

United Malacca Berhad

(Company No. 1319-V)

Summary of the Minutes of the 102nd Annual General Meeting held at the United Malacca Berhad Building, 6th Floor, No. 61, Jalan Melaka Raya 8, Taman Melaka Raya, Melaka on Friday, 23rd September 2016 at 11.00 a.m.

PRESENT

DIRECTORS	Datin Paduka Tan Siok Choo	- Chairperson
	Tan Sri Dato' Ahmad	- Senior Independent Non-Executive Director
	Bin Mohd Don	- Independent Non-Executive Director
	Mr. Tan Jiew Hoe	- Independent Non-Executive Director
	Mr. Teo Leng	- Independent Non-Executive Director
	Dato' Tan Ang Meng	- Independent Non-Executive Director

SHAREHOLDERS 56 members (in person) and 53 members (represented by proxies)
[excluding Directors, CEO, CFO and CS]

<u>IN ATTENDANCE</u>	Mr. Peter Benjamin	- Chief Executive Officer (CEO)
	Ms. Susan Lai Swee Kee	- Chief Financial Officer (CFO)
	Ms. Yong Yoke Hiong	- Company Secretary (CS)
	Ms. Pang Poh Chen	- Company Secretary (CS)
	Mr. Arthur Lee Ah Too	- Auditor
	Ms. Lee Chen Wei	- Auditor
	Encik Mohd Sophiee & team	- Share Registrar

CHAIRMAN The Chairperson, Datin Paduka Tan Siok Choo chaired the meeting.

QUORUM With quorum present, the Chairperson declared the meeting duly convened.

PROXIES The Company Secretary informed the meeting that the Chairperson, Datin Paduka Tan Siok Choo and the Director, Mr. Tan Jiew Hoe have been appointed as proxy to vote on behalf of shareholders in relation to the following number of shares:-

Datin Paduka Tan Siok Choo - 36,491,123 shares
Mr. Tan Jiew Hoe - 100,645 shares

NOTICE The Chairperson declared that the Notice convening the meeting which had been circulated to the shareholders together with the compact disk containing the Group's Audited Financial Statements for the year ended 30th April 2016 and the Reports of the Directors and Auditors thereon be taken as read.

POLL VOTING The Chairperson informed that all the resolutions to be considered at the meeting would be put to vote by poll. The e-polling process would commence after all the resolutions of the meeting had been dealt with.

AGENDA 1 **AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30TH APRIL 2016 AND THE REPORTS OF THE DIRECTORS AND AUDITORS**

1.0.0 The Chief Executive Officer briefed the meeting via a PowerPoint presentation on the Group's performance, activities as well as the new plantation, PT Lifere Agro Kapuas (LAK) in Kalimantan. The CEO in his briefing covered the following:-

- the Group's history, major shareholders, location of estates and mills
- the Group's performance including planted areas, age profile, ffb output and yield, effect of dry weather, production cost and manpower.
- the Group's net profit correlation to CPO prices for 5 financial years and UMB share prices.

1.1.0 The CEO also presented the responses (Appendix I) of the Company to questions raised by MSWG via a PowerPoint presentation for the benefit of the shareholders present at the meeting.

1.2.0 All shareholders' queries were explained by the Chairperson, the Chief Executive Officer and the Chief Financial Officer.

1.3.0 With no other questions raised, the Chairperson declared that the Audited Financial Statements for the financial year ended 30th April 2016 together with the Reports of the Directors and Auditors thereon were tabled and received in the meeting.

AGENDA 2 **APPROVAL FOR PAYMENT OF DIRECTORS' FEES ON QUARTERLY BASIS IN ARREARS FOR THE FINANCIAL YEAR ENDING 30TH APRIL 2017**

2.0.0 The motion set out as Resolution No. 1 which read as "That approval be hereby given to the Company to pay Directors' fees amounting to RM80,000 per annum to the Chairperson and RM40,000 per annum to each Non-Executive Director on quarterly basis in arrears for the financial year ending 30 April 2017." was put to vote by way of poll.

- 2.1.0 The Chairperson declared the motion **carried** based on the following poll result:-

In Favour		Against		Abstain	
No. of shares	%	No. of shares	%	No. of shares	%
51,992,324	88.569	6,710,000	11.431	6,750	0.012

AGENDA 3 RE-ELECTION OF DATIN PADUKA TAN SIOK CHOO AS DIRECTOR OF THE COMPANY

- 3.0.0 The motion set out as Resolution No. 2 which read as “That Datin Paduka Tan Siok Choo, the Director retiring by rotation in accordance with Article 118 of the Company’s Articles of Association be hereby re-elected as Director of the Company.” was put to vote by way of poll.

- 3.1.0 The Chairperson declared the motion **carried** based on the following poll result:-

In Favour		Against		Abstain	
No. of shares	%	No. of shares	%	No. of shares	%
55,540,643	99.919	44,700	0.081	3,123,731	5.321

AGENDA 4 RE-APPOINTMENT OF AUDITORS

- 4.0.0 The motion set out as Resolution 3 which read as “That Messrs Ernst & Young be and are hereby re-appointed as Auditors of the Company at a remuneration to be determined by the Directors and to hold office until the conclusion of the next Annual General Meeting.” was put to vote by way of poll.

- 4.1.0 The Chairperson declared the motion **carried** based on the following poll result:-

In Favour		Against		Abstain	
No. of shares	%	No. of shares	%	No. of shares	%
58,702,324	100.00	0	0.000	6,750	0.012

AGENDA 5**APPROVAL FOR TAN SRI DATO' AHMAD BIN MOHD DON TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

5.0.0

The motion set out as Resolution No. 4 which read as "THAT approval be and is hereby given to Tan Sri Dato' Ahmad Bin Mohd Don who has served as Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue act as an Independent Non-Executive Director of the Company." was put to vote by way of poll.

5.1.0

The Chairperson declared the motion **carried** based on the following poll result:-

In Favour		Against		Abstain	
No. of shares	%	No. of shares	%	No. of shares	%
58,506,374	100.00	0	0.000	202,700	0.345

AGENDA 6**APPROVAL FOR MR. TAN JIEW HOE TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

6.0.0

The motion set as Resolution 5 which read as "THAT approval be and is hereby given to Mr. Tan Jiew Hoe who has served as Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue act as an Independent Non-Executive Director of the Company." was put to vote by way of poll.

6.1.0

The Chairperson declared the motion **carried** based on the following poll result:-

In Favour		Against		Abstain	
No. of shares	%	No. of shares	%	No. of shares	%
58,260,249	100.00	0	0.000	448,825	0.764

AGENDA 7**AUTHORITY TO GRANT RIGHTS AND OPTIONS TO MR. PETER BENJAMIN, THE CHIEF EXECUTIVE OFFICER UNDER THE COMPANY'S EMPLOYEE SHARE OPTIONS SCHEME**

7.0.0

The motion set as Resolution 6 which read as "THAT approval be

and is hereby given to the Board of Directors, at any time, and from time to time to grant and allocate the rights and options to Mr. Peter Benjamin, being the Chief Executive Officer of the Company, the rights to have a maximum of 130,000 UMB shares vested in and transferred to him and/or options to subscribe for up to a maximum of 340,000 UMB shares and if such options are accepted and exercised, to allot and issue, from time to time to the aforementioned Chief Executive Officer, the maximum allowable allocation of up to 470,000 UMB shares available under the Company's Employee Share Scheme and to allot and issue any further UMB shares as may be required or permitted to be issued as a consequence of the adjustment pursuant to the provisions of the By-Laws governing and constituting the Employee Share Scheme." was put to vote by way of poll.

7.1.0

The Chairperson declared the motion **carried** based on the following poll result:-

In Favour		Against		Abstain	
No. of shares	%	No. of shares	%	No. of shares	%
56,409,574	96.094	2,292,750	3.906	6,750	0.012

CONDUCT OF POLL VOTING

Symphony Share Registrars Sdn. Bhd. and Symphony Corporatehouse Sdn. Bhd. have been appointed to act as the Poll Administrator and the Independent Scrutineer respectively.

The Poll Administrator briefed the meeting on the polling procedures prior to the casting of votes by shareholders and proxies.

DECLARATION OF POLL RESULTS

The Chairperson declared the results of the poll for the motions put to vote by way of poll based on the Independent Scrutineer's Report for the poll conducted.

CONCLUSION

There being no other business, the Chairperson called the meeting to a close. The meeting ended at 12.45 p.m. with a vote of thanks to the Chair.

