

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

Bursa Malaysia Securities Berhad (**Bursa Securities**) has conducted a limited review on Section 2.3(b)(ii) of this Circular and has not perused Section 2.3(b)(i) of this Circular as they fall under the category of exempt circulars pursuant to Practice Note 18 of the MMLR (as hereinafter defined).

Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



**UMW**

**UMW HOLDINGS BERHAD**

Company No. 198201010554 (90278-P)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

- (I) PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE"); AND**
- (II) PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED NEW SHAREHOLDERS' MANDATE")**
- (COLLECTIVELY REFERRED TO AS "PROPOSALS")**

The resolution pertaining to the Proposals will be tabled as Special Business at the 38<sup>th</sup> Annual General Meeting (**AGM**) of the Company. In light of the COVID-19 pandemic and with the advice from the Ministry of Health Malaysia for public to avoid participating in mass gatherings/events in the next 6 months to a year, as a precautionary measure to curb the spread of COVID-19, the 38<sup>th</sup> AGM will be conducted **on a full virtual basis via live streaming** from the Broadcast Venue at The Hallmark, Level 12, Menara UMW, Jalan Puncak, Off Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia on Thursday, 25 June 2020 at 10.00 a.m., or at any adjournment thereof, using the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at <https://tiih.online>. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and shareholders/proxies will not be allowed to physically attend the 38<sup>th</sup> AGM at the Broadcast Venue on the day of the meeting. The Notice of the 38<sup>th</sup> AGM and the Proxy Form are enclosed in the Company's Integrated Annual Report 2019.

The appointment of proxy/proxies may be made in a hard copy form or electronically. If the appointment of proxy/proxies is to be made in a hard copy form, the Proxy Form must be deposited with our Special Registrar appointed for the AGM, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or at the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. If the appointment of proxy/proxies is to be made electronically, the submission must be made via TIIH Online website at <https://tiih.online>. All submissions of Proxy Form must be made not less than twenty-four (24) hours before the time appointed for the taking of the poll or any adjournment thereof.

## DEFINITIONS

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The following definitions apply throughout this Circular unless the context requires otherwise -

Act	:	Companies Act 2016
AGM	:	Annual General Meeting of UMW
Board	:	Board of Directors of UMW
Bursa Securities	:	Bursa Malaysia Securities Berhad
CMSA	:	Capital Markets and Services Act 2007 (and any amendments thereto)
Director	:	Shall have the meaning given in Section 2(1) of the CMSA and for the purpose of the Proposals includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Director of UMW, its subsidiary or holding company or a chief executive officer of UMW, its subsidiary or holding company
LPD	:	30 April 2020, being the latest practicable date prior to the printing of this Circular
MMLR	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time
Major Shareholder	:	(a) A person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares, is -  (i) equal to or more than 10% of the total number of voting shares in the Company; or  (ii) equal to or more than 5% of the total number of shares in the Company where such person is the largest shareholder of the Company  For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act  (b) For the purposes of the Proposals, it also includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon a Major Shareholder of the Company or any other corporation which is its subsidiary or holding company
Person Connected	:	In relation to a Director or Major Shareholder, means such person who falls under any one of the following categories -  (i) a family member of the Director or Major Shareholder;  (ii) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director, Major Shareholder or a family member of the Director or Major Shareholder, is the sole beneficiary;  (iii) a partner of the Director, Major Shareholder or a partner of a Person Connected with that Director or Major Shareholder;  (iv) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;  (v) a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;

## DEFINITIONS

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- (vi) a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
  - (vii) a body corporate or its directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act;
  - (viii) a body corporate in which the Director or Major Shareholder and/or Person Connected with him are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
  - (ix) a body corporate which is a related corporation
- Proposed New Shareholders' Mandate : Proposed new shareholders' mandate for additional RRPT as set out in Section 2.3(b)(ii) of this Circular
- Proposed Renewal of Shareholders' Mandate : Proposed renewal of Shareholders' Mandate for RRPT as set out in Section 2.3(b)(i) of this Circular
- Proposals : Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate
- Public : Shall have the meaning given in Chapter 1 of the MMLR
- Related Party : Director, Major Shareholder or Person Connected with such Director or Major Shareholder. For the purpose of the Proposals, the Related Parties are set out in Section 2.3(a) of this Circular
- RM : Ringgit Malaysia
- RRPT : Recurrent related party transactions of a revenue or trading nature entered into with the Related Party in the ordinary course of business which are necessary for the day-to-day operations of the Group
- Shareholders' Mandate : The Shareholders' Mandate obtained on 23 May 2019 for the UMW Group to enter into RRPT based on the terms set out in the circular to shareholders of UMW dated 25 April 2019
- UMW or the Company : UMW Holdings Berhad
- UMW Group or the Group : UMW and its subsidiaries
- UMWC : UMW Corporation Sdn Bhd

In this Circular, words importing the singular shall, where applicable, include the plural and vice versa and words importing any gender shall, where applicable, include all genders. References to persons shall include corporations.

