the purchase price and details of the respective Properties are set out in Section 2.1.1 of Part A of the Circular to Shareholders; and
- 2) The proposed tenancy of the tenanted lots from Strategic Sonata Sdn Bhd, the salient terms of which are set out in Appendix II of the Circular to Shareholders

The Chairman further explained that the Proposals are deemed related party transactions pursuant to Paragraph 10.08 of the Main Market Listing Requirements and in view of this, DWA Advisory has been appointed as the Independent Adviser to advise UMW's non-interested directors and non-interested shareholders on the Proposals.

The Chairman highlighted that it is important to note that the Independent Adviser, having evaluated the Proposals, is of the opinion that the Proposals are fair and reasonable and are not detrimental to the interest of the non-interested shareholders of the Company.

**PROPOSED
DISPOSAL OF
LAND AND
TENANCY OF
PROPERTIES**
(Cont'd)

In view of the above, the Chairman stated that the Board, save for the Interested Directors, after having considered all aspects of the Proposals and the views of the Independent Adviser, is of the opinion that the Proposals are in the best interest of the Company and accordingly, is recommending for the non-interested shareholders to vote in favour of the resolution pertaining to the Proposals.

The Chairman proceeded to invite questions from the floor.

**QUESTIONS &
ANSWERS
SESSION**

Questions/comments raised by shareholders/proxies pertinent to the Proposals and the corresponding responses/replies made by the Board, management and/or advisers are summarised below -

- 1) Mr Ho Yueh Weng, a shareholder, enquired on the following -
 - a) The rationale for the disposal of Shah Alam properties and whether other options have been considered?

The Proposed Disposal will allow the Group to fully monetise the value of its long-held assets in Shah Alam in line with the Group's overall strategy of ensuring sustainable value creation for its shareholders. The Proposed Disposal will also usher the planned relocation of the Group's existing business operations in Shah Alam to HVM Park in Serendah, Selangor. In addition, part of the proceeds from the Proposed Disposal will also be distributed as special cash dividend to existing shareholders as a reward for their continuous support to the Group.

The decision to dispose Shah Alam properties was carefully considered by the Board after taking into consideration that as the UMW Group continues to expand, the space available at its current premises has become congested and unable to support the growing inventories/stocks. As the Group continues to grow, it is imperative that a larger landbank is available to house inventories and other facilities. With the current congestion, it can also pose a potential fire hazard. Hence, the need to relocate to larger premises is given a priority and this has to be carried out over the next 2 to 3 years. Essentially, the Proposals are mainly driven by business needs as it will enable the Group to enhance its earnings, increase the value of its landbank and ultimately, reward the shareholders.

In arriving to the decision, various options were considered by the Board including for the operating companies to rent other premises within their vicinity in Shah Alam or to relocate and buy properties at other places, both of which will require the Group to incur higher investment. As UMW already owns a huge tract of land (approximately 861 acres) in Serendah, the strategy for the Group is to create value from its non-core assets by relocating the Group's existing operations to HVM Park as it is a more cost-effective option to pursue.

The shifting of the Group's operating companies to Serendah is also expected to significantly strengthen the ecosystem for high-value and advanced manufacturing activities at HVM Park,

**QUESTIONS &
ANSWERS
SESSION**
(Cont'd)

which will further catalyse and drive the influx of investments to further elevate the value of the Group's land in Serendah.

- b) Why dispose Shah Alam properties now when the market value is declining (by approximately RM13.3 million) between the 1st valuation in 2018 and the 2nd valuation in 2019?

Shah Alam properties are leasehold land with the remaining lease period ranging from 30 to 50 years. Typical for any leasehold land, it is common for the market value to depreciate at an accelerated rate when the land has a shorter remaining lease period. Furthermore, in determining market value, adjustments are also made for factors such as obsolescence and existing physical condition of the buildings/structures erected on it.

Nonetheless, the Disposal Consideration of RM287.7 million represents a premium of approximately 6.95% over the ascribed market value of RM269.0 million.

- c) Why not renew the leasehold period?

To renew the leasehold period, approximately RM60 million to RM70 million would be required for payment of land premiums and this will still be subjected to the State Government's approval.

- d) If the operating companies need to relocate urgently, why continue renting the existing properties for another 3 years?

Realistically, it would require 2 to 3 years to complete the construction of new plants/facilities at HVM Park. In the interim, the Proposed Tenancy will ensure that the Group's existing business operations will continue without undue disruptions prior to the planned relocation to HVM Park in Serendah. The tenancy term also provides ample and sufficient time for the construction and commissioning of the requisite facilities in Serendah ahead of the planned migration.

- e) What is the rationale of using full net book value ("NBV") to compute the proforma gain on the Proposed Disposal?

As clarified, the NBV is the carrying value of the properties in the books of the Company. Hence, it is used at full value to compute the proforma gain.

- f) It was stated that RM150 million from the sale proceeds would be utilised to settle the senior sukuk maturing in June 2020. Why is that there is no change in total borrowing after the Proposals?

The total borrowings in the financial position as stated in the Circular to Shareholders was made up to 31 December 2018 and assumes that the Proposals had been effected on that date. Hence, the impact on the reduction of total borrowing has not taken into account the repayment of senior sukuk which will be made in June 2020.

**QUESTIONS &
ANSWERS
SESSION**
(Cont'd)

- g) The purchaser, Strategic Sonata Sdn Bhd ("SSSB"), is a privately-owned company with a RM400,000 paid up capital. Assuming that PNB is not a shareholder in SSSB, would UMW still proceed with the Proposals?

The shareholders of SSSB are Mapletree Dextra Pte Ltd ("Mapletree Dextra") (70%) and PNB (30%). Mapletree Dextra is part of the larger Mapletree Group in Singapore, which is also part of the Temasek Group, the sovereign investment company owned by the Singapore government. In this regard, SSSB is a reputable company that has the ability to complete the transaction.

It was assured that the decision to proceed with the Proposals was made by the Board in the best interest of the Company without any undue influence from external parties.

- h) Why can't UMW develop HVM Park in Serendah without disposing the properties in Shah Alam?

Maintaining the properties at Shah Alam and at the same time developing HVM Park would require the Company to have a huge capital investment. The Proposed Disposal will allow the Group to fully monetise the value of its assets in Shah Alam and use part of the proceeds as working capital.

- i) Why is the Company's share price not improving over years?

It is unfortunate that UMW share price has not appreciated in tandem with the Group's improved performance, especially after the Group returned to the black in 2018. This is perhaps partly due to the uncertainty and challenging business environment of the automotive sector, which continue to be the main contributor to the Group. Notwithstanding this, the Board assured that the Group's Automotive segment will strive to meet its 2019 targets and hopefully the share price can be further improved.

- 2) Mr Lee Cheng Hock, a shareholder, enquired on the following -

- a) The background/reason for the Shah Alam properties was first acquired by UMW?

The Shah Alam properties were acquired in phases by UMW Group since the early 1970s as industrial land and the price was relatively low back then. The location of the land was also strategic for the Group's business operations during the early days. Over time, the Group had expanded exponentially and at present, there is a need to relocate to another location to support business growth and expansion. With the appreciation in value, it presents the opportunity for the Group to fully monetise its long-held assets in Shah Alam.

**QUESTIONS &
ANSWERS
SESSION***(Cont'd)*

- b) Details of the proposed special dividend?

A special dividend payout totalling approximately RM46.7 million or 4 sen per share is proposed to be paid to shareholders out of the sale proceeds as a reward for their continuous support towards our Group. The entitlement date and actual amount to be distributed will be determined and announced later.

- c) With the disposal of Shah Alam properties, would the next general meeting of the Company be held outside of Shah Alam or in Serendah?

As clarified, UMW will continue to lease the Shah Alam properties from SSSB for the next 3 years and as such it is expected that general meetings of the Company will continue to be held at the UMW Auditorium in Shah Alam until expiry of the lease.

- d) What is the difference between capital reserve and fair value reserve, as stated on page 15 of the Circular to Shareholders?

Capital reserve is derived from the redemption of preference shares whilst fair value reserve is derived from financial instruments.

- 3) Mr Leong Wai Hong, a shareholder, enquired on the following -

- a) At the recent 2020 Budget, it was announced that the Real Property Gains Tax ("RPGT") treatment has been enhanced. In view of this, is it possible for UMW to benefit from the revised RPGT ruling?

As clarified, the enhanced RPGT treatment came into effect on 12 October 2019 and UMW Group will take advantage of full benefits and savings that can be derived from it arising from the Proposed Disposal exercise.

- b) How much is the total investment cost for the relocation and development/construction of buildings and facilities at HVM Park?

The total investment cost for developing HVM Park has yet to be finalised. However, it would be relatively low since the land is already owned by UMW.

- 4) Encik Rein Hashim, a shareholder, enquired on the following -

- a) It was noted that RM70 million is expected to be utilised as capital expenditure from the sale proceeds of disposal of Shah Alam land. What is the targeted Return on Investment ("ROI") from this capital expenditure?

As per the UMW's investment framework, management is looking at a minimum ROI of 12%.

**QUESTIONS &
ANSWERS
SESSION**
(Cont'd)

- b) Upon relocation to HVM Park in Serendah, what is the future plan for Shah Alam properties?

UMW is not aware and privy to the actual plan of SSSB for Shah Alam properties once they are sold.

- 5) Encik Noordin Omar, a shareholder, raised the following observations/comments -

Although the justifications for relocation to HVM Park are well explained, the impact on existing business operations post-relocation to Serendah was not addressed in the Circular to Shareholders, especially on the service side of business/operations. The current business operations at Shah Alam is strategically located with good access to major transportations connectivity and more importantly, they are closer to serving their clients/businesses as well as local authorities. In view of this, it is hoped that the Board could consider retaining some lands for business units to continue operating from Shah Alam.

The Board and management took note of the view raised above and will consider them appropriately.

**CLOSURE OF
REGISTRATION**

Upon conclusion of the Q&A session, the Chairman declared that the registration for attendance at the EGM be closed at 11.20 am in order to proceed with the polling process via e-voting.

POLLING PROCESS

The Group Secretary was invited to brief the meeting on the administrative details of the polling exercise.

After the briefing, the Chairman temporarily adjourned the meeting for taking of the poll.

The e-voting process commenced at 11.25 am.

**ANNOUNCEMENT
OF POLL RESULTS**

At 11.42 am, the Chairman reconvened the EGM for announcement of the poll voting results.

The Chairman invited Mr Tee Zhen Wan of Commercial Quest Sdn Bhd, the appointed scrutineer, to read out the poll results.

The poll results and resolutions passed were as follows -

Ordinary Resolution -

Proposed disposal of industrial leasehold land together with all remaining buildings, structures and plants measuring in total 38.803 acres ("Properties") for a total cash consideration of RM287,700,000.00 ("Proposed Disposal") and the subsequent tenancy of part of the Properties ("Proposed Tenancy") (collectively referred to as "Proposals")

**ANNOUNCEMENT
OF POLL RESULTS**
(Cont'd)

FOR		AGAINST	
No. of Shares	%	No. of Shares	%
277,467,445	99.9306	192,796	0.0694

The Chairman declared that the Ordinary Resolution passed as follows -

“THAT, subject to the approvals of all relevant authorities and/or parties being obtained, approval be and is hereby given to the relevant subsidiaries of UMWH for the disposal of the following properties to Strategic Sonata Sdn Bhd (**“SSSB”**):

Sale and Purchase Agreements dated 30 November 2018 (“SPAs”)	Description of property	Vendors	
		Registered proprietor	Beneficial owner
SPA 1	Lot 2 – HSD 167527, PT - Locality of Tapak Perusahaan di Shah Alam, Mukim of Damansara, District of Petaling, State of Selangor Darul Ehsan	UMW Corporation Sdn Bhd (“UMWC”)	UMWC
	Lot 8 – HSD 168501, PT - Town of Shah Alam, District of Petaling, State of Selangor Darul Ehsan		
	Lot 10 – HSD 166777, PT - Locality of Tapak Perusahaan Shah Alam, Town of Shah Alam, District of Petaling, State of Selangor Darul Ehsan		
	Lot 51 – HSD 21972, Lot No. Lain-lain, Mukim of Damansara, District of Petaling, State of Selangor Darul Ehsan		
SPA 2	Lot 3 – HSD 167524, PT - Locality of Tapak Perusahaan di Shah Alam, Mukim of Damansara, District of Petaling, State of Selangor Darul Ehsan	UMW Advantech Sdn Bhd (“UASB”)	1) UMWC 2) UMW Equipment Sdn Bhd (“UMWE”) 3) UASB
SPA 3	Lot 6 – HSD 168502, PT - Town of Shah Alam, District of Petaling, State of Selangor Darul Ehsan	UMW M&E Sdn Bhd	UASB

**ANNOUNCEMENT
OF POLL RESULTS**
(Cont'd)

Sale and Purchase Agreements dated 30 November 2018 ("SPAs")	Description of property	Vendors	
		Registered proprietor	Beneficial owner
SPA 4	Lot 14 – HSD 167543, PT - Locality of Tapak Perusahaan, Shah Alam, Mukim of Damansara, District of Petaling, State of Selangor Darul Ehsan Lot 16 – PN 51804, Lot 46 Seksyen 15, Town of Shah Alam, District of Petaling, State of Selangor Darul Ehsan	UMW Industries (1985) Sdn Bhd ("UMWI")	UMWI
SPA 5	Lot 18 – HSD 167502, PT - Locality of Industrial Site at Shah Alam, Mukim of Damansara, District of Petaling, State of Selangor Darul Ehsan	UMW Industrial Power Services Sdn Bhd ("UIPSSB")	UIPSSB
SPA 6	Lot 12 – HSD 168492, PT - Town of Shah Alam, District of Petaling, State of Selangor Darul Ehsan	UMWC	UIPSSB

for a total cash consideration of RM287,700,000.00, subject to and upon such terms and conditions as set out in the conditional SPAs, as amended and varied subsequently by the first supplemental sale and purchase agreements dated 3 June 2019 and the second supplemental sale and purchase agreements dated 14 August 2019, all of which were entered into between the Vendors and SSSB.

Further, subject to the implementation of the Proposed Disposal, approval be and is hereby given to the relevant subsidiaries of UMWH for the rental of the following properties from SSSB:

Tenanted Lot	Tenant
Lot 8 – HSD 168501, PT - Town of Shah Alam, District of Petaling, State of Selangor Darul Ehsan	UMWC
Lot 10 – HSD 166777, PT - Locality of Tapak Perusahaan Shah Alam, Town of Shah Alam, District of Petaling, State of Selangor Darul Ehsan (Part of Lot 10) - 74,926 sq ft	UMWC

**ANNOUNCEMENT
OF POLL RESULTS**
(Cont'd)

Tenanted Lot	Tenant
Lot 3 – HSD 167524, PT - Locality of Tapak Perusahaan di Shah Alam, Mukim of Damansara, District of Petaling, State of Selangor Darul Ehsan (Plot A) - 2.750 acres	UMWC
Lot 3 – HSD 167524, PT - Locality of Tapak Perusahaan di Shah Alam, Mukim of Damansara, District of Petaling, State of Selangor Darul Ehsan (Plot B) - 3.816 acres	UMWE
Lot 3 – HSD 167524, PT - Locality of Tapak Perusahaan di Shah Alam, Mukim of Damansara, District of Petaling, State of Selangor Darul Ehsan (Plot C) - 8.616 acres	UASB
Lot 6 – HSD 168502, PT - Town of Shah Alam, District of Petaling, State of Selangor Darul Ehsan	UASB
Lot 14 – HSD 167543, PT - Locality of Tapak Perusahaan, Shah Alam, Mukim of Damansara, District of Petaling, State of Selangor Darul Ehsan	UMWI
Lot 16 – PN 51804, Lot 46 Seksyen 15, Town of Shah Alam, District of Petaling, State of Selangor Darul Ehsan	UMWI
Lot 12 – HSD 168492, PT - Town of Shah Alam, District of Petaling, State of Selangor Darul Ehsan	UIPSSB


for a tenure of three (3) years at a yearly rental totaling RM12.6 million, subject to and upon such terms and conditions as set out in the tenancy agreements, to be entered into between the respective Tenants and SSSB upon completion of the Proposed Disposal.

AND THAT, the Board of Directors of the Company ("**Board**") be and is hereby authorised and empowered to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company, all such documents and/or agreements as may be necessary to give effect and complete the Proposals and to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by the relevant authorities or as the Board may deem necessary in the best interest of the Company and to take such steps as they may deem necessary or expedient to implement, finalise, and give full effect and to complete the Proposals."

**CLOSE OF
MEETING**

There being no other business to be transacted, the meeting ended at 11.45 am with a vote of thanks to the Chair.

Approved,



CHAIRMAN