Confirmed Correct

Date: 16 December 2016

Datin Paduka Tan Siok Choo
Chairperson

Minority Shareholder Watchdog Group

Financial & Strategic

1. We noted that 5,174 hectare of land owned by the newly acquired subsidiary, PT Lifere Agro Kapuas (LAK) are plasma land and the plasma receivables as at 30 April 2016 was RM65.641 million as disclosed in Note 25 to the Financial Statements.

What is the estimated amount and the timeline of the expenses to be incurred on the plasma land?

Answer:

Currently 2,280 hectares of plasma land are immature. The estimated expenses to be incurred over the next three years is about RM8 million.

2. As stated in the Management discussion and Analysis, the Group plans to set up another two mills in Sabah and Kalimantan. Note 24 to the Financial Statements showed an approved capital expenditure of RM144.732 million for the project.

What would be the source of fund for the project and when are the mills expected to be in operations?

Answer:

For mill in Sabah, the estimated cost is RM57 million, which will be funded internally. We target to commission the mill in mid 2018 provided all approvals from relevant authorities are obtained by end 2016.

For mill in Kalimantan, the budgeted capex is RM88 million. It will be financed through bank borrowing. The mill is targeted to be operational in end 2018.

3. As shown in the Management discussion and Analysis, labour cost formed 45% of the total FFB production cost and the Group's performance will be influenced to a large extent by increase in production cost which includes the increase in minimum wages effective 1 July 2016. In view of this, the Group has implemented mechanisation to reduce dependency on labour.

To what extent the mechanisation would reduce the labour cost or alleviate the impact of new minimum wages.

Answer:

The mechanisation activities that we have started in certain estates are in-field crop evacuation where we used tractor grabber instead of manual loading of FFB and use of spreader instead of manual application of fertilizer. The main purpose of mechanisation is to reduce dependency of labour due to shortage of workers faced by the plantation industry.

The mechanisation system will eventually reduce the labour cost as well as labour requirement.

4. Following the maiden acquisition of a plantation subsidiary in Indonesia which was completed on 22 January 2016, the Company had on 29 July 2016, entered into a Memorandum of Understanding (MOU) with Adhi Indrawan and Kartika Dianningsih Antono with the intention of establishing a joint venture arrangement with PT Bintang Gemilang Permai which holds 99.9% equity interest in PT Wana Rindang Lestari which in turn holds the concession right to develop approximately 59,920 hectares of plantation land in Central Sulawesi.

- (a) What are the anticipated risks and challenges faced by the Company from the plantation operations in Indonesia and what measures that have been taken by the Board to mitigate the risk?

The major risk in operating in Indonesia are social risk and regulatory changes. To mitigate any major social risk, it is important that CSR programmes are implemented. For our maiden acquisition, the plasma portion has been fully implemented. The regulatory changes that occur from time to time are carefully studied and are overcome with constant discussion with the regulators through the Palm Oil Associations (GAPKI) in Indonesia.

For the proposed JV in Sulawesi with Adhi Indrawan and Kartika Dianningsih, we have only signed an MOU with the intention of conducting and proper Due Diligence before we decide to take the next step. Since this JV will involve other crops other than Oil Palm, a market study on the prospects of these crops are also being done.

- (b) What is the indication of the CAPEX required for the proposed joint venture and how would the project be funded?

Answer:

We are in the preliminary stage of evaluating the proposed JV. The Due Diligence (DD) are on-going and the initial planning is also being done. The planning is based on the soil studies and topography and these needed to be submitted to the relevant authorities for approval.

At this juncton, the Company has not finalised the terms and conditions

The cost of will be funded through a combination of internally generated funds and external borrowings.

- (c) What is the target gearing level set by the Board as optimum level for the Group?

Answer:

Our gearing ratio at the moment is 5%. (0.05:1) Hence UMB is in a comfortable position to borrow more if needed. The Board will evaluate every project or proposal and a decision will be made on a case by case basis for the borrowing.

Corporate Governance

In line with the spirit of transparency, we hope the Board would publish the Company's Memorandum and Articles of Association on the Company's website for the benefit of all shareholders.

Answer:

In line with the spirit of transparency, the Company will look into publish its Memorandum and Articles of Association on the Company's website (subject to Board's approval).