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**UMW**

**UMW HOLDINGS BERHAD**

Company No. 198201010554 (90278-P)  
(Incorporated in Malaysia)

**Registered Office -**

Level 6, Menara UMW  
Jalan Puncak, Off Jalan P. Ramlee  
50250 Kuala Lumpur  
Malaysia

28 May 2020

**Board of Directors -**

Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman	<i>Group Chairman/ Non-Independent Non-Executive Director</i>
Badrul Feisal bin Abdul Rahim	<i>President &amp; Group Chief Executive Officer/ Executive Director</i>
Tan Sri Hasmah binti Abdullah	<i>Senior Independent Non-Executive Director</i>
Dato' Eshah binti Meor Suleiman	<i>Independent Non-Executive Director</i>
Datin Paduka Kartini binti Hj. Abdul Manaf	<i>Non-Independent Non-Executive Director</i>
Salwah binti Abdul Shukor	<i>Non-Independent Non-Executive Director</i>
Dr. Veerinderjeet Singh a/l Tejwant Singh	<i>Independent Non-Executive Director</i>
Lim Tze Seong	<i>Non-Independent Non-Executive Director</i>
Razalee bin Amin	<i>Independent Non-Executive Director</i>
Dato' Seri Prof. Dr. Ir. Zaini Ujang	<i>Independent Non-Executive Director</i>

Dear Shareholders,

**PROPOSALS**

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The purpose of this Circular is to provide you with details of the Proposals in this Circular and to seek your approval for the resolutions pertaining to the same to be tabled at the forthcoming 38<sup>th</sup> AGM.

**1. INTRODUCTION**

At the 37<sup>th</sup> AGM held on 23 May 2019, UMW had obtained a Shareholders' Mandate for the UMW Group to enter into RRPT.

The Shareholders' Mandate will, in accordance with the MMLR, lapse at the conclusion of the forthcoming 38<sup>th</sup> AGM unless approval for the renewal of the Shareholders' Mandate is obtained from the shareholders of UMW at the said AGM.

On 5 May 2020, UMW announced its intention to seek shareholders' approval at the forthcoming 38<sup>th</sup> AGM for the Proposals in respect of the RRPT set out in Sections 2.3(b)(i) and 2.3(b)(ii) of this Circular, in accordance with Paragraph 10.09 of the MMLR.

The purpose of this Circular is to provide you with details of the Proposals and to seek your approval for the ordinary resolution pertaining to the Proposals to be tabled at the forthcoming 38<sup>th</sup> AGM.

**SHAREHOLDERS ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSALS AT THE FORTHCOMING 38<sup>TH</sup> AGM.**

## **2. DETAILS OF THE PROPOSALS**

### **2.1 The Proposed Renewal of Shareholders' Mandate and the Proposed New Shareholders' Mandate**

(a) Pursuant to Paragraph 10.09 of the MMLR, the Company may seek its shareholders' mandate in respect of recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations subject to the following -

(i) the transactions are in the ordinary course of business and are on terms that are not more favourable to the Related Party than those generally available to the Public;

(ii) the Shareholders' Mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year where the aggregate value, in relation to a listed issuer with an issued and paid-up share capital of RM60 million and above, is as follows -

- the consideration, value of the assets, capital outlay or costs of the aggregated transactions is RM1 million or more; or
- the percentage ratio of such aggregated transactions is 1% or more,

whichever is the higher;

(iii) the circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;

(iv) in a meeting to obtain shareholders' mandate, the interested Director, interested Major Shareholder or interested Person Connected with a Director or Major Shareholder and where it involves the interest of an interested Person Connected with a Director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution approving the transactions. An interested Director or interested Major Shareholder must ensure that the Person Connected with them abstain from voting on the resolution approving the transactions; and

(v) the Company immediately announces to Bursa Securities when the actual value of a RRPT entered into by UMW, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

(b) The Proposals, if approved, shall continue to be in force and effect until -

(i) the conclusion of the next AGM of the Company, at which time the authority will lapse, unless the authority is renewed by a resolution passed at such general meeting;

(ii) the expiration of the period within which the Company's next AGM is required to be held, pursuant to Section 340(2) of the Act (but shall not extend to any extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is the earliest.

Thereafter, the approval from shareholders will be sought for renewal of the shareholders' mandate for the RRPT at each subsequent AGM.

It is envisaged that the companies within the Group would, in the ordinary course of business, enter into RRPT as detailed in Sections 2.3(b)(i) and 2.3(b)(ii) of this Circular and it is likely that such transactions will occur with some degree of frequency and could arise at any time.

In view of the time-sensitive, confidential and frequent nature of such RRPT, the Board is seeking the shareholders' approval on the Proposals to enable the Group to enter into RRPT referred to in Section 2.3(b) of this Circular, provided that such transactions are entered into on an arm's length basis and on normal commercial terms that are not more favourable to the Related Parties than those generally available to the Public and will not be to the detriment of the minority shareholders of the Company. The RRPT will also be subjected to the review procedures as set out in Section 2.5 of this Circular.

Notwithstanding the above, the Proposals sought does not cover any RRPT involving companies in which Permodalan Nasional Berhad (PNB) and/or funds managed by PNB have an interest, in view that Bursa Securities had on 29 December 2004, pursuant to an application made by UMW, granted a waiver from having to comply with Paragraph 10.09 of the MMLR in respect of transactions involving companies in which PNB and/or funds managed by PNB are interested.

Disclosure will be made in the annual report of the Company on the breakdown of aggregate value of transactions conducted pursuant to the Proposals during the financial year and in the annual reports for the subsequent financial years, based on the type of RRPT entered into.

In accordance with Practice Note 12 and Paragraph 10.09 of the MMLR, disclosure had been made in the Integrated Annual Report 2019 of the Company of the actual breakdown of the aggregate value of existing RRPT undertaken pursuant to the existing Shareholders' Mandate during the financial year ended 31 December 2019 based on, among others, the type of RRPT, the names of the Related Parties involved in each type of RRPT and their relationships with the Group.

## 2.2 Principal Activities

The principal activity of UMW is investment holding. Details of UMW's subsidiaries which are involved in the RRPT as well as their principal activities as at the LPD are as follows -

<b>Company Name and Place of Incorporation</b>	<b>Equity Interest (%)</b>	<b>Principal Activities</b>
<i>Subsidiary of UMW incorporated in Malaysia</i>  UMWC	100	Provision of full corporate, administrative, professional, security services and financial support to its subsidiaries and associated companies. In addition, UMWC also trades in a range of light and heavy equipment.
<i>Subsidiaries of UMWC incorporated in Malaysia</i>  UMW Toyota Motor Sdn Bhd (UMWT)	51	Importation, distribution and retailing of motor vehicles, distribution and sale of spare parts, servicing of vehicles and export of vehicles and related parts. In addition, UMWT provides administrative, professional and financial services support to the subsidiaries within the UMWT group.

<b>Company Name and Place of Incorporation</b>	<b>Equity Interest (%)</b>	<b>Principal Activities</b>
<b><i>Subsidiaries of UMWC incorporated in Malaysia (cont'd)</i></b>		
UMW Komatsu Heavy Equipment Sdn Bhd (UKHE)	74	Provision of corporate management, administrative, marketing and technical services to its subsidiaries and act as an investment holding.
<b><i>Subsidiaries of UMWT incorporated in Malaysia</i></b>		
Assembly Services Sdn Bhd (ASSB)	100	Assembly of passenger and commercial vehicles.
Automotive Industries Sendirian Berhad (AISB)	100	Manufacturing and selling of vehicle exhaust systems and other automotive components.
Toyota Boshoku UMW Sdn Bhd (TBU)	65	Manufacturing of seats and other automotive components.
<b><i>Subsidiaries of UKHE incorporated in Malaysia</i></b>		
UMW Equipment Sdn Bhd (UESB)	100	Distribution of industrial, heavy and material handling equipment and related spares in Peninsular Malaysia.
UMW (East Malaysia) Sdn Bhd (UMW EM)	100	Distribution of industrial and heavy equipment and related spares in Sabah and Sarawak.
<b><i>Subsidiary of UKHE incorporated in Papua New Guinea</i></b>		
UMW Niugini Limited (UMW NL)	94.4	Trading and hiring of industrial and material handling equipment and related service and spare parts.
<b><i>Subsidiary of UKHE incorporated in Singapore</i></b>		
UMW Heavy Equipment (S) Pte Ltd (UHES)	100	Import, distribute, rent and service all types of heavy equipment and related spares.
<b><i>Subsidiary of UKHE incorporated in Myanmar</i></b>		
UMW Engineering Services Limited (UESL)	99.9	Provision of after-sales services for equipment and maintenance and repair of equipment.



## 2.3 Classes and Nature of RRPT

### (a) Classes of RRPT

The Proposals will apply to transactions with the following Related Parties whose principal activities and relationships with UMW are detailed below -

Name of Related Party	Principal Activities	Relationship
(i) Toyota Motor Corporation of Japan ( <b>TMC</b> ) and/or its subsidiary and associated companies and Person Connected to them	Designing, manufacturing, assembling and selling of vehicles, related parts and accessories.	TMC has direct and indirect interests in UMWT and its subsidiaries by virtue of its 39% direct shareholding in UMWT, a 51%-owned subsidiary of UMWC, which is in turn a wholly-owned subsidiary of UMW. In addition, TMC also has an indirect interest in UMWT through its associated company, Toyota Tsusho Corporation, Japan ( <b>TTC</b> ), by virtue of TTC's 10% direct shareholding in UMWT.
(ii) JTEKT Automotive (Malaysia) Sdn Bhd ( <b>JAMSB</b> )	Manufacturing of steering links for passenger and commercial vehicles.	TMC has 22.5% equity interest in JTEKT Corporation, Japan, which in turn has 90% equity interest in JAMSB.  UMWT has 10% equity interest in JAMSB.
(iii) TTC	Trading house/investment holding.	TMC has 21.69% equity interest in TTC.
(iv) Toyota Boshoku Corporation, Japan ( <b>TBC</b> )	Developing automotive interior system, manufacturing and selling of automotive interior products, automotive filters, powertrain components, fabric goods and other automotive components.	TMC has 39.66% equity interest in TBC, which in turn has 35% equity interest in TBU.
(v) Toyota Tsusho (Malaysia) Sdn Bhd ( <b>TTM</b> )	Commodity trading, acting as commission agent, and holding of investments.	TTC has 70% equity interest in TTM.
(vi) Denso (Malaysia) Sdn Bhd ( <b>Denso</b> )	Manufacturing and selling of automotive parts and components, electronic components and car air-conditioning units.	TTM has 27.27% equity interest in Denso.  Denso International Asia Pte Ltd, Singapore ( <b>DIA</b> ) has 73% equity interest in Denso. DIA is a wholly-owned subsidiary of Denso Corporation, Japan, a company in which TMC has 23.98% equity interest.

Name of Related Party	Principal Activities	Relationship
(cont'd)		
(vii) Daihatsu Perodua Engine Manufacturing Sdn Bhd ( <b>DPEM</b> )	Manufacturing of engines mainly for vehicles.	TMC has indirect interest in DPEM, an 18.62%-owned associated company of UMWC, vide its wholly-owned subsidiary, Daihatsu Motor Co Ltd, Japan ( <b>DMC</b> ). DMC in turn has 51% equity interest in DPEM.  Perusahaan Otomobil Kedua Sdn Bhd ( <b>PERODUA</b> ), a 20%-owned associated company of DMC, which in turn is a 38%-owned associated company of UMWC, has 49% equity interest in DPEM.
(viii) UMW Toyotsu Motors Sdn Bhd ( <b>UMW Toyotsu</b> )	Authorised dealer of UMWT and provider of after sales services.	TTC and TTM have 51% and 19% equity interests in UMW Toyotsu, respectively, which in turn is a 30%-owned associated company of UMWC.
(ix) Toyota Daihatsu Engineering & Manufacturing Co Ltd ( <b>TDEM</b> )	Trading of vehicles and after sales accessories, regional product planning, marketing and selling of vehicles and accessories, provision of management services and support.	TDEM is a wholly-owned subsidiary of TMC.
(x) Komatsu Ltd ( <b>Komatsu</b> ) and/or its subsidiary and associated companies and Person Connected to them	Construction and mining business; the development, manufacture and distribution of products, supply of space parts and after-sales services thereof, and related retail finance business, rental business and used equipment business.	Komatsu has direct and indirect interests in UKHE and its subsidiaries by virtue of its 26% direct shareholding in UKHE, a 74%-owned subsidiary of UMWC, which in turn is a wholly-owned subsidiary of UMW.
(xi) Perodua Manufacturing Sdn Bhd ( <b>PMSB</b> )	Manufacture and assembly of motor vehicles and other related activities.	TMC has indirect interest in PMSB by virtue of its 100% shareholding in DMC. DMC has 20% and 41% equity interests in PERODUA and Perodua Auto Corporation Sdn Bhd (“PCSB”), respectively.  PERODUA and PCSB in turn have 49% and 51% equity interests in PMSB, respectively.
(xii) Total Logistic Services (M) Sdn Bhd ( <b>TLS</b> )	Freight forwarding, warehousing, transportation, sub assembling and other ancillary services.	TTC has indirect interest in TLS by virtue of its 70% direct shareholding in TTM. TTM in turn has 22.95% shareholding in TLS.

<b>Name of Related Party</b>	<b>Principal Activities</b>	<b>Relationship</b>
(cont'd)		
(xiii) Toyota Auto Body (Malaysia) Sdn Bhd ( <b>TABM</b> )	Manufacturing and distribution of automotive, press parts and components including sub-assembly of modules, resins and compounds.	TMC has 100% equity interest in Toyota Auto Body Co. Ltd, Japan, which in turn has 100% equity interest in TABM.
(xiv) Bangkok Komatsu Co Ltd ( <b>BKC</b> )	Manufacture hydraulic excavator and wheel loader.	Komatsu has direct and indirect interests in UKHE and its subsidiaries by virtue of its 26% direct shareholding in UKHE, a 74%-owned subsidiary of UMWC, which in turn is a wholly-owned subsidiary of UMW.  BKC is a 74.84%-owned subsidiary of Komatsu.
(xv) Komatsu Parts Asia Co Ltd ( <b>KPAC</b> ).	Spare parts supply to South East Asia distributors.	Komatsu has direct and indirect interests in UKHE and its subsidiaries by virtue of its 26% direct shareholding in UKHE, a 74%-owned subsidiary of UMWC, which in turn is a wholly-owned subsidiary of UMW.  KPAC is a wholly-owned subsidiary of Komatsu.

(b) Nature of RRPT and Estimated Value

- (i) Existing RRPT for which approval is being sought for the Proposed Renewal of Shareholders' Mandate at the forthcoming 38<sup>th</sup> AGM are as follows -

<b>Name of Related Party</b>	<b>Nature of RRPT</b>	<b>*Estimated value of transactions from the date of the forthcoming 38<sup>th</sup> AGM to the date of next AGM RM'000</b>	<b>Estimated value as disclosed in the circular to shareholders dated 25 April 2019 RM'000</b>	<b>Actual value transacted from 23 May 2019 to 30 April 2020 RM'000</b>
TMC and TTC	(i) Purchase of vehicle parts by UMWT, a subsidiary of UMWC, from Denso	564,000	535,000	397,132

<b>Name of Related Party</b>	<b>Nature of RRPT</b>	<b>*Estimated value of transactions from the date of the forthcoming 38<sup>th</sup> AGM to the date of next AGM RM'000</b>	<b>Estimated value as disclosed in the circular to shareholders dated 25 April 2019 RM'000</b>	<b>Actual value transacted from 23 May 2019 to 30 April 2020 RM'000</b>
(cont'd)				
TMC	(ii) Purchase of vehicle spare parts/local parts by UMWT, a subsidiary of UMWC, from JAMSB	166,000	170,000	111,923
TTC	(iii) Sale of vehicles and parts by UMWT, a subsidiary of UMWC, to UMW Toyotsu	253,000	195,000	153,980
TMC	(iv) Sale of completed vehicle seats, local vehicle original equipment (OE) parts by TBU to ASSB, a wholly-owned subsidiary of UMWT	352,000	350,000	212,146
TMC and TTC	(v) Purchase of fabric and CKD seat components by TBU, a subsidiary of UMWT, from TTM	145,000	145,000	82,067
TMC and TTC	(vi) Purchase of vehicle parts by ASSB, a wholly-owned subsidiary of UMWT, from Denso	198,000	165,000	113,543
TMC	(vii) Purchase of engines by ASSB, a wholly-owned subsidiary of UMWT, from DPEM	242,000	120,000	165,509#

Note -

# In determining whether the actual value of RRPT has exceeded the shareholders' mandate, listed issuers are allowed to use the aggregated estimated value for all transactions with the same related party as a single threshold, and the aggregated actual value must not exceed 10% of the aggregated estimated value.

<b>Name of Related Party</b>	<b>Nature of RRPT</b>	<b>*Estimated value of transactions from the date of the forthcoming 38<sup>th</sup> AGM to the date of next AGM RM'000</b>	<b>Estimated value as disclosed in the circular to shareholders dated 25 April 2019 RM'000</b>	<b>Actual value transacted from 23 May 2019 to 30 April 2020 RM'000</b>
(cont'd)				
Komatsu	(viii) Purchase of industrial and heavy equipment and related spares by UESB, a wholly-owned subsidiary of UKHE, from Komatsu	57,000	60,000	11,637
Komatsu	(ix) Purchase of industrial and heavy equipment and related spares by UMW NL, a 94.4%-owned subsidiary of UKHE, from Komatsu	62,000	80,000	25,546
TMC	(x) Purchase of assembled vehicles by UMWT, a subsidiary of UMWC, from PMSB	334,000	270,000	198,580
TTC	(xi) Sale of vehicle parts by UMWT, a subsidiary of UMWC, to TLS for production of vehicle module component	512,000	550,000	324,628
TTC	(xii) Sale of local vehicle parts by ASSB, a wholly-owned subsidiary of UMWT, to TLS for production of vehicle module component	396,000	360,000	216,312

<b>Name of Related Party</b>	<b>Nature of RRPT</b>	<b>*Estimated value of transactions from the date of the forthcoming 38<sup>th</sup> AGM to the date of next AGM RM'000</b>	<b>Estimated value as disclosed in the circular to shareholders dated 25 April 2019 RM'000</b>	<b>Actual value transacted from 23 May 2019 to 30 April 2020 RM'000</b>
(cont'd)				
TTC	(xiii) Purchase of vehicle module component by ASSB, a wholly-owned subsidiary of UMWT, from TLS for assembly of selected Toyota models	1,067,000	970,000	575,757
	<b>Total</b>	<b>4,348,000</b>	<b>3,970,000</b>	<b>2,588,760</b>

(ii) Additional RRPT for which approval is now being sought for the Proposed New Shareholders' Mandate at the forthcoming 38<sup>th</sup> AGM are as follows -

<b>Name of Related Party</b>	<b>Nature of RRPT</b>	<b>*Estimated value of transactions from the date of the forthcoming 38<sup>th</sup> AGM to the date of next AGM RM'000</b>	<b>Frequency of Transaction</b>
TMC	(i) Purchase of machineries, equipment, machine parts, sample parts, provision of technical support, system implementation and training by ASSB, a wholly-owned subsidiary of UMWT, for the new model investment, from TDEM/TMC	110,000	Monthly
TTC	(ii) Purchase of machineries, equipment, machine parts, sample parts, provision of technical support, system implementation and training by ASSB, a wholly-owned subsidiary of UMWT, for the new model investment, from TTM/TTC	110,000	Monthly
TMC	(iii) Purchase of vehicle parts by ASSB, a wholly-owned subsidiary of UMWT, from JAMSB	77,000	Monthly
TMC	(iv) Purchase of vehicle parts by ASSB, a wholly-owned subsidiary of UMWT, from TABM	462,000	Monthly

<b>Name of Related Party</b>	<b>Nature of RRPT</b>	<b>*Estimated value of transactions from the date of the forthcoming 38<sup>th</sup> AGM to the date of next AGM RM'000</b>	<b>Frequency of Transaction</b>
(cont'd)			
Komatsu	(v) Purchase of industrial and heavy equipment and related spares by UMW EM, a wholly-owned subsidiary of UKHE, from BKC.	50,000	Monthly
Komatsu	(vi) Purchase of industrial and heavy equipment and related spares by UESB, a wholly-owned subsidiary of UKHE, from BKC.	50,000	Monthly
Komatsu	(vii) Purchase of industrial and heavy equipment and related spares by UESB, a wholly-owned subsidiary of UKHE, from KPAC.	139,000	Monthly
Komatsu	(viii) Purchase of industrial and heavy equipment and related spares by UHES, a wholly-owned subsidiary of UKHE, from KPAC.	63,000	Monthly
Komatsu	(ix) Purchase of industrial and heavy equipment and related spares by UESL, a 99.9%-owned subsidiary of UKHE, from KPAC.	59,000	Monthly
	<b>Total</b>	<b>1,120,000</b>	

Note -

\* The estimated transactions from 25 June 2020 (date of the forthcoming 38<sup>th</sup> AGM) are for the estimated validity period of one year and based on best estimates by the management of UMW using historical trends and projected business transaction growth. Accordingly, the actual value transacted may vary from, exceed or be lower than, the estimates shown above.

## 2.4 Amount Due and Owing by Related Parties

As at the end of the financial year ended 31 December 2019, there is no amount due or owing to the Company by the Related Parties.

## 2.5 Review Procedures

The Audit Committee is tasked with the review and approval of the RRPT to ensure that the Company undertakes such transactions on an arm's length basis and on normal commercial terms and to review the existing internal control procedures of the Group in respect of the RRPT.

The following guidelines will apply to the review and approval of RRPT to ensure that the terms of the RRPT are not more favourable to the Related Parties than those generally available to the Public and the RRPT are not detrimental to the minority shareholders of UMW -

- (a) Any tender, quotation or contract received from or proposed to be entered into with Related Parties will not be approved unless -

- (i) the pricing of the UMW Group for the services, products and materials and/or equipment to be provided or supplied and/or received or purchased is determined in accordance with the Group's usual business practices and policies, and consistent with the usual margins of the Group with unrelated third parties;
- (ii) the terms are not more favourable to the Related Parties than those extended to unrelated third parties and available to the Public and the RRPT are not detrimental to the minority shareholders of UMW; and
- (iii) in respect of the provision and/or supply and/or purchase of equipment, machinery and/or products after taking into account factors such as pricing, quality, delivery schedules and, where applicable, preferential rates, rebates or discounts accorded for bulk purchases, the terms offered are fair, reasonable and on the UMW Group's commercial rates.

The Company will use its best endeavours to identify at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. Where quotations or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by the Company based on those offered by/to other unrelated third parties for the same or substantially similar type of transaction to ensure that the RRPT are not detrimental to the minority shareholders of the Company.

- (b) All RRPT are subject to the approval of the appropriate levels of authority based on the Financial Limit Authority Guidelines (**FLAG**) of the Group. The FLAG has been duly approved by the Board and contains the prescribed approval limits towards ensuring consistent good business practices and governance. The thresholds for approvals of RRPT within the UMW Group are consistent with transactions entered into with non-related parties.
- (c) The Audit Committee may, as it deems fit, request for additional information pertaining to the transactions from independent sources or advisers.
- (d) In addition to the guidelines set out above, the Audit Committee will also undertake the following -
  - (i) review from time to time RRPT being undertaken by the UMW Group;
  - (ii) carry out an annual review to ascertain that the established guidelines and procedures for RRPT have been complied with; and
  - (iii) consider from time to time whether the established guidelines and procedures for RRPT have become inappropriate and/or are unable to ensure that the transactions will be on normal commercial terms, and/or will prejudice the interests of shareholders generally.
- (e) Details of Related Parties are to be collated and updated twice yearly and they will be distributed to all accountants in the UMW Group for monitoring purposes to enable the Company to assess whether the RRPT warrant any announcement and/or shareholders' approval in a timely manner. At the same time, the Group Internal Audit Division will conduct reviews on RRPT at various operating companies during their course of audit.
- (f) The Company will maintain a record of RRPT carried out pursuant to the Proposals. The Audit Committee will review the said record on a quarterly basis to ensure that they are within the mandated amount. Additionally, other RRPT entered into by the UMW Group with related parties that are outside the shareholders' mandate, are also to be reviewed.
- (g) Further, where any Director or Person Connected to the Director has an interest (direct or indirect) in any RRPT, such Director shall abstain from voting on the matter. Where any member of the Audit Committee is interested in any transactions, that member shall abstain from voting on any matters relating to any decisions to be taken by the Audit Committee with respect to such transactions.



## **2.6 Statement by the Audit Committee**

The Audit Committee has seen and reviewed the procedures mentioned in Section 2.5 of this Circular and is satisfied that the said procedures are sufficient to ensure that the RRPT as well as the reviews conducted annually by the Audit Committee in relation thereto, are carried out on normal commercial terms which are not prejudicial to the interests of shareholders, and the terms are not more favourable to the Related Parties than those generally available to the Public and such transactions are not detrimental to the interests of the minority shareholders of UMW.

None of the members of the Audit Committee has any interest in the Proposals as disclosed in Section 2.3(b) of this Circular.

The Audit Committee is of the view that the UMW Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner, and the frequency of review of these procedures and processes.

## **3. RATIONALE FOR THE PROPOSALS**

The rationale of the Proposals are as follows -

- (a) To facilitate transactions with Related Parties which are in the ordinary course of business of the Group undertaken on an arm's length basis, on normal commercial terms and on terms which are not more favourable to the Related Parties than those generally available to the Public and are not detrimental to the interests of the minority shareholders.
- (b) To meet the corporate objectives and realise business opportunities of the Group, as and when they shall become available to the Group, in more timely and effective way. The Group has had long-standing business relationships with the Related Parties and the close cooperation has reaped mutual benefits which are expected to continue to be beneficial to the business of the Group.
- (c) The necessity to make frequent announcements to Bursa Securities and to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPT occur as required under the MMLR would not arise. This will substantially reduce administrative time and expenses associated with the making of announcements or the convening of such meetings on an ad-hoc basis.
- (d) Close working relationship with the Related Parties in relation to the RRPT will continue to ensure timely delivery and provision of services, commitment and reliability of quality services for the UMW Group, to enable the smooth operation of the day-to-day business of the UMW Group.

## **4. EFFECTS OF THE PROPOSALS**

The Proposals are not expected to have any effect on the earnings per share, net assets per share, gearing, share capital and substantial shareholders' shareholdings of the Company for the financial year ending 31 December 2020.

## **5. INTEREST OF DIRECTORS AND MAJOR SHAREHOLDERS AND PERSON CONNECTED TO THEM**

The Related Parties, as described in Section 2.3(a) of this Circular, have no interest, direct or indirect, in UMW. The Proposals are being sought in respect of RRPT between subsidiaries of UMW and their major shareholders. The interested Major Shareholders of the subsidiaries have undertaken that they will ensure that Person Connected to them will abstain from voting at the 38<sup>th</sup> AGM in respect of their direct and/or indirect shareholdings, if any, on the Proposals.

Save as disclosed above, none of the Directors, Major Shareholders and/or Person Connected to them has any interest, direct or indirect, in the Proposals.

## **6. DIRECTORS' RECOMMENDATION**

The Board, having considered all aspects of the Proposals, is of the opinion that the Proposals are in the best interests of shareholders and the Company. Accordingly, the Directors of UMW recommend that shareholders vote in favour of the ordinary resolution pertaining to the Proposals to be tabled at the forthcoming 38<sup>th</sup> AGM.

## 7. APPROVAL REQUIRED

The Proposals is subject to the approval of the shareholders of UMW at the forthcoming 38<sup>th</sup> AGM.

## 8. AGM

The ordinary resolution pertaining to the Proposals is set out as Special Business in the Notice of the 38<sup>th</sup> AGM contained in the Integrated Annual Report 2019 of the Company, which is being sent to you together with this Circular.

In light of the COVID-19 pandemic and with the advice from the Ministry of Health Malaysia for public to avoid participating in mass gatherings/events in the next 6 months to a year, as a precautionary measure to curb the spread of COVID-19, the 38<sup>th</sup> AGM will be conducted on a full virtual basis via live streaming from the Broadcast Venue at The Hallmark, Level 12, Menara UMW, Jalan Puncak, Off Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia on Thursday, 25 June 2020 at 10.00 a.m., or at any adjournment thereof, using the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at <https://tiih.online>. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and shareholders/proxies will not be allowed to physically attend the 38<sup>th</sup> AGM at the Broadcast Venue on the day of the meeting. The Notice of the 38<sup>th</sup> AGM and the Proxy Form are enclosed in the Company's Integrated Annual Report 2019.

The appointment of proxy/proxies may be made in a hard copy form or electronically. If the appointment of proxy/proxies is to be made in a hard copy form, the Proxy Form must be deposited with our Special Registrar appointed for the AGM, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or at the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. If the appointment of proxy/proxies is to be made electronically, the submission must be made via TIIH Online website at <https://tiih.online>. All submissions of Proxy Form must be made not less than twenty-four (24) hours before the time appointed for the taking of the poll or any adjournment thereof.

## 9. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix for further information.

Yours faithfully,  
For and on behalf of the Board of Directors of  
**UMW HOLDINGS BERHAD**

**TAN SRI DATO' SRI HAMAD KAMA PIAH BIN CHE OTHMAN**  
Group Chairman

**FURTHER INFORMATION**

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**1. RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Circular misleading.

**2. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

As at the LPD, the Board is not aware of any proceedings pending or threatened against the UMW Group or of any facts likely to give rise to any proceedings which might materially affect the financial position or business of the UMW Group.

**3. MATERIAL CONTRACTS**

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the UMW Group within two (2) years immediately preceding the date of this Circular -

- 3.1 On 28 September 2018, UMWC and UKHE, the wholly-owned subsidiaries of UMW, had entered into a Joint Venture Agreement with Komatsu for the purpose of setting out the mutually agreed rights, duties, liabilities and obligations in relation to the operations of UKHE, as the joint-venture company, for the Heavy Equipment business in UMW.
- 3.2 On 30 November 2018, the subsidiaries of UMW, namely, UMWC, UMW Advantech Sdn Bhd, UMW M&E Sdn Bhd, UMW Industries (1985) Sdn Bhd, UMW Industrial Power Services Sdn Bhd and UESB had entered into six (6) sale and purchase agreements with Strategic Sonata Sdn Bhd (SSSB), a wholly-owned subsidiary of Mapletree Dextra Pte Ltd, for the proposed disposal of leasehold industrial land comprising ten (10) lots held under separate documents of title together with all remaining buildings, structures and plants measuring in total 38.803 acres to SSSB, for a total cash consideration of RM287.7 million.

**4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection, in accordance with UMW's Document Inspection Policy, at the Registered Office of UMW at Level 6, Menara UMW, Jalan Puncak, Off Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia, during office hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming 38<sup>th</sup> AGM -

- (a) The Constitution of UMW;
- (b) Material contracts referred to in Section 3 above; and
- (c) Audited consolidated financial statements of UMW for the past two (2) financial years ended 31 December 2018 and 31 December 2019.