

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

**SUMMARY OF KEY MATTERS DISCUSSED AT
THE EXTRAORDINARY GENERAL MEETING OF SIME DARBY BERHAD
HELD AT THE GRAND BALLROOM, FIRST FLOOR
SIME DARBY CONVENTION CENTRE, 1A, JALAN BUKIT KIARA 1,
60000 KUALA LUMPUR, MALAYSIA
ON MONDAY, 20 NOVEMBER 2017 AT 12.55 P.M.**

Present

YBhg Tan Sri Dato' Abdul Ghani Othman – Chairman
and as listed in the attendance sheet

1.0 OPENING REMARKS BY THE CHAIRMAN

- 1.1 Tan Sri Dato' Abdul Ghani Othman, Chairman of the Board of Directors, Sime Darby Berhad (Sime Darby or the Company), presided as Chairman of the Meeting and welcome all persons present at the Extraordinary General Meeting (EGM) of the Company.
- 1.2 The requisite quorum being present, the Chairman called the Meeting to order.
- 1.3 The Chairman explained to the Meeting that the purpose of the EGM was to table the resolution on the Proposed Distribution of Sime Darby's Entire Shareholdings in Sime Darby Plantation Berhad (SD Plantation) and Sime Darby Property Berhad (SD Property) to its Shareholders, and the Proposed Listing of the Entire Enlarged Shares of SD Plantation and SD Property on the Main Market of Bursa Malaysia Securities Berhad (Bursa Securities) (Proposed Distribution and Proposed Listing).

2.0 NOTICE OF EXTRAORDINARY GENERAL MEETING

- 2.1 The Chairman said that the Notice convening the EGM, which had been included in the Circular to Shareholders dated 4 November 2017 pertaining to the:
 - (I) Proposed Internal Restructuring of Sime Darby and its Subsidiaries;
 - (II) Proposed Distribution of Sime Darby's Entire Shareholding in SD Plantation and SD Property to its Shareholders on the basis of One (1) Ordinary Share in SD Plantation and One (1) Ordinary Share in SD Property for every One (1) Ordinary Share held in Sime Darby on an Entitlement Date to be determined (Proposed Distribution);
 - (III) Proposed Listing of the Entire Enlarged Issued Share Capital of SD Plantation and SD Property on the Main Market of Bursa Securities (Proposed Listing);
and
 - (IV) Arrangements between SD Plantation and SD Property and certain Other Subsidiaries of Sime Darby to govern relationship following the Proposed Distribution,

(collectively referred to as Proposals),

had been sent to all shareholders whose names appeared in the Record of Depositors, Bursa Securities and the Company's Auditors in accordance with the Articles of Association of the Company.

2.2 With the consent of the shareholders present, the Notice of the EGM was taken as read.

3.0 CHAIRMAN'S ADDRESS

3.1 The Chairman informed the Meeting that:

- (i) In accordance with the Notice of EGM, the cut-off date to determine those who were qualified to attend, speak and vote at the EGM was on 7 November 2017;
- (ii) As at to-date, the Company has a total issued and paid-up capital of RM3,400,419,688.50 comprising 6,800,839,377 ordinary shares;
- (iii) A total of 952 valid proxy forms were lodged within the stipulated timeframe, representing 5,434,059,714 ordinary shares or 79.90% of the total ordinary shares of Sime Darby; and
- (iv) In his capacity as the Chairman of the Meeting, he had received proxies from members whom he would vote for, as indicated in the proxy forms. Where a proxy vote has been given to the Chairman without any voting instructions, the Chairman has expressed his intention to vote in favour of the resolution set out in the Notice of EGM.

3.2 The Chairman further informed the Meeting of the voting procedures on poll voting, that:

- (i) In accordance with the Main Market Listing Requirements of Bursa Securities, the resolution set out in the Notice of EGM would be voted by way of poll;
- (ii) Each share would represent one (1) vote in the polling which would be carried out by way of electronic voting (e-voting);
- (iii) The Company's Annual General Meeting (AGM) was convened this morning at 10.00 a.m. and all the resolutions set out in the Notice of AGM were tabled to the shareholders. With the consent of the shareholders, the AGM was adjourned and the EGM was convened. For purpose of expediency, the poll voting for all resolutions set out in the Notice of AGM and Notice of EGM would only commence after the conclusion of the EGM's questions and answers session;
- (iv) There was only one (1) ordinary resolution to be voted for at the Meeting which required a simple majority in order for the resolution to be passed; and
- (v) Tricor Investor & Issuing House Services Sdn Bhd (Tricor) had been appointed as the Poll Administrator to conduct the polling process and Deloitte Enterprise Risk Services Sdn Bhd (Deloitte) was appointed as the Scrutineers, to verify the poll results.

4.0 PRESENTATION BY ADVISORS

4.1 The Chairman invited Mr Udaishankar Raman, Regional Head, Advisory Mergers & Acquisition, Maybank Investment Bank Berhad (Advisor), to present the Proposed Distribution and Proposed Listing. The salient points of the presentation were as follows:

- (i) The Proposed Distribution and Proposed Listing entailed, among others, the following:
 - (a) Proposed demerger of SD Plantation and SD Property including all transactions entered into or to be entered into among Sime Darby, SD Plantation and SD Property;
 - (b) Proposed distribution of Sime Darby's entire shareholdings in SD Plantation and SD Property to the entitled shareholders of Sime Darby;
 - (c) Proposed listing of the entire issued share capital of SD Plantation and SD Property on the Main Market of Bursa Securities.
- (ii) The Proposed Distribution, if approved, would be implemented on a one for one entitlement basis and by way of dividend by Sime Darby. Essentially, an entitled shareholder holding one Sime Darby share would upon implementation of the proposal, own one (1) Sime Darby share, one (1) SD Plantation Share and one (1) SD Property share.
- (iii) Barring unforeseen circumstances, the Proposals, if approved, were expected to be completed by the end of November 2017.
- (iv) The Proposals were expected to enable each Pure Play company to accelerate their growth from the benefits of the Pure Play strategy, as follows:
 - (a) Better focus on capital management and flexibility to pursue growth strategies. Each Pure Play entity would have the ability to pursue their customised strategies and have direct access to equity market as well as to set their gearing targets in pursuing to those strategies.
 - (b) Reward the entitled shareholders by giving greater investment choice for the investors. The Proposals would allow the Company to reward the entitled shareholders by unlocking the value of the plantation and property entities and provide them with the opportunity to participate directly in the equity and growth of these entities. Shareholders were allowed to manage and rebalance their investment in these entities according to their preference and risk appetite. The exercise was expected to help develop a more targeted shareholders' base over time.
 - (c) Enhance investors' awareness and greater visibility on business performance. The exercise was expected to instill organisational focus through targeted management mandates with greater flexibility on financial performance of the separate businesses going forward and to help to improve investors' understanding of the businesses and strategies of these three entities.
- (v) The Board of Sime Darby would announce the final listing prices of SD Plantation and SD Property, respectively, on the last day of cum entitlement trading of Sime Darby i.e. last closing price.

- (vi) The final listing reference price of SD Plantation and SD Property shall fall within the percentage allocation range below which represent the percentage to be applied to the closing price of Sime Darby share on the last day of cum entitlement trading:

Percentage Allocation Range for the
Listing Reference Price

SD Plantation	60% - 68%
SD Property	16% - 19%

- (vii) The percentage allocation range for the listing reference price of SD Plantation was wider than that of SD Property by 8% in view that SD Plantation was exposed to fluctuation in commodity prices. Studies were made on several selected comparable listed companies for SD Plantation from 25 January 2017, being the last trading day prior to the initial announcement by Sime Darby on the Proposals on 26 January 2017. While crude palm oil (CPO) prices have fluctuated by 30% during the said period, the share price of the selected comparable list companies for SD Plantation had fluctuated on an average of 9.8% during the same period. As such, the Board of Sime Darby was of the view that the differential in the percentage allocation range for the listing reference price of SD Plantation, which was 8% as compared to SD Property of 3%, was reasonable.
- (viii) The Sime Darby's share price would essentially be the last closing price less the final listing reference price for SD Plantation and SD Property. In essence, the sum of listing prices for SD Plantation and SD Property together with the adjusted Sime Darby share price would equal to the last closing price of Sime Darby shares.
- (ix) In arriving at the percentage allocation range for the listing reference prices for both SD Plantation and SD Property, the Board of Sime Darby had taken into consideration the following:
- (a) trading multiples of selected comparable companies of SD Plantation and SD Property including the range of trading multiples of these comparable companies;
 - (b) market price of Sime Darby shares from 25 January 2017, being the last trading day prior to the initial announcement by Sime Darby on the Proposals on 26 January 2017 until the last practicable date where the highest closing price of Sime Darby share was RM9.62 on 14 June 2017 and the lowest being RM8.70 on 25 January 2017; and
 - (c) final single tier dividend for the financial year ended 30 June 2017 of RM0.17 per Sime Darby share which would be paid by Sime Darby on 20 December 2017.
- (x) The following agreements were entered into by certain entities of the Sime Darby Group with SD Plantation and SD Property to govern certain commercial arrangements or transactions among the parties:
- (a) Option agreement in respect of the Malaysian Vision Valley Land between Kumpulan Sime Darby Berhad, a wholly-owned subsidiary of Sime Darby, and SD Property;

- (b) Land option agreement in respect of certain lands between SD Plantation and SD Property;
- (c) Master services agreements between Sime Darby Global Services Centre Sdn Bhd, a wholly-owned subsidiary of Sime Darby, SD Plantation and SD Property;
- (d) Trademark and brand licence agreements between Sime Darby Malaysia Berhad, a wholly-owned subsidiary of Sime Darby, and (i) SD Plantation, (ii) SD Property; (iii) Yayasan Sime Darby (YSD), a company limited by guarantee founded by Sime Darby, respectively;
- (e) YSD donation agreement between Sime Darby, SD Plantation, SD Property and YSD; and
- (f) Broker services agreements between Sime Darby Lockton Insurance Brokers Sdn Bhd, a 60%-owned subsidiary of Sime Darby, SD Plantation and SD Property.

4.2 The Chairman informed the Meeting that Sime Darby had, on 17 November 2017, received a letter from the Minority Shareholder Watchdog Group (MSWG) containing questions pertaining to the Company, and that the Company had, on 17 November 2017, responded to MSWG's letter. The Chairman further informed that copies of the letter from MSWG and the Company's response were available on the Company's website. The printed copies were distributed to the shareholders entering the Meeting venue and could also be obtained from the counter located outside the Meeting venue. A copy each of the letter from MSWG and the Company's response were enclosed as Appendix I and Appendix II, respectively.

4.3 With the consent of the shareholders present at the Meeting, the response to MSWG was taken as read.

4.4 The Chairman invited questions from the floor. A summary of the questions/comments raised and the responses, where relevant, was as follows:

4.4.1 Questions/Comments from Proxy

The Advisor did not mention or highlight the conglomerate discount. There would be a smaller conglomerate after the three Pure Play entities have been created. Would the conglomerate discount that was always in the holding company be eliminated after the Pure Play Exercise? It was important for the shareholders to understand and appreciate the disappearance of the conglomerate discount.

Response

The conglomerate discount would disappear with the creation of the three Pure Play entities. The Pure Play entities would be benchmarked against their peers. The conglomerate discount that was perceived by the market would be accorded back by the market to the respective entities.

4.4.2 Questions/Comments from Shareholder

Currently there was no cash reserve but debts. How would the debts be allocated to the 3 entities so that the pricing of Sime Darby could be analysed better?

Response

- (i) There was no cash distribution in the Pure Play Exercise. The entire shareholdings of Sime Darby in SD Plantation and SD Property would be distributed as such that all the entitled shareholders of Sime Darby would receive shares in SD Plantation and SD Property proportionate to their shareholdings in Sime Darby. Shares of SD Plantation and SD Property would be distributed to the entitled shareholders of Sime Darby on a 1 for 1 basis, i.e. shareholders of Sime Darby would get 1 SD Plantation Share and 1 SD Property Share for every 1 Sime Darby share held.
- (ii) The entitled shareholders would hold the same number of shares and shareholding in percentage terms in all 3 Pure Play companies post the Proposals. Upon completion of the distribution, Sime Darby would cease to be a shareholder of SD Plantation and SD Property. Shareholders of Sime Darby would hold directly such number of SD Plantation shares and SD Property shares based on their respective shareholdings in Sime Darby as at the entitlement date.
- (iii) Any cash in the entities after the completion of the Pure Play Exercise shall remain with the respective entities.
- (iv) The reserves in relation to SD Plantation and SD Property in the consolidated accounts of Sime Darby would be excluded upon the deconsolidation of these two companies and shall be deemed as a transaction where Sime Darby dispose of its investments in these two companies.

4.4.3 Comments from Proxy

As there was no cash distribution to shareholders. How would the share price of Sime Darby, SD Plantation and SD Property shares be derived at and determined?

Response

- (i) A shareholder would own shares in 3 listed entities, i.e. Sime Darby, SD Plantation and SD Property post completion of the Pure Play Exercise.
- (ii) Post completion of the Proposals, the new Sime Darby would principally be involved in trading comprising of Motors and Industrial divisions and Logistics and other businesses comprising healthcare, insurance and other investments. There was no change to the underlying business.
- (ii) The Proposed Distribution and Proposed Listing did not entail a fund raising exercise and as such no proceed would be raised from this exercise. The shares that Sime Darby currently hold in SD Plantation and SD Property would be distributed as dividends to shareholders.
- (iv) The final listing price of each entity i.e. Sime Darby, SD Plantation and SD Property would be determined by the Boards of Directors of the respective entities together with the Board of Sime Darby and in consultation with Maybank Investment Bank Berhad as the Principal Adviser to the respective companies for the Proposals.

- (v) The reference price of SD Plantation and SD Property would be allocated based on the following range (to be applied on the last traded price of Sime Darby on the cum entitlement date) i.e. Plantation, 60-68% and Property, 16-19%. The price of Sime Darby would be adjusted by deducting the listing reference price of SD Plantation and SD Property from Sime Darby's last traded price on the cum entitlement date. The combined market value of the three entities would be equivalent to the market capitalisation of Sime Darby based on the last traded price of Sime Darby shares on the cum entitlement date.
- (vi) In arriving at the percentage allocation range for the listing reference price of SD Plantation and SD Property, Sime Darby has taken into consideration the following:
 - (a) trading multiples of selected comparable companies of SD Plantation and SD Property:
 - (i) SD Plantation - Price earnings ("PE") ratio (range from 28 to 29 times)
 - (ii) SD Property - Price to book ratio (range from 1 to 1.2 times)
 - (b) market price of Sime Darby shares from 25 January 2017, being the last trading day prior to the initial announcement by Sime Darby on the Proposals on 26 January 2017, until the latest practicable date.
 - (c) final single tier dividend for the financial year ended 30 June 2017 of RM0.17 per Sime Darby share which would be paid on 20 December 2017 i.e. after the Proposed Listing on 4 December 2017.
- (vii) The shares of SD Plantation and SD Property would be allocated and credited to shareholders' CDS account before the listings of SD Plantation and SD Property. Shareholders could consider keeping or selling their shares in the open market after the respective listings of SD Plantation and SD Property shares.

4.4.4 Comment/Question from Shareholder

- (i) There was a discrepancy in the PE ratio of SD Plantation of 18.87 times as compared to 28 times as explained by the Group Chief Financial Officer earlier.
- (ii) The rationale for the Pure Play Exercise was to maximise value for all shareholders. Was there a plan to initiate cost-cutting measures after the Pure Play Exercise in terms of the operation costs, size of the Board of Directors and Management team, staff headcount, etc in view that management cost was one of the major cost in the business?

Response

All entities were moving toward operational excellence which involved returns as well as cost.

4.4.5 Comments from Shareholder/Proxy

- (ii) The Proposals were complex and difficult to understand.
- (ii) The views of the Board on the Proposals should be heard to enable shareholders to make an informed decision.

Response

- (i) The Proposals would enable each business to pursue its distinct aspirations with greater focus and agility, taking advantage of potential growth opportunities to maximise value for all shareholders.
- (iii) With direct access to capital markets and funding flexibility, each Pure Play company would benefit from better focused capital management and customised growth strategies. The shareholders would be able to participate directly in the equity and growth of the three companies with greater visibility on the financial performance of each separate listed entity.
- (iv) Shareholders have the option to either sell or keep the SD Plantation shares and SD Property shares once the SD Plantation shares and SD Property shares were listed and the shares could be freely traded on the Main Market of Bursa Securities after the Proposed Listing.
- (iv) The Pure Play Exercise was the next phase of the Company's journey to further enhance and unlock the value of the respective Pure Play businesses under the Sime Darby Group.
- (v) The Board had considered all aspects of the Proposals and was of the opinion that the Proposals were in the best interest of the Company and shareholders and had recommended that shareholders vote in favour of the resolution.

4.4.6 Comments from Shareholder

- (i) Shareholders feel victimised by both the merger exercise in 2007 and the current demerger exercise.
- (ii) The basis of the valuation of the distribution in specie was not explained in the Circular to Shareholders.

4.4.7 Question from Shareholder

What was the net asset value per share for Sime Darby, SD Plantation and SD Property?

Response

Net asset value per share for Sime Darby, SD Plantation and SD Property had been explained in Note 40 of the Notes to the Financial Statement on page 263 of the 2017 Annual Report where the disposal group classified under assets held for sale and liabilities associated with assets held for sale as at 30 June 2017 were in respect of SD Plantation and SD Property. All assets were carried at historical cost and had been reflected in the balance sheet.

4.4.8 Questions/Comments from Shareholder

- (i) How did the Board present this exercise to the investment community, particularly the institutional analysts, to get their buy-in? There were excitements in the market when this exercise was first announced where the share price of Sime Darby had once soared. However, the share price had gradually declined thereafter and this was an indication that the market was unfavourable of this exercise.
- (ii) There was a sign that the market was not according a value to this exercise. In order to attract investors to the Pure Play companies, the return to shareholders must be looked into. Some demerger exercises had not been successful. The earnings and market capitalisation had contracted post demerger. The Company should reconsider the viability of this exercise, where possible.
- (iii) There should be value improvements from the creation of pure players and not just a one off price lift on the listing date. Would the Pure Play business groups unleash the growth potential of the separate Pure Players and unlock the trap value as the business units became focused companies?

Response

- (i) Road shows had been organised with key corporate investors in Malaysia, Hong Kong, Singapore to gauge their feedbacks and give them a clear understanding of each of the businesses. Sime Darby has received positive indications from the institutional funds.
- (ii) It would be difficult to predict the sustained rally in share prices at the stock market over a period of time as this very much depended on market conditions.

4.4.9 Questions from Shareholder

- (i) Was the price discovery process and after market stabilisation for thirty days which was applicable to Initial Public Offering (IPO) applied to this exercise?
- (ii) Was there any effort being undertaken by the Board, Management or the investment bank to ensure orderly trading post transaction?
- (iii) What was the PE band for Sime Darby? How did Management derive the lower end of the band of the PE? What has Maybank Investment Bank Berhad, as the Principal Adviser of the exercise, done to support the lower band of the PE.

Response

- (i) The price discovery process and after market stabilisation for thirty days were applicable to fund raising exercise such as IPO. However, the Proposals did not involve a fund raising exercise and as such there would not be any after market stabilisation being contemplated.
- (ii) Road shows had been organised with various institutional investors to share the equity story of each of the Pure Plays and Management was of the view that Sime Darby has a good equity story. The market reaction to the Pure Plