

THIS STATEMENT/CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

Bursa Malaysia Securities Berhad has not perused this Statement/Circular except in respect of the new shareholders' mandate for Recurrent Related Party Transactions under Part B of this Statement/Circular on a limited review basis pursuant to the provision of Practice Note 18 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, prior to the issuance of this Statement/Circular. Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Statement/Circular and 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 Statement/Circular.



SIME DARBY BERHAD

(Company No. 752404-U)
(Incorporated in Malaysia)

PART A

**SHARE BUY-BACK STATEMENT
IN RELATION TO THE
PROPOSED SHARE BUY-BACK AUTHORITY FOR THE COMPANY
TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF THE
TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY**

PART B

**CIRCULAR TO SHAREHOLDERS
IN RELATION TO THE
PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The resolutions in respect of the above proposals will be tabled as Special Business at the Twelfth Annual General Meeting of the Company. The notice of the Twelfth Annual General Meeting of the Company together with the Form of Proxy are set out in the Annual Report 2018 of the Company despatched together with this Statement/Circular.

In the event you wish to appoint a proxy, please complete, sign and return the Form of Proxy in accordance with the instructions printed thereon. The completed Form of Proxy must be deposited at the office of the Share Registrar of the Company, 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 before 12.00 p.m. on 14 November 2018 or not less than twenty-four (24) hours before the time appointed for the taking of the poll at the Annual General Meeting, whichever is the later. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the Annual General Meeting should you subsequently decide to do so.

Date and time of the Annual General Meeting : Thursday, 15 November 2018 at 10.00 a.m.
Venue of the Annual General Meeting : Grand Ballroom, First Floor
Sime Darby Convention Centre
1A, Jalan Bukit Kiara 1
60000 Kuala Lumpur, Malaysia

DEFINITIONS

Except where the context otherwise requires, the following definitions (in alphabetical order) shall apply throughout this Statement/Circular (definition denoting singular number shall also include the plural and vice-versa, where applicable):

Annual Report 2018	:	Annual Report of the Company for the financial year ended 30 June 2018
Act	:	Malaysian Companies Act 2016, as amended from time to time
AGM	:	Annual General Meeting of the Company
Board	:	Board of Directors of Sime Darby
Bursa Securities	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
CMSA	:	Capital Markets and Services Act 2007
Code	:	Malaysian Code on Take-Overs and Mergers 2016 as amended from time to time and any re-enactment thereof
Constitution	:	The constitution of the Company
Director(s)	:	Shall have the meaning given in Section 2(1) of the CMSA and for the purpose of the Proposed Shareholders' Mandate 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 or the Chief Executive Officer of Sime Darby and its subsidiaries
EPF	:	Employees Provident Fund Board (EPF Act 1991)
EPS	:	Earnings per share
LPD	:	21 September 2018, being the latest practicable date prior to the date of this Statement/Circular
GAC	:	Governance & Audit Committee of the Board of Sime Darby
Major Shareholder(s)	:	Means a person who has an interest or interests in one (1) or more voting shares in a company and the number or aggregate number of those shares, is: (i) 10% or more of the total number of voting shares in the company; or (ii) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the company;

For the purposes of this definition, "interest" shall have the meaning of "interest in shares" given in Section 8 of the Act

DEFINITIONS (*Continued*)

MMLR	:	The Main Market Listing Requirements of Bursa Securities and any amendment made thereto from time to time and any Practice Notes issued in relation thereto
NA	:	Net assets
Person(s) Connected	:	Shall have the same meaning given in Paragraph 1.01, Chapter 1 of the MMLR
Proposal(s)	:	Proposed Share Buy-Back and/or Proposed Shareholders' Mandate
Proposed Share Buy-Back	:	Proposed shareholders' approval for the authority for the Company to purchase its own shares of up to ten percent (10%) of the total number of issued shares
Proposed Shareholders' Mandate	:	Proposed shareholders' mandate for Recurrent Related Party Transactions which are in the ordinary course of business of the Sime Darby Group
Recurrent Related Party Transaction(s)	:	Related Party Transaction(s) which is recurrent, of a revenue or trading nature, and which is necessary for the day-to-day operations of the Sime Darby Group
Related Party(ies)	:	A Director, Major Shareholder or a person connected with such Director or Major Shareholder as defined under Paragraph 1.01 of MMLR. For the purpose of the Proposed Shareholders' Mandate, the Related Parties are set out in section 2.3 of this Circular
Related Party Transaction	:	A transaction entered into by the Sime Darby Group which involves the interests, direct or indirect, of a Related Party
RM and sen	:	Ringgit Malaysia and sen, respectively
Sime Darby Group or the Group	:	Sime Darby and its subsidiary companies, collectively
Sime Darby or the Company	:	Sime Darby Berhad (Company No. 752404-U)
Statement/Circular	:	This Share Buy-Back Statement and Circular to Shareholders dated 17 October 2018
Substantial Shareholder	:	Shall have the meaning given in Section 136 of the Act
Treasury Shares	:	The purchased shares which are retained by the Company and shall have the meaning given under Section 127 of the Act

DEFINITIONS (Continued)

All references to “our Company” or “Sime Darby” in this Statement/Circular are to Sime Darby Berhad and references to “our Group” are to our Company and our subsidiaries. References to “we”, “us”, “our” and “ourselves” are to our Company and, where the context otherwise requires, our subsidiaries.

All references to “you” in this Statement/Circular are to the shareholders of our Company.

Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. References to persons shall include corporations.

Any discrepancies in the tables included in this Statement/Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference to a time of day and date in this Statement/Circular is a reference to Malaysian time and date, respectively.

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PART A

PROPOSED SHARE BUY-BACK



SIME DARBY BERHAD
(Company No. 752404-U)
(Incorporated in Malaysia)

Registered Office

Level 9, Menara Sime Darby
Oasis Corporate Park
Jalan PJU 1A/2, Ara Damansara
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

17 October 2018

Board of Directors

Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah (*Non-Independent Non-Executive Chairman*)
Tan Sri Samsudin Osman (*Non-Independent Non-Executive Director*)
Dato Sri Lim Haw Kuang (*Senior Independent Non-Executive Director*)
Datuk Wan Selamah Wan Sulaiman (*Independent Non-Executive Director*)
Datin Paduka Kartini Hj Abdul Manaf (*Non-Independent Non-Executive Director*)
Tan Sri Dato' Mohamed Azman Yahya (*Independent Non-Executive Director*)
Dato' Sri Abdul Hamidy Abdul Hafiz (*Independent Non-Executive Director*)
Dato' Ahmad Pardas Senin (*Independent Non-Executive Director*)
Thayaparan Sangarapillai (*Independent Non-Executive Director*)
Dato' Lawrence Lee Cheow Hock (*Non-Independent Non-Executive Director*)
Moy Pui Yee (*Independent Non-Executive Director*)
Jeffri Salim Davidson (*Group Chief Executive Officer*)

To: The Shareholders of Sime Darby

Dear Sir/Madam

PROPOSED SHARE BUY-BACK

1. INTRODUCTION

The Company had, on 25 September 2018, announced through Bursa Securities the Company's intention to seek its shareholders' approval for the Proposed Share Buy-Back by way of an Ordinary Resolution at the forthcoming Twelfth AGM of the Company.

The purpose of this Statement is to provide you with details of the Proposed Share Buy-Back as well as the recommendation of the Board and to seek your approval for the ordinary resolution to be tabled at the forthcoming Twelfth AGM. An extract of the Notice of the Twelfth AGM is enclosed in this Statement for your ease of reference.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS STATEMENT BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED SHARE BUY-BACK AT THE FORTHCOMING TWELFTH AGM.

2. DETAILS OF THE PROPOSED SHARE BUY-BACK

The Board is proposing to seek the shareholders' approval for the authority for the Company to purchase its own shares of up to ten percent (10%) of the total number of issued shares, subject to compliance with the Act, the MMLR and any prevailing laws, guidelines, rules and regulations issued by the relevant authorities at the time of purchase.

2.1 Quantum

The maximum aggregate number of shares which may be purchased by the Company shall not exceed ten percent (10%) of the number of issued shares at any point in time. As at the LPD, the total number of issued shares of the Company is 6,800,839,377 ordinary shares

The actual number of shares to be purchased and the timing of such purchase will depend on the market conditions and sentiments of the stock market as well as the financial resources available to the Company.

2.2 Duration

The authority from the shareholders for the purchase by the Company of its own shares will be effective immediately upon the passing of the ordinary resolution on the Proposed Share Buy-Back at the forthcoming Twelfth AGM and shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company at which time it will lapse, unless the authority is renewed by an Ordinary Resolution passed at that meeting, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by Ordinary Resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

The shareholders' approval for the Proposed Share Buy-Back does not impose an obligation on the Company to purchase its own shares on Bursa Securities. The Proposed Share Buy-Back will allow the Board to exercise the power of the Company to purchase its own shares at any time within the abovementioned time period.

2.3 Funding

The Proposed Share Buy-Back will be funded from internally generated funds and/or bank borrowings, the proportion of which will depend on the quantum of purchase consideration as well as the availability of internally generated funds and borrowings and repayment capabilities of the Company at the time of purchase.

The Proposed Share Buy-Back is not expected to have a material impact on the cashflow position of the Company. In addition, the Board will ensure that the Company satisfies the solvency test as stated in Section 112(2) of the Act before implementing the Proposed Share Buy-Back.

The Board proposes to allocate a maximum amount not exceeding the retained profits of the Company for the Proposed Share Buy-Back. The retained profits of the Company based on the audited financial statements of the Company for the financial year ended 30 June 2018 was RM486 million.

2.4 Treatment of Purchased Shares

Pursuant to the provision of Section 127(4) of the Act, the Board may deal with the purchased shares at its discretion, in the following manner:

- (i) cancel the shares so purchased; or
- (ii) retain the shares so purchased as Treasury Shares; or
- (iii) retain part of the shares so purchased as Treasury Shares and cancel the remainder.

Pursuant to the provision of Section 127(7) of the Act where such shares are held as Treasury Shares, the Board may at its discretion:

- (i) distribute the Treasury Shares as share dividends to shareholders; or
- (ii) resell the Treasury Shares or any of the said shares in accordance with the MMLR; or
- (iii) transfer the Treasury Shares or any of the said shares as purchase consideration; or
- (iv) transfer the Treasury Shares or any of the shares for the purposes of or under an employee's share scheme; or
- (v) cancel the Treasury Shares or any of the said shares; or
- (vi) sell, transfer or otherwise use the Treasury Shares for such other purposes as the Minister may by order prescribe.

While the purchased shares are held as Treasury Shares, the rights attached to them as to voting, dividends and participation in other distributions and otherwise are suspended, and the Treasury Shares shall not be taken into account in calculating the number or percentage of shares or a class of shares in the Company for any purpose including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on resolution at a meeting of the shareholders.

An immediate announcement will be made to Bursa Securities in relation to the purchased shares and the treatment of the purchased shares.

2.5 Pricing

Pursuant to the MMLR, the Company may only purchase its own shares on Bursa Securities at a price which is not more than fifteen percent (15%) above the weighted average market price for the shares for the five (5) market days immediately before the date of the purchase.

The Company may only resell or transfer the purchased shares held as Treasury Shares on Bursa Securities at:

- (i) a price which is not less than the weighted average market price for the shares for the five (5) market days immediately before the resale or transfer; or
- (ii) a discounted price of not more than five percent (5%) to the weighted average market price for the shares for the five (5) market days immediately before the resale or transfer provided that:
 - (a) the resale or transfer takes place not earlier than thirty (30) days from the date of purchase; and
 - (b) the resale or transfer price is not less than the cost of purchase of the shares being resold or transferred.

2.6 Public Shareholding Spread

As at the LPD, the public shareholding spread of the Company is 49.51%. Assuming the Proposed Share Buy-Back is implemented in full whereby the Company purchases 680,083,937 shares representing ten percent (10%) of the total number of issued shares as at that date from the public shareholders and all the purchased shares are cancelled, the public shareholding spread of the Company will be reduced to 43.90%.

As at the date hereof, the Company has yet to determine the actual percentage of its own shares to be purchased pursuant to the Proposed Share Buy-Back. However, the Company will be mindful of the public shareholding spread requirement by the MMLR before making any purchase of its own shares.

3. RATIONALE AND BENEFITS OF THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back will enable the Company to utilise its surplus financial resources to purchase its own shares at prices which the Board views as favourable. It may stabilise the supply and demand of shares traded on the Bursa Securities and thereby support the Company's fundamental value.

The purchased shares held as Treasury Shares may be resold through the stock exchange of Bursa Securities with the intention of realising a potential gain without affecting the total issued share capital of the Company. The Treasury Shares may also be distributed to shareholders as dividends and, if undertaken, will serve to reward the shareholders of the Company.

The actual treatment of the purchased shares will depend on, inter-alia, the prevailing equity market condition and the financial position of the Company.

The Proposed Share Buy-Back will effectively reduce the number of shares carrying voting and participation rights. As such, in arriving at the EPS of the Company, the earnings of the Company will be divided by a reduced number of shares and thus, enhance the EPS of the Company. In addition, the Proposed Share Buy-Back may allow the Company the flexibility to achieve its desired capital structure in terms of debt and equity composition and size of equity.

4. RISK ASSESSMENT OF THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back, if implemented, will reduce the financial resources of the Company which may result in the Company having to forego future investment opportunities and/or any income that may be derived from the deposit of such funds in interest bearing instruments. The Proposed Share Buy-Back may also result in a reduction of financial resources available for distribution in the form of cash dividends to shareholders.

Nevertheless, the Proposed Share Buy-Back is not expected to have any material disadvantage to the Company and its shareholders, as it will be implemented only after careful consideration of the financial resources of the Company and its resultant impact. The Board will be mindful of the interest of the Company and its shareholders in implementing the Proposed Share Buy-Back.

5. EFFECTS OF THE PROPOSED SHARE BUY-BACK

5.1 Share Capital

The effect of the Proposed Share Buy-Back on the number of issued shares of the Company will depend on whether the purchased shares are cancelled or retained as Treasury Shares.

The Proposed Share Buy-Back will result in a reduction of the total number of issued shares of the Company if the purchased shares are cancelled. Based on the assumption that the Proposed Share Buy-Back is implemented in full and all the purchased shares are cancelled, the effect on the number of issued shares of the Company is illustrated below:

	<u>No. of Shares</u>
Existing number of issued shares as at the LPD	6,800,839,377
Less: Proposed Share Buy-Back (10%)	(680,083,937)
Total issued shares after the Proposed Share Buy-Back	<u>6,120,755,440</u>

There will be no effect on the number of issued shares of the Company if the purchased shares are retained as Treasury Shares. However, the rights attaching to the Treasury Shares as to voting, dividends and participation in other distributions and otherwise are suspended and the Treasury Shares shall not be taken into account in calculating the number or percentage of shares for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

5.2 Net Assets

The effects of the Proposed Share Buy-Back on the NA of the Company will depend on the purchase price and number of shares purchased. The Proposed Share Buy-Back will reduce the consolidated NA per share if the purchase price exceeds the consolidated NA per share at the time of the purchase. Conversely, it will increase the consolidated NA per share if the purchase price is less than the consolidated NA per share of the Company at the time of the purchase.

5.3 Working Capital

The Proposed Share Buy-Back is likely to have the effect of reducing the working capital of the Company, the quantum of which depends on the purchase price of the shares, the number of shares purchased and any associated costs incurred in making the purchase. However, if the purchased shares treated as Treasury Shares are subsequently resold on Bursa Securities, the working capital of the Company will increase if the Company realises a gain from the resale.

5.4 Gearing

The effect of the Proposed Share Buy-Back on the gearing of the Group will depend on the quantum of borrowings used, if any, to fund the purchase of shares. The utilisation of any borrowings to fund the Proposed Share Buy-Back will serve to increase the gearing of the Group.

5.5 Earnings

The effects of the Proposed Share Buy-Back on EPS of the Sime Darby Group will depend on the purchase price and number of shares purchased as well as any loss in interest income to the Company. The effective reduction in the number of shares applied in the computation of the consolidated EPS pursuant to the Proposed Share Buy-Back may generally, all else being equal, have a positive impact on the consolidated EPS of the Group.

5.6 Dividend

The Proposed Share Buy-Back will have an effect of increasing the dividend rate per ordinary share of the Company as a result of the reduction in the issued shares of the Company.

6. SHAREHOLDINGS OF DIRECTORS AND MAJOR SHAREHOLDERS

As at the LPD, none of the Directors holds any share in the Company. The direct and indirect shareholdings of the Substantial Shareholders based on the Register of Substantial Shareholders as at the LPD are set out as follows:

Name of Substantial Shareholder	No. of Shares Held (Direct Interest)	% of Issued Capital	No. of Shares Held (Indirect Interest)	% of Issued Capital
AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	2,786,364,600	40.97	-	-
Employees Provident Fund Board	593,251,710	8.72	86,381,100	1.27
Permodalan Nasional Berhad	387,872,474	5.70	-	-
Yayasan Pelaburan Bumiputra ¹	-	-	387,872,474	5.70
Kumpulan Wang Persaraan (Diperbadankan)	368,773,849	5.42	47,394,700	0.70

Note: ¹ Deemed interest by virtue of its interest in Permodalan Nasional Berhad pursuant to Section 8(4) of the Act.

7. PURCHASE, RESALE AND CANCELLATION OF TREASURY SHARES MADE IN THE PRECEDING 12 MONTHS

The Company has not made any purchase, resale, transfer or cancellation of its own shares in the twelve (12) months preceding the date of this Statement. As at the LPD, no Treasury Shares were held by the Company.

8. HISTORICAL SHARE PRICES

The following table sets out the monthly highest and lowest prices of the shares of the Company traded on Bursa Securities for the past twelve (12) months from October 2017 to September 2018:

	High RM	Low RM
2017		
October*	9.27	9.00
November*	9.09	8.93
30 November@	2.55	2.26
December	2.30	2.05
2018		
January	3.06	2.22
February	2.96	2.65
March	2.75	2.55
April	2.81	2.55
May	2.80	2.42
June	2.60	2.42
July	2.52	2.34
August	2.63	2.51
September	2.70	2.56

Notes:

* Before the pure-play exercise of the Sime Darby Group

@ Date of completion of the pure-play exercise of the Sime Darby Group

The last transacted price of the Sime Darby shares on 21 September 2018, being the LPD prior to printing of this Statement was RM2.62.

9. IMPLICATION RELATING TO THE CODE

In the event the Proposed Share Buy-Back results in any Director, Major Shareholder and/or parties acting in concert with him/them triggering a mandatory offer obligation under the Code, the affected Director or Major Shareholder will be obliged to make a mandatory offer for the remaining shares in the Company not held by him/them. However, an exemption may be sought from the Securities Commission by the affected Director or Major Shareholder under Section 219 the CMSA before a mandatory offer obligation is triggered.

However, it is not the intention of the Company to cause any shareholder to trigger an obligation to undertake a mandatory general offer under the Code. The Company will be mindful of the above implications of the Code in making any purchase of its own shares pursuant to the Proposed Share Buy-Back.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save for the proportionate increase in the percentage of shareholdings and/or voting rights in their capacity as shareholders as a consequence of the implementation of the Proposed Share Buy-Back, none of the Directors or Major Shareholders and/or Persons Connected with them has any interest, direct or indirect, in the Proposed Share Buy-Back.

11. APPROVAL REQUIRED

The Proposed Share Buy-Back is subject to the approval of the shareholders of Sime Darby at the forthcoming Twelfth AGM.

12. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Share Buy-Back, is of the opinion that the proposal is in the best interest of the Company and accordingly, recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming Twelfth AGM.

13. FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendices for further information.

Yours faithfully
for and on behalf of the Board of Directors of
SIME DARBY BERHAD

TAN SRI DATO' SRI DR WAN ABDUL AZIZ WAN ABDULLAH
Chairman

PART B

PROPOSED SHAREHOLDERS' MANDATE



SIME DARBY BERHAD
(Company No. 752404-U)
(Incorporated in Malaysia)

Registered Office

Level 9, Menara Sime Darby
Oasis Corporate Park
Jalan PJU 1A/2, Ara Damansara
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

17 October 2018

Board of Directors

Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah (*Non-Independent Non-Executive Chairman*)
Tan Sri Samsudin Osman (*Non-Independent Non-Executive Director*)
Dato Sri Lim Haw Kuang (*Senior Independent Non-Executive Director*)
Datuk Wan Selamah Wan Sulaiman (*Independent Non-Executive Director*)
Datin Paduka Kartini Hj Abdul Manaf (*Non-Independent Non-Executive Director*)
Tan Sri Dato' Mohamed Azman Yahya (*Independent Non-Executive Director*)
Dato' Sri Abdul Hamidy Abdul Hafiz (*Independent Non-Executive Director*)
Dato' Ahmad Pardas Senin (*Independent Non-Executive Director*)
Thayaparan Sangarapillai (*Independent Non-Executive Director*)
Dato' Lawrence Lee Cheow Hock (*Non-Independent Non-Executive Director*)
Moy Pui Yee (*Independent Non-Executive Director*)
Jeffri Salim Davidson (*Group Chief Executive Officer*)

To: The Shareholders of Sime Darby

Dear Sir/Madam

PROPOSED SHAREHOLDERS' MANDATE

1. INTRODUCTION

The Company had, on 25 September 2018, announced through Bursa Securities that the Board had resolved to seek shareholders' approval for the Proposed Shareholders' Mandate in accordance with Paragraph 10.09 of the MMLR at the forthcoming Twelfth AGM.

The purpose of this Circular is to provide you with details of the Proposed Shareholders' Mandate and to seek your approval of the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming Twelfth AGM. An extract of the Notice of the Twelfth AGM is enclosed in this Circular for your ease of reference.

The Proposed Shareholders' Mandate, if approved, will take effect from the date of passing of the Ordinary Resolution relating thereto at the Twelfth AGM and shall continue to be in force until the conclusion of the next AGM of the Company unless the authority for the renewal is obtained from the shareholders at its subsequent AGM.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE AT THE FORTHCOMING TWELFTH AGM.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Provisions of the MMLR

- (i) Pursuant to Paragraph 10.09 of the MMLR, the Company may seek from its shareholders the Proposed Shareholders' Mandate in respect of Recurrent Related Party Transactions, subject to the following:
 - (a) the transactions are in the ordinary course of business and are on terms which are not more favourable to the related party than those generally available to the public;
 - (b) 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:
 - (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transactions is RM1 million or more; or
 - (ii) the percentage ratio of such Recurrent Related Party Transaction is 1% or more,whichever is the higher.
 - (c) the circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities;
 - (d) in a meeting to obtain the shareholders' mandate, the interested Director(s), interested Major Shareholder(s) or interested person(s) 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 to approve the transactions. An interested Director or interested Major Shareholder must ensure that person(s) connected with him abstain from voting on the resolution approving the transactions; and
 - (e) the Company immediately announces to Bursa Securities when the actual value of a Recurrent Related Party Transaction entered into by the Sime Darby Group exceeds the estimated value of the Recurrent Related Party Transaction disclosed in this Circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.
- (ii) The Proposed Shareholders' Mandate, if approved, will take effect from the date of the forthcoming Twelfth AGM and shall continue to be in force until:
 - (a) the conclusion of the next AGM of the Company following the forthcoming Twelfth AGM at which such mandate was passed, at which time the said authority shall lapse, unless by an Ordinary Resolution passed at that meeting, the mandate is renewed; or
 - (b) the expiration of the period within which the next AGM is to be held pursuant to Sections 340(1) and (2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - (c) the mandate is revoked or varied by Ordinary Resolution passed by the shareholders of the Company in a general meeting,whichever is the earlier.

Thereafter, approval from the shareholders will be sought for the renewal of the Proposed Shareholders' Mandate at each subsequent AGM if necessary.

- (iii) Disclosure will be made in the Company's Annual Report in accordance with Section 3.1.5 of Practice Note 12 of the MMLR, which requires a breakdown of the aggregate value of the Recurrent Related Party Transactions made pursuant to the Proposed Shareholders' Mandate for the financial year under review, among others, based on the following information:
- (a) the type of the Recurrent Related Party Transactions made; and
 - (b) the names of the Related Parties involved in each type of the Recurrent Related Party Transactions made and their relationship with the Company.

Notwithstanding the above, the Proposed Shareholders' Mandate sought does not cover any recurrent transaction of a revenue or trading nature involving companies in which EPF is interested where, in respect of such companies, the conditions set out in Paragraph 10.08(11)(m) of the MMLR are expected to be fulfilled, in which case then such transactions involving companies in which EPF is interested will not be regarded as related party transactions.

The Sime Darby Group enters into Recurrent Related Party Transactions with certain Related Parties of the Company which are necessary for the day-to-day operations in the ordinary course of business of the Sime Darby Group. Such Recurrent Related Party Transactions of a revenue or trading nature will be carried out on arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Details of the Recurrent Related Party Transactions under the Proposed Shareholders' Mandate are set out in Section 2.3 of this Circular.

2.2 Principal activities of the Sime Darby Group

The Company is a limited liability company, incorporated and domiciled in Malaysia. The Company is principally an investment holding company.

The principal activities of the Group as at 30 June 2018 comprise three businesses namely, Industrial, Motors and Logistics.

The companies in the Sime Darby Group to which the Proposed Shareholders' Mandate applies are as follows:

Subsidiaries of Sime Darby	Sime Darby's Effective Equity Interest	Principal Activities
Hastings Deering (PNG) Limited (HDPNG)	100.00%	Sale of Caterpillar equipment and spare parts and service support
Hastings Deering (Solomon Islands) Limited (HDSI)	100.00%	Sale of Caterpillar equipment and spare parts and service support
Inokom Corporation Sdn Bhd (Inokom)	53.50%	Manufacture and assembly of light, commercial and passenger vehicles, and contract assembly of motor vehicles
Kumpulan Sime Darby Berhad (KSDB)	100.00%	Property investment

Subsidiaries of Sime Darby	Sime Darby's Effective Equity Interest	Principal Activities
Mecomb Malaysia Sdn Bhd (MMSB)	100.00%	Marketing and installation of advanced electronic and electro-mechanical equipment, instruments and systems integration
Sime Darby Energy Solutions Sdn Bhd (formerly known as Sime Darby Offshore Engineering Sdn Bhd) (SDES)	100.00%	System integration and marketing of products and service provider primarily for oil & gas/petrochemical industry and biogas value chain
Sime Darby Global Services Centre Sdn Bhd (SDGSC)	100.00%	Provision of support services to related companies
Sime Darby Industrial Sdn Bhd (SDI)	100.00%	Sale, rental and assembly of Caterpillar equipment and spare parts and service support
Sime Darby Malaysia Berhad (SDMB)	100.00%	Holding of trademarks
Sime Darby Rent-A-Car Sdn Bhd (SDRAC)	100.00%	Vehicle rental
Sime Kubota Sdn Bhd (SKSB)	90.00%	Assembly and distribution of Kubota agricultural machinery and other machinery and equipment

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2.3 Classes of Related Parties and Details of Recurrent Related Party Transactions

The class and nature of the Recurrent Related Party Transactions which may and will be entered into by the Sime Darby Group with the related parties under the Proposed Shareholders' Mandate are detailed as follows:

No.	Company	Transacting Party	Nature of Transaction	Related Party	Estimated Aggregated Value from the Forthcoming AGM on 15 November 2018 to the next AGM ³ (RM million)
Transactions with Sime Darby Plantation Berhad (SD Plantation) and its subsidiaries					
1.	SDGSC	SD Plantation and its subsidiaries	<ul style="list-style-type: none"> ▪ Provision of centralised operational support, i.e. payroll, accounting and information technology processing, and other administration services 	AmanahRaya Trustees Berhad – Amanah Saham Bumiputera (ASB) ¹	85
2.	KSDB	SD Plantation	<ul style="list-style-type: none"> ▪ Leaseback of the Malaysia Vision Valley Land 1 from KSDB to SD Plantation for the SD Plantation Group to carry out the planting/replanting, maintenance of oil palm, and the harvesting and selling of fresh fruit bunches[#] 		12
3.	SDMB	SD Plantation	<ul style="list-style-type: none"> ▪ Grant of a non-exclusive, non-assignable and non-transferable licence to use the "SIME DARBY" mark, Sime Darby Shield Device Logo, Shield Device Logo, Sime Darby in Chinese Characters, the "DEVELOPING SUSTAINABLE FUTURES" tagline and the "DELIVERING SUSTAINABLE FUTURES" tagline worldwide, solely in the course of or in connection with SD Plantation's business 		2
4.	SDRAC	SD Plantation and its subsidiaries	<ul style="list-style-type: none"> ▪ Car rental service income 		4
5.	<ul style="list-style-type: none"> • SDI • SKSB • HDPNG • HDSI 	SD Plantation and its subsidiaries	<ul style="list-style-type: none"> ▪ Sale of heavy equipment and spare parts and provision of maintenance services 		80
6.	<ul style="list-style-type: none"> • SDES • MMSB 	SD Plantation and its subsidiaries	<ul style="list-style-type: none"> ▪ Provision of engineering maintenance services 		10
Total					193

No.	Company	Transacting Party	Nature of Transaction	Related Party	Estimated Aggregated Value from the Forthcoming AGM on 15 November 2018 to the next AGM ³ (RM million)
Transactions with Sime Darby Property Berhad (SD Property) and its subsidiaries					
1.	SDMB	SD Property	<ul style="list-style-type: none"> ▪ Grant of a non-exclusive, non-assignable and non-transferable licence to use (a) the “SIME DARBY” mark, Sime Darby Shield Device Logo, Shield Device Logo, Sime Darby in Chinese Characters, the “DEVELOPING SUSTAINABLE FUTURES” tagline and the “DELIVERING SUSTAINABLE FUTURES” tagline worldwide, and (b) the “DARBY PARK” mark only in those countries it is currently registered, solely in the course of or in connection with SD Property’s business 	ASB ¹	2
2.	SDRAC	SD Property and its subsidiaries	<ul style="list-style-type: none"> ▪ Car rental service income 		2
3.	<ul style="list-style-type: none"> • SDES • MMSB 	SD Property and its subsidiaries	<ul style="list-style-type: none"> ▪ Provision of engineering maintenance services 		10
4.	SDGSC	SD Property and its subsidiaries	<ul style="list-style-type: none"> ▪ Provision of centralised operational support, i.e. payroll, accounting and information technology processing, and other administration services 		16
Total					30
Others					
1.	Inokom	Mazda Malaysia Sdn Bhd (Mazda Malaysia)	<ul style="list-style-type: none"> ▪ Rental income received from Mazda Malaysia[^] ▪ Contract manufacturing assembly fee received from Mazda Malaysia 	Bermaz Auto Berhad (Bermaz) ²	<p style="text-align: right;">1</p> <p style="text-align: right;">144</p>
Total					145
Grand Total					368

Notes:

¹ ASB is a Major Shareholder of Sime Darby, holding 40.97% direct equity interest in Sime Darby as at the LPD. ASB is also a Major Shareholder of SD Plantation and SD Property, holding 42.34% and 43.38% direct interest, respectively, in SD Plantation and SD Property as at the LPD.

- ² Bermaz is a Major Shareholder of Inokom, holding 29.00% direct interest in Inokom as at the LPD. Bermaz is also a Major Shareholder of Mazda Malaysia, holding 30.00% direct interest in Mazda Malaysia as at the LPD. Bermaz does not hold any shares in Sime Darby as at the LPD.
- ³ Due to the nature of the transactions, the actual value of the transactions may vary and are subject to change from the Estimated Aggregate Values disclosed above.
- [^] Lands held under H.S. (D) 4103, PT No 439 and H.S. (D) 4104, PT No 440, Mukim Padang Meha, Kulim, Kedah bearing postal address at Lot 38, Mukim Padang Meha, 09400 Padang Serai, Kulim, Kedah. The duration of the rental is 10 years (on a 3-year term basis for 3 terms and 1 year extended term). The payment is made on a monthly basis.
- # Location : 29 plots of agricultural land with development potential with a total land area of 3,566 hectares in Labu, Negeri Sembilan.
- Term : Fixed period of 3 years from the commencement date i.e. 30 June 2017.
- Rental Formula : The preceding month's average price of crude palm oil (CPO) per metric tonne for Malaysia x total planted area (in hectares)]/12. Average price of CPO refers to average Malaysian Palm Oil Board delivered CPO price.
- Payment Term : Monthly basis on or before the seventh (7th) day of each calendar month.

2.4 Outstanding amount due under the Recurrent Related Party Transactions

The breakdown of the principal sum (without interest) of the total outstanding amount due to the Sime Darby Group under the Recurrent Related Party Transactions which exceeded the credit term as at 30 June 2018 are as follows:

Related Party	Nature of Transactions	Outstanding Amount (RM million)	
		1 year or less	1-3 years
SD Plantation	Shared service charges [^]	44.6	0.2
SD Plantation	Sale of equipment, parts and services	6.9	*
SD Plantation	Engineering maintenance services	*	-
SD Plantation	Car rental charges	*	*
SD Property	Shared service charges [^]	3.9	0.1
SD Property	Engineering maintenance services	1.8	0.6 ⁺
SD Property	Car rental charges	0.2	-
Mazda Malaysia	Rental income and assembly fee	0.7	-
Total		58.1	0.9

Note:

[^] RM18.0 million received from SD Plantation and RM3.4 million received from SD Property from 1 July 2018 to 28 September 2018.

* Less than RM0.1 million.

⁺ Settled in September 2018.

There were no late payment charges imposed by the Group on the above outstanding amounts as they were trade in nature. Management will (if and when required) meet with the debtors for early settlement of the outstanding amounts. The Board is of the opinion that there are no recoverability issues as the debtors are Related Parties with a long standing business relationship with the Group and have proven to be creditworthy debtors with good payment record.

There was no outstanding amount due to the Sime Darby Group for period more than three (3) years.

2.5 Review of procedures on Recurrent Related Party Transactions

The Sime Darby Group has established guidelines and procedures to ensure that Recurrent Related Party Transactions are undertaken at arm's length, on normal commercial terms consistent with the Group's normal business practices and policies which are not more favourable to the Related Parties than those generally available to the public, and are not to the detriment of the minority shareholders, as follows:

- (i) A list of Related Parties shall be circulated to the operating divisions and subsidiaries, updated on a quarterly basis, for their reference in ensuring that all transactions with such Related Parties are undertaken on arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public. These include transacting at the prevailing market rates/prices of the service or product provider's usual commercial terms (including, where appropriate, preferential rates and discounts accorded for bulk purchases which are the same as those accorded for third-party bulk purchases), or otherwise in accordance with applicable industry norms. Other criteria to be taken into consideration include quality of the products and services, track record, experience, financial position of the supplier or vendor, speed of delivery and certification.
- (ii) The corporate assurance plan incorporates a review of the Recurrent Related Party Transactions entered into as well as Management's systems and procedures to capture and compile information on such transactions on annual basis.
- (iii) Any member of the GAC may, as he/she deems fit, request for additional information pertaining to Recurrent Related Party Transactions from independent sources or advisers.
- (iv) Details of the Recurrent Related Party Transactions made during the financial year shall be submitted to the Group Finance Department annually for disclosure in the Company's Annual Report.
- (v) All divisions and subsidiaries are required to comply with the Sime Darby Group Policies and Authorities (GPA). The GPA establish the minimum standards of corporate governance practices expected of the companies within the Sime Darby Group in pursuit of Sime Darby's corporate objectives. The GPA covering the following areas have relevance in respect of Related Party Transactions which are also applicable to Recurrent Related Party Transactions:
 - (a) Limits of Authority is a part of GPA to govern the processes surrounding Related Party Transactions and Recurrent Related Party Transactions in ensuring that the transactions are executed in an arm's length manner. Any transaction where the limit authority holder has an interest, the holder does not have the authority to enter into such transactions.
 - (b) policies on conflicts of interest which require Directors and employees to act in good faith at all times in the best interest of the companies within the Group.
 - (c) the requirement for the corporate assurance team to review the internal control systems of the Group so as to reasonably provide assurance to the Board, the GAC and Management of the proper conduct and adherence to controls and procedures.
 - (d) policies on Directors' and persons connected with Directors' purchases of the Group's products which should not be on terms that are more favourable than those offered to employees and the public. Directors are required to notify the relevant Company Secretary of any direct sales to them and/or persons connected with them.
 - (e) tendering procedures to ensure that competitive bidding principles are observed in the procurement of goods and services. These include the setting up of tender committees, and having a sufficient number of vendors (normally not less than three (3)) to bid where all priced bids received are on a sealed basis and are appropriately documented as well as witnessed upon opening.

- (vi) Where a Director has an interest (direct or indirect) in any Recurrent Related Party Transaction, such Director shall abstain from deliberation and voting on any decision to be taken by the Board in respect of such Recurrent Related Party Transaction, if any, and ensure that persons connected with him also abstain from voting in respect of the resolution on Recurrent Related Party Transaction at the general meeting. Where any member of the GAC has interest in any Recurrent Related Party Transaction, that member shall abstain from deliberation and voting on any decision to be taken by the GAC with respect of such transaction. Directors' disclosures on purchases of Group's products are tabled at the Board meetings of the Company.
- (vii) At least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, where possible, to determine whether the price and terms offered to/by the Related Party are fair and reasonable and comparable to those offered to/by the public for the same or substantially similar type of products/services and/or quantities. In the event that quotation or comparative price from unrelated third parties cannot be obtained (for example, if there are no unrelated third party vendors/customers of similar products or services, or if the products or services is a proprietary item), the transaction price will be determined by price negotiation with the Related Party based on those offered by other unrelated parties for substantially similar type of transactions where available to ensure that the Recurrent Related Party Transaction is not detrimental to the Sime Darby Group.
- (viii) The operating divisions and subsidiaries shall inform the Divisional Chief Financial Officer and Company Secretary, by completing the Related Party Transaction Disclosure Form, as and when Recurrent Related Party Transactions exceed the Group's threshold of RM143 million (i.e. 1% of the NA of Sime Darby as at 30 June 2018) and which a shareholders' mandate has not been obtained or has exceeded the shareholders' mandate by 10% or more. An announcement shall be made to Bursa Securities upon occurrence of these events.
- (ix) A register of all Recurrent Related Party Transactions entered into pursuant to the Proposed Shareholders' Mandate is maintained by the transacted company.
- (x) Details of Recurrent Related Party Transactions made during each quarter and the cumulative amount shall be tabled by Group Finance Department to the GAC every quarter for its consideration and information.
- (xi) There are no specific thresholds for approval of Recurrent Related Party Transactions within the Group. However, all Recurrent Related Party Transactions are subject to the approval of the appropriate levels of authority set by the operating divisions.

2.6 Statement by the GAC

The GAC has seen and reviewed the guidelines and procedures in Section 2.5 above and is satisfied that the guidelines and procedures established for Recurrent Related Party Transactions are sufficient to ensure that such transactions will be carried out fair, reasonable and on normal commercial terms which are not prejudicial to the interests of shareholders in the best interest of the Sime Darby Group, and the terms of the Recurrent Related Party Transactions are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of Sime Darby.

The GAC is of the view that the Group has put in place adequate procedures and processes to identify, monitor and track Recurrent Related Party Transactions in a timely and orderly manner, and will, at its discretion, amend the guidelines and procedures which are no longer appropriate or adequate, to ensure that the Recurrent Related Party Transactions are, at all times, carried out on terms consistent with the Group's practices and are not to the detriment of the minority shareholders. These procedures and processes are reviewed on an annual basis.

As at the LPD, the GAC comprised the following members:

- Thayaparan Sangarapillai (*Chairman/Independent Non-Executive Director*)
- Datuk Wan Selamah Wan Sulaiman (*Independent Non-Executive Director*)
- Dato' Sri Abdul Hamidy Abdul Hafiz (*Independent Non-Executive Director*)
- Dato' Ahmad Pardas Senin (*Independent Non-Executive Director*)

3. RATIONALE AND BENEFITS OF THE PROPOSED SHAREHOLDERS' MANDATE

The rationale and benefits of the Proposed Shareholders' Mandate are as follows:

- (i) To facilitate transactions with Related Parties which are in the ordinary course of business of the Group, undertaken on arms' length basis, fair, reasonable and 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.
- (ii) To meet the business needs of the Group on the best possible terms as well as to explore beneficial business opportunities within the Group and with its joint-venture partners. The Group has had long-standing business relationships with the Related Parties and the close co-operation has reaped mutual benefits which are expected to continue to be beneficial to the business of the Group. Following the completion of the pure-play exercise, SD Plantation and SD Property have been regarded as Related Parties to the Sime Darby Group by virtue of ASB being the common major shareholder of this three (3) entities.
- (iii) 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 Recurrent Related Party Transactions occur as required under the MMLR will 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, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will not have any effect on the share capital, substantial shareholders' shareholdings, net assets per share, gearing, or EPS of Sime Darby for the financial year ending 30 June 2019.

5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM

Save as disclosed in Section 2.3, none of the other Directors or Major Shareholders and/or Persons Connected with them have any interest, direct or indirect, in the Proposed Shareholders' Mandate.

The interested Major Shareholders i.e. ASB and Bermaz as disclosed in Section 2.3 have undertaken that they will abstain from voting at the forthcoming Twelfth AGM of Sime Darby on the Ordinary Resolution pertaining to the Proposed Shareholders' Mandate in respect of their interest, through either direct or indirect shareholdings in Sime Darby, if any. They have also undertaken to ensure that Persons Connected with them will abstain from voting at the forthcoming Twelfth AGM of Sime Darby on the Ordinary Resolution pertaining to the Proposed Shareholders' Mandate in respect of their interest, through any direct and indirect shareholdings in Sime Darby.

6. APPROVAL REQUIRED

The Proposed Shareholders' Mandate is subject to the approval of the shareholders of Sime Darby at the forthcoming Twelfth AGM.

7. DIRECTORS' RECOMMENDATION

Having considered all aspects of the Proposed Shareholders' Mandate, the Directors of Sime Darby are of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Company. Accordingly, they recommend that you vote in favour of the Ordinary Resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming Twelfth AGM.

8. AGM

The Twelfth AGM of the Company, the Notice of which is enclosed in the Annual Report 2018 of the Company, will be held at the Grand Ballroom, First Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Thursday, 15 November 2018 at 10.00 a.m., for the purpose of considering and, if thought fit, approving, inter alia, the Ordinary Resolution on the Proposed Shareholders' Mandate, as Special Business.

If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the Form of Proxy (available in the Annual Report 2018 of the Company) in accordance with the instructions printed thereon as soon as possible, in any event, so as to arrive at the office of the Share Registrar of the Company, 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 before 12.00 p.m. on 14 November 2018 or not less than twenty-four (24) hours before the time appointed for the taking of the poll at the AGM, whichever is the later.

The completion and lodgement of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

9. FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendices for further information.

Yours faithfully
for and on behalf of the Board of Directors of
SIME DARBY BERHAD

TAN SRI DATO' SRI DR WAN ABDUL AZIZ WAN ABDULLAH
Chairman

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

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

2. MATERIAL CONTRACTS

Save as disclosed below, there is no material contract which has been entered into by the Sime Darby Group during the two (2) years immediately preceding this Statement/Circular, other than contracts entered into in the ordinary course of business:

- (i) On 15 August 2016, Hastings Deering (Australia) Limited (HDAL) and Sime Darby Property Singapore Limited (SDPSL), indirect wholly-owned subsidiaries of Sime Darby, entered into a framework agreement (Framework Agreement) with Japan Residential Assets Manager Limited (JRAM), manager of Saizen Real Estate Investment Trust (Saizen REIT), for the proposed disposal of industrial properties in Australia to Saizen REIT (Properties Disposal).

Pursuant to the Framework Agreement, it was intended that HDAL will sell certain of its industrial properties located in Australia to Saizen REIT (Properties) which would be master leased to HDAL (or its nominee), and SDPSL or its nominee(s) will be issued new units in Saizen REIT as part of the reverse takeover of Saizen REIT by SDPSL.

The consideration for the Properties Disposal (Consideration Amount) shall be negotiated and be based on the independent valuations of the Properties and shall be financed by the following:

- (a) part of the Consideration Amount shall be satisfied from the receivables from the issuance and allotment of the new Saizen REIT units to SDPSL or its nominee(s); and
- (b) the balance amount shall be satisfied by payment of cash proceeds from external bank financing.

SDPSL has also, on even date, entered into a conditional share purchase agreement with Japan Regional Assets Manager Limited for the proposed acquisition of 80% of the issued shares of JRAM (JRAM Acquisition). The completion of the Properties Disposal and the JRAM Acquisition are inter-conditional.

Following from the Properties Disposal set out in the Framework Agreement, the parties shall commence negotiations and mutually agree on the terms of the definitive transaction agreements to be entered into between the parties in relation to the Properties Disposal by 30 September 2016.

On 10 October 2016, Sime Darby Eastern Investments Private Limited (SDEIPL) and SDPSL entered into an implementation agreement (Implementation Agreement) with JRAM in its capacity as manager of Saizen REIT (Manager) and Perpetual Corporate Trust Limited in its capacity as trustee of Sime REIT Australia (HAUT Trustee) in relation to the Properties Disposal and reverse takeover of Saizen REIT by SDPSL (RTO). Pursuant to the Implementation Agreement, the completion of the Properties Disposal is subject to the fulfilment of conditions precedent, which among others, include receipt of approval from the unitholders of Saizen REIT by 31 December 2016.

FURTHER INFORMATION (*Continued*)

On 31 January 2017, SDEIPL and SDPSL entered into a supplemental agreement (IA Supplemental Agreement) with, inter alia, JRAM in its capacity as manager of Saizen REIT and Perpetual Corporate Trust Limited in its capacity as trustee of Sime REIT Australia to amend, among others, the Long-Stop Date from 31 January 2017 (under the Implementation Agreement) to 31 March 2017. In addition, JRAM and SDPSL have, on 31 January 2017, entered into a supplemental agreement (SPA Supplemental Agreement) to amend the conditional share purchase agreement relating to the JRAM Acquisition dated 15 August 2016 (SPA) to change, among others, certain references in the SPA from the Framework Agreement dated 15 August 2016 between SDPSL, HDAL and JRAM in its capacity as manager of Saizen REIT to the Implementation Agreement.

On 31 March 2017, SDEIPL, SDPSL, the Manager, Japan Regional Assets Manager Limited, and HAUT Trustee entered into a termination agreement pursuant to which the Parties have agreed, among others:

- (a) to terminate the Implementation Agreement and the SPA and to release and discharge each of the Parties from their respective obligations and liabilities under the Implementation Agreement and the SPA; and
- (b) that in connection with paragraph (a) above, SDPSL shall pay (i) a sum of SGD3.0 million (equivalent to RM9.50 million) for the benefit of the unitholders of Saizen REIT, (ii) SGD200,000 (equivalent to RM0.63 million) for Saizen REIT's operating costs, and (iii) transaction expenses incurred by the trustee of Saizen REIT and/or the Manager in connection with the RTO.

In connection with the foregoing, Perpetual (Asia) Limited, on the instructions of the Manager and in its capacity as trustee of Saizen REIT, has also agreed (on behalf of Saizen REIT) to release and discharge SDEIPL, SDPSL and the HAUT Trustee from any claims which Saizen REIT may have against SDEIPL, SDPSL, the HAUT Trustee and/or SDPSL's affiliates in relation to the Implementation Agreement and/or the RTO.

- (ii) On 6 January 2017, Sime Darby Overseas (HK) Limited (SDOHK) entered into a joint venture arrangement with Shandong Chenming Paper Holdings Limited (SCPHL) in accordance with the following respective agreement and contract:
 - (a) Equity Purchase Agreement (EPA) among SDOHK, Weifang Sime Darby Port Co Ltd (WSDP), an indirect 99.0%-owned subsidiary of Sime Darby incorporated in the PRC, and SCPHL to dispose 50.0% equity interest in Weifang Sime Darby West Port Co Ltd (WSDWP), an indirect 99.9%-owned subsidiary of Sime Darby incorporated in the PRC, of which 49.0% is held by SDOHK and 1.0% is held by WSDP, to SCPHL for a total cash consideration of RMB38.61 million (equivalent to approximately RM24.92 million) (the Disposal); and
 - (b) Joint Venture Contract (JVC) between SDOHK and SCPHL for the management and administration of the affairs of WSDWP and the 3x30,000 Deadweight Tonne multipurpose terminal at the Weifang Sime Darby Port located in Shandong Province of the PRC. The JVC would be effective upon completion of the EPA.

The Disposal was completed on 6 April 2017. WSDWP became an associate company and ceased to be an indirect subsidiary of Sime Darby with effect from 6 April 2017.

- (iii) On 29 June 2017, Sime Darby Builders Sdn Bhd (SDBSB), an indirect wholly-owned subsidiary of Sime Darby, entered into a Sale and Purchase Agreement with PNB Development Sdn Berhad (PNBD) for the disposal of approximately 297.51 acres of land by SDBSB to PNBD for a total cash consideration of RM85.5 million (Disposal).

The Disposal was completed on 22 December 2017.

FURTHER INFORMATION (*Continued*)

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- (iv) On 31 July 2017, Sime Darby Property Berhad, a wholly-owned subsidiary of Sime Darby, entered into a Share Sale Agreement with PNB Development Sdn Berhad (PNBD) for the disposal of its entire 40% equity interest in Seriemas Development Sdn Berhad (SDSB), comprising one million (1,000,000) ordinary shares in SDSB, to PNBD for a total cash consideration of RM625 million.
- (v) On 25 August 2017, Kumpulan Sime Darby Berhad, a wholly-owned subsidiary of Sime Darby, entered into several call option agreements with Sime Darby Property Berhad (SD Property) pursuant to which SD Property was granted an option to purchase the legal and beneficial ownership of and title to the parcel of lands totalling 8,793 acres located within the Malaysia Vision Valley development region at any time during the option period i.e. 5 years (with an option to extend for another 3 years, to be mutually agreed by the parties) commencing from the date of the listing of and quotation for the entire enlarged issued share capital of SD Property on the Main Market of Bursa Securities) at a purchase price to be determined by an agreed independent valuer (MVV Option Agreements) subject to the terms and conditions of the MVV Option Agreements, which include, among others, the prior approval of shareholders of the party(ies), if required by applicable law or rule of a stock exchange. The agreed independent valuer shall value the market value of the land on the basis prescribed in the agreement and using the methodology as it may determine.
- (vi) On 25 August 2017, Sime Darby Plantation Berhad (SD Plantation) entered into the following call option agreements with Sime Darby Property Berhad (SD Property) pursuant to which SD Property was granted call options to purchase the legal and beneficial ownership of and title to the following identified parcels of lands, at any time during the option period i.e. 5 years (with an option to extend for another 3 years) commencing from the listing date of SD Property) at a purchase price to be determined by an agreed independent valuer subject to the terms and conditions of the respective agreements, which include, among others, the prior approval of shareholders of the party(ies), if required by applicable law or rule of a stock exchange:
- (a) 1,862 acres of land located within Kulai A estate and 3,186 acres within Kulai B estate in Johor;
 - (b) 2,000 acres of land located within Sepang estate in Selangor;
 - (c) 993 acres of land located within Sungai Kapar estate in Selangor;
 - (d) 2,000 acres of land located within West Estate, Carey Island, Jugra Kuala Langat in Selangor;
 - (e) 485 acres of land located within Lothian estate in Selangor;
 - (f) 864 acres of land located within Byram estate in Pulau Pinang;
 - (g) 268 acres of land located within Ainsdale West estate in Negeri Sembilan; and
 - (h) 148 acres of land located within Bukit Selarong estate in Kedah.

(collectively, Land Option Agreements).

The agreed independent valuer shall value the land based on agricultural status with development potential, using the methodology as it may determine.

SD Plantation and SD Property have further agreed that, after the acquisition of the abovementioned lands, if SD Property intends to lease, rent or grant licences over any part of the lands for the purposes of oil palm planting and/or harvesting (and/or any agricultural venture), SD Property agreed to first offer the same to SD Plantation for tenancy. If SD Plantation exercises its right to obtain a tenancy over such lands, the parties are bound to enter into a tenancy agreement in the form of the template tenancy agreement in the respective Land Option Agreements.

FURTHER INFORMATION (Continued)

- (vii) On 25 August 2017, Sime Darby Global Services Centre Sdn Bhd (SDGSC), an indirect wholly-owned subsidiary of Sime Darby, entered into separate master services agreements with Sime Darby Plantation Berhad (SD Plantation) and Sime Darby Property Berhad (SD Property) respectively (Master Services Agreements) to continue to provide shared services for a period of 3 years commencing from the listing date of SD Plantation and SD Property (Identified Entities). In consideration of the services performed under the Master Services Agreements, the Identified Entities shall each pay an annual fee to SDGSC which shall be in accordance with the specific scope of services provided to the Identified Entities. The fee is subject to annual review and determined after taking into account, among others, the recoverability of the services cost, cost to maintain the relevant systems and changes to the scope of services.
- (viii) Sime Darby Malaysia Berhad (SD Malaysia) (as licensor), an indirect wholly-owned subsidiary of Sime Darby, entered into a Trademark and Brand Licence Agreement (Licence Agreement) with Yayasan Sime Darby (Foundation) (a company limited by guarantee founded by Sime Darby), Sime Darby Plantation Berhad (SD Plantation) and Sime Darby Property Berhad (SD Property) respectively. The Licence Agreement for the Foundation was executed on 25 August 2017 and the each of the Licence Agreement for SD Plantation and SD Property were executed on 1 November 2017.

Pursuant to the respective Licence Agreement, SD Malaysia granted the Foundation, SD Plantation and SD Property (collectively the Licensees) a non-exclusive, non-assignable and non-transferable licence to use the "SIME DARBY" mark, Sime Darby Shield Device Logo, Shield Device Logo, Sime Darby in Chinese Characters, the "DEVELOPING SUSTAINABLE FUTURES" tagline and "DELIVERING SUSTAINABLE FUTURES" tagline worldwide (collectively, Trademarks), solely in the course of or in connection with the activities and/or business carried out by the Licensees. The licence to use the Trademarks is fixed at a nominal consideration of RM1.00 for the Foundation whilst SD Plantation and SD Property are each paying to SD Malaysia an annual licence royalty of RM 2 million.

The Licence Agreement is effective from the listing date of SD Plantation and SD Property and shall, unless terminated earlier, continue for a period of 5 years from the effective date (Term). Upon the expiry of the Term, the Licensees shall have the option to renew the term of the agreement for a further period as the parties may agree upon by giving notice of no later than 6 months prior to the end of the Term and subject to the approval of SD Malaysia.

- (ix) On 25 August 2017, Yayasan Sime Darby (Foundation) entered into separate donation agreements (YSD Donation Agreements) with Sime Darby, Sime Darby Plantation Berhad and Sime Darby Property Berhad (Identified Entities). Pursuant to the YSD Donation Agreements, Sime Darby and the Identified Entities are to make the following annual cash donation to the Foundation for a term of 5 years with effect from the listing date of the Identified Entities (unless extended by mutual agreement of the parties):

Party	Amount
Sime Darby	RM20 million
Sime Darby Plantation Berhad	RM40 million
Sime Darby Property Berhad	RM20 million

All the donations received and all amounts earned by investing such donations, if any, will be used by the Foundation to support and promote activities carried out by the Foundation in the areas of community and health, education, youth and sports, environment, and arts and culture to further the charitable intent established by the Governing Council of the Foundation.

FURTHER INFORMATION (*Continued*)

- (x) On 25 August 2017, Sime Darby Lockton Insurance Brokers Sdn Bhd (SDLIB), an indirect 60%-owned subsidiary of Sime Darby, entered into separate broker services agreements (Broker Service Agreements) with Sime Darby Plantation Berhad and Sime Darby Property Berhad (Identified Entities) respectively where the Identified Entities may procure from SDLIB certain services including but not limited to recommending and advising them on subscription to the appropriate insurance and/or takaful policies for their respective businesses and act as an intermediary between the respective Identified Entities and the insurance and/or takaful company for a term of 3 years commencing from the listing date of the Identified Entities (with the respective Identified Entities having an option to renew the agreement for a further period that the parties mutually agree) subject to the terms and conditions of the Broker Services Agreements. Any fee payable to SDLIB will depend on the insurance policies procured by the Identified Entities through SDLIB.
- (xi) On 19 September 2017, Sime Darby Property Berhad (SD Property), a wholly-owned subsidiary of Sime Darby, completed the disposal of its entire equity interest comprising 5,069,670 ordinary shares in Malaysia Land Development Company Berhad (MLDC) to Dato' Sri Tong Seech Wi for a total cash consideration of RM1.00 (Disposal Consideration) pursuant to the share sale agreement (SSA) entered into with Dato' Sri Tong on 3 April 2017 (Disposal).

Based on the terms in the SSA, the parties agreed, inter alia, to the following:

- (i) SD Property to dispose and Dato' Sri Tong to purchase 5,069,670 ordinary shares in MLDC, being the entire issued share capital held by SD Property for a total cash consideration of RM1.00 (Ringgit Malaysia One only). The Disposal Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the financial position of MLDC, Genting View Resort Development Sdn Bhd (GVR), a 60%-owned subsidiary of MLDC, and Sime Darby GVR Management Sdn Bhd (SDGVR), a wholly-owned subsidiary of MLDC.
- (ii) Simultaneous with the settlement of the Disposal Consideration, Dato' Sri Tong shall pay to SD Property, for and on behalf of MLDC, an agreed sum of RM60 million as the full and final settlement of the existing outstanding shareholder's loan amounting to RM84,517,256.31 (as at 28 February 2017) which was granted by SD Property to MLDC.

Following to the completion of the Disposal, MLDC, GVR and SDGVR ceased to be indirect subsidiaries of Sime Darby with effect from 19 September 2017.

- (xii) On 24 November 2017, Mulligan International B.V (MIB), an indirect wholly-owned subsidiary of Sime Darby, completed the acquisition of 90% equity interest in PT Tamiyang Sumber Rezeki (PT TSR) for a total cash consideration of IDR77.5 billion (equivalent to approximately RM23.6 million), which translates to approximately IDR3.9 million (equivalent to approximately RM1,180 or USD287) per hectare of the land referred to below, from Ir. Badai Sakti Daniel (89.19%) and Bapak Muh. Perkasa Tegaryza Daniel (0.81%) (collectively, the "Vendors") upon fulfilment of the conditions precedent pursuant to the Conditional Share Sale and Purchase and Subscription Agreement (CSPA) entered into between MIB and the Vendors on 4 March 2014 (Acquisition) as amended by the supplemental agreements to the CSPA dated 26 January 2015, 26 July 2016 and 24 November 2017, respectively.

PT TSR was incorporated in Indonesia as a limited liability company according to the Deed of Establishment No. 2 dated 8 December 2011. The total issued and paid-up capital of PT TSR is IDR9.25 billion divided into 925,000 ordinary shares of IDR10,000 each. PT TSR is a company which has been granted with the Hak Izin Lokasi and the Izin Usaha Perkebunan on 20,000 hectares of greenfield land in Kabupaten Barito Timur, Kalimantan Tengah, Indonesia.

FURTHER INFORMATION (*Continued*)

Following the Acquisition, PT TSR has become a 90%-owned indirect subsidiary of Sime Darby with effect from 24 November 2017. The remaining 92,500 ordinary shares, representing 10% equity interest in PT TSR, are held by Ir. Badai Sakti Daniel.

- (xiii) On 29 June 2018, Sime Darby Overseas (HK) Limited, an indirect wholly-owned subsidiary of Sime Darby incorporated in Hong Kong, entered into a share purchase agreement (SPA) with Shandong Water Environmental Protection Group Co., Ltd (Purchaser) to divest its entire 100% equity interest in Weifang Sime Darby Water Management Co., Ltd (WSDW), an indirect wholly-owned subsidiary of Sime Darby incorporated in the People's Republic of China, to the Purchaser for a total cash consideration of USD68,010,761 (equivalent to RMB450.0 million or approximately RM275 million) subject to the terms and conditions of the SPA.

3. MATERIAL LITIGATION

Save as disclosed below, the Sime Darby Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant. Save as disclosed below, the Directors of Sime Darby are not aware of any proceeding, pending or threatened against the Company and/or its subsidiaries, or of any fact likely to give rise to any proceeding which might materially or adversely affect the position or business of the Company and/or its subsidiaries.

- (i) **Qatar Petroleum Project (QP Project), Maersk Oil Qatar Project (MOQ Project) and the Marine Project Civil Suits (Oil & Gas Suit)**

On 23 December 2010, Sime Darby and four subsidiaries (collectively, the Plaintiffs) filed a civil suit against Dato' Seri Ahmad Zubair @ Ahmad Zubir Hj Murshid, Dato' Mohamad Shukri Baharom, Abdul Rahim Ismail, Abdul Kadir Alias and Mohd Zaki Othman (collectively, the Defendants) for damages arising from the Defendants' negligence and breaches of duty relating to the QP Project, the MOQ Project and the project relating to the construction of a derrick lay barge (Marine Project) for an aggregate amount of RM93 million and USD79 million (equivalent to RM319 million) together with general and aggravated damages and other relief.

On 13 June 2014, all the Defendants consented to an Interlocutory Judgement being recorded on the Defendants' liability and for damages to be assessed by the Court. The Plaintiffs shall be permitted to enforce any final judgement entered after the assessment of damages, upon recovering all claims from the QP and MOQ projects and proceeds from the sale of the derrick lay barge, or after the expiry of 3 years from the date of final judgement, whichever is earlier.

The Plaintiffs have filed a Notice of Application for directions to assess damages. The Registrar directed that the Plaintiffs' application for assessment of damages for the Oil & Gas Suit and the Bakun Suit be heard separately and that the assessment of damages for the Oil & Gas Suit will be heard first. The Registrar has fixed the hearing of the assessment of damages on 8 to 12 April 2019.

Counsel is of the view that as the Defendants have consented to judgement in respect of liability, the only outstanding matter would be the assessment of damages to ascertain the actual losses suffered by the Plaintiffs which would largely depend on the documents available and the evidence given to establish such losses. The damages recoverable by the Plaintiffs will also be dependent on the amount recovered from the respective employers for the QP and MOQ Projects and the proceeds of the sale of the derrick lay barge in regards of the Marine Project within the time frame stipulated.

FURTHER INFORMATION (*Continued*)**(ii) Bakun Hydroelectric Project (Bakun Project) and the Indemnity Agreement Civil Suits (Bakun Suit)**

On 24 December 2010, Sime Darby and three subsidiaries (collectively, the Plaintiffs) filed a civil suit against Dato' Seri Ahmad Zubair @ Ahmad Zubir Hj Murshid, Dato' Mohamad Shukri Baharom (DMS) and Abdul Rahim Ismail (collectively, the Defendants) for damages in connection with the Defendants' negligence and breaches of duty relating to the Package CW2-Main Civil Works for the Bakun Project and in respect of the Receipt, Discharge and Indemnity Agreement dated 12 January 2010 given to DMS for an aggregate amount of RM91 million together with general and aggravated damages to be assessed and other relief.

On 13 June 2014, all the Defendants consented to an Interlocutory Judgement being recorded on the Defendants' liability and for damages to be assessed by the Court. The Plaintiffs shall be permitted to enforce any final judgement entered after the assessment of damages, upon the Malaysia-China Hydro Joint Venture receiving full settlement from Sarawak Hidro Sdn Bhd or the Ministry of Finance in relation to the Bakun Project, or after the expiry of 3 years from the date of final judgement, whichever is earlier.

The Plaintiffs have filed a Notice of Application for directions to assess damages.

The Registrar directed that the Plaintiffs' application for assessment of damages for the Oil & Gas Suit and the Bakun Suit be heard separately and that the assessment of damages for the Oil & Gas Suit will be heard first before the Bakun Suit.

Counsel is of the view that as the Defendants have consented to judgement in respect of liability, the only outstanding matter would be the assessment of damages to ascertain the actual losses suffered by the Plaintiffs which would largely depend on the documents available and the evidence given to establish such losses. The damages recoverable by the Plaintiffs will also be dependent on the amount recovered from Sarawak Hidro Sdn Bhd and/or the Ministry of Finance in relation to the Bakun Project within the time frame stipulated.

(iii) Emirates International Energy Services (EMAS)

On 13 January 2011, EMAS filed a civil suit in the Plenary Commercial Court in Abu Dhabi against Sime Darby Engineering Sdn Bhd (SDE) (First Suit) claiming payment of USD178 million (approximately RM720 million) comprising (a) a payment of USD128 million (approximately RM517 million) for commissions; and (b) a payment of USD50 million (approximately RM202 million) as "morale compensation", which was dismissed by the Court on 22 August 2011.

Proceedings at the Judicial Department of Abu Dhabi (Second Suit)

On 31 March 2012, EMAS filed a second suit against SDE at the Judicial Department of Abu Dhabi for USD178 million based on the same facts and grounds as the First Suit.

On 18 May 2014, the Court issued judgement for the sum of AED41 million (approximately RM45 million) against SDE.

The judgement was subsequently reversed by the Court of Appeal on 2 July 2014 and by the Supreme Court on 25 December 2014. By virtue of the Supreme Court's decision, EMAS has effectively exhausted all its avenues in the Abu Dhabi courts in pursuing its claim against SDE.

FURTHER INFORMATION (*Continued*)Proceedings at Dubai Chamber of Commerce and Industry (DIAC)

On 24 January 2016, EMAS submitted a Request for Arbitration against SDE to DIAC, claiming an amount of AED41 million (approximately RM46 million). The hearing was held from 15 to 20 January 2018. The tribunal which was expected to issue its award in September 2018 has been granted an extension by DIAC till December 2018 to deliver its award.

SDE's counsel is optimistic of SDE's chances of success.

(iv) Claim against Qatar Petroleum (QP)

On 15 August 2012, Sime Darby Engineering Sdn Bhd (SDE) filed a Statement of Claim at the Qatar Court against QP for the sum of QAR1 billion (approximately RM1.1 billion) seeking the repayment of a liquidated performance bond, payment of outstanding invoices, compensation and additional costs incurred in relation to an offshore engineering project in Qatar undertaken by SDE pursuant to a contract dated 27 September 2006.

On 21 July 2016, the Court ordered QP to pay QAR12.9 million (approximately RM14 million) to SDE (Judgement) and both parties have appealed to the Court of Appeal against the Judgement. On 30 October 2017, the Court referred the matter to court experts to examine the appeal and fixed 3 June 2018 for the experts to submit their report. Subsequently, the court granted an extension to the experts until 3 December 2018 for them to submit their report.

SDE's counsel is of the view that there is a likelihood that the Court of Appeal will adopt the views of the experts in the experts' report.

(v) 05 Wellhead Platform Project (05WHP Project)

Sime Darby Engineering Sdn Bhd (SDE) and Swiber Offshore Construction Pte Ltd (SOC) entered into a Consortium Agreement to govern their relationship as a consortium (the Consortium) in relation to the execution and performance of the 05WHP Project awarded by Oil and Natural Gas Corporation Ltd (ONGC) on 26 February 2010 for a total contract price of USD189 million (approximately RM764 million).

Disputes have arisen between the Consortium and ONGC and the parties have subsequently referred the dispute to an Outside Expert Committee (OEC). SDE's portion of the Consortium's claim is circa USD33 million (approximately RM133 million).

On 2 December 2014, the OEC recommended payment of USD12 million in full and final settlement in favour of the Consortium, of which USD7 million (approximately RM28 million) was apportioned to SDE. On 20 March 2015, the Consortium sought a higher amount of compensation which was rejected by ONGC.

On 21 December 2015, the Consortium issued a notice to ONGC of its intention to proceed with arbitration. The tribunal fixed proceedings on 17 December 2016 which was subsequently adjourned pending settlement negotiations between the parties.

On 29 March 2017, ONGC submitted a settlement offer to the Consortium for the sum of USD10 million (approximately RM40 million), which is to be apportioned between SDE (USD7 million) (approximately RM28 million) and SOC (USD3 million) (approximately RM12 million) (the Settlement Offer). The Consortium confirmed its acceptance of the Settlement Offer and on 25 May 2017, the Consortium requested ONGC to enter into separate settlement agreements with SDE and SOC.

FURTHER INFORMATION (*Continued*)

As there was no response from ONGC on the settlement terms, on 29 March 2018, the Consortium filed its application for an order by the tribunal to record an arbitral award based on the Settlement Offer but was rejected by the tribunal. ONGC filed its statement of defence on 8 June 2018. The tribunal has fixed 4, 5, 11 and 13 October 2018 for examination of witnesses and 22 to 24 October and 19 to 21 November 2018 for hearing.

On 21 September 2018, ONGC and SDE signed a Settlement Agreement in full and final settlement of all claims and counter claims between the parties in relation to the 05WHP Project. The agreement shall become executory after the arbitration tribunal has recorded the settlement and issued its award based on the Settlement Agreement, which is anticipated to occur during the hearing commencing 4 October 2018.

(vi) **B-193 Process Platform Project (PP Project)**

Sime Darby Engineering Sdn Bhd (SDE) and Swiber Offshore Construction Pte Ltd entered into a Consortium Agreement to govern their relationship as a consortium (the Consortium) to undertake works relating to the PP Project awarded by Oil and Natural Gas Corporation Ltd (ONGC). A contract dated 3 July 2010 was executed for a total contract price of USD618 million (approximately RM2.5 billion).

Disputes have arisen between the Consortium and ONGC and on 1 June 2016, the Consortium initiated arbitration proceedings against ONGC. SDE's portion of the Consortium's claim is circa USD76 million (approximately RM307 million).

The hearing has been concluded and oral closing submissions were held on 2 January 2018 to 5 January 2018. On 22 March 2018, the tribunal ordered ONGC to pay the Consortium a net sum of USD5.12 million (approximately RM21 million) as full and final settlement of all claims. On 27 March 2018, ONGC filed an application at the High Court in Mumbai, India to set aside the arbitration award. The High Court fixed provisional hearing date on 4 June 2018 but was subsequently deferred. The High Court has yet to fix a new hearing date.

The Consortium's Counsel is unable to predict at this juncture the chances of success of ONGC's application to set aside the arbitration award.

(vii) **Malaysia Marine and Heavy Engineering (MMHE) Notice of Arbitration**

MMHE and Sime Darby Engineering Sdn Bhd (SDE) entered into a Sale and Purchase Agreement dated 25 August 2011 (SPA) for the disposal of SDE's oil and gas business to MMHE for a consideration of RM394 million and a Supplemental Agreement dated 30 March 2012 (SSPA) to vary certain terms and conditions of the SPA.

The SSPA provides, inter alia, that the fabrication of KBB Topsides Contract No. KPOC/COC/2009/015 for the Keabangan Northern Hub Development (KPOC Project) between Keabangan Petroleum Operating Company Sdn Bhd and SDE dated 20 September 2011 shall be novated by SDE to MMHE with effect from 31 March 2012 for a consideration of RM20 million.

On 16 March 2015, MMHE referred the disputes relating to the KPOC Project to arbitration before the Regional Centre for Arbitration Kuala Lumpur (now known as the Asian International Arbitration Centre). The initial claim from MMHE was RM57 million but was subsequently revised to RM34 million on 1 November 2016.

The hearing was concluded on 24 March 2017 and oral submissions were held on 4 August 2017.

FURTHER INFORMATION (Continued)

The tribunal issued its award on 13 March 2018 ordering SDE to pay MMHE damages of RM17.3 million for claims in relation to the dispute arising from the SPA and the SSPA as well as interest and arbitration costs. This amount has been fully provided for.

After series of discussion, the parties agreed to settle the matter at RM16.5 million (with no interest and costs) as full and final settlement. A Settlement Agreement was signed on 1 June 2018 and SDE remitted payment to MMHE on 6 June 2018.

4. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours at the Registered Office of the Company at Level 9, Menara Sime Darby, Oasis Corporate Park, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia from the date of this Statement/Circular up to and including the date of the AGM:

- (i) the Constitution of the Company;
- (ii) the audited consolidated financial statements of the Sime Darby Group for the past two (2) financial years ended 30 June 2017 and 30 June 2018;
- (iii) the material contracts referred to in Section 2 of this Appendix I; and
- (iv) the relevant cause papers in respect of material litigation referred to in Section 3 of this Appendix I.

EXTRACT OF THE NOTICE OF THE TWELFTH AGM

AS SPECIAL BUSINESS**RESOLUTION 14**

To consider and, if thought fit, pass the following Ordinary Resolution:

Proposed Share Buy-Back Authority for the Company to Purchase its Own Shares of up to Ten Percent (10%) of the Total Number of Issued Shares of the Company ("Proposed Share Buy-Back")

"THAT the Directors be and are hereby authorised to purchase the ordinary shares of the Company through the stock exchange of Bursa Malaysia Securities Berhad at any time upon such terms and conditions as the Directors in their absolute discretion deem fit provided that:

- (a) the aggregate number of shares purchased (which are to be treated as treasury shares) does not exceed ten percent (10%) of the total number of issued shares of the Company; and
- (b) the funds allocated for the purchase of shares shall not exceed its retained profits.

AND THAT the Directors be and are hereby further authorised to deal with the treasury shares in their absolute discretion (which may be distributed as dividends, resold, transferred, cancelled and/or in any other manners as prescribed by the Companies Act 2016, and the relevant rules, regulations and/or requirements).

AND THAT such authority shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM"); or
- (b) the expiration of the period within which the next AGM is required by law to be held; or
- (c) revoked or varied in a general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise and give full effect to the Proposed Share Buy-Back with full power to assent to any conditions, modification, variations and/or amendments as may be imposed by the relevant authorities."

RESOLUTION 15

To consider and, if thought fit, pass the following Ordinary Resolution:

Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT, in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), and subject to the Companies Act 2016 ("CA 2016"), the Constitution of the Company, other applicable laws, guidelines, rules and regulations, and the approvals of the relevant governmental and/or regulatory authorities, approval be and is hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature, as set out in Section 2.3 of Part B of the Circular to Shareholders dated 17 October 2018 despatched together with the Annual Report, which are necessary for the day-to-day operations in the ordinary course of business of the Company and/or its subsidiary companies on normal commercial terms which are not more favourable to the related parties than those generally available to the public, undertaken on arm's length basis, and are not detrimental to the minority shareholders of the Company ("Mandate");

EXTRACT OF THE NOTICE OF THE TWELFTH AGM (Continued)

THAT the Mandate shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following this AGM at which such Mandate is passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting whereby the Mandate is renewed; or
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of CA 2016, (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of CA 2016); or
- (c) the Mandate is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier;

AND THAT the Directors of the Company and/or any of them be and are/is hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Mandate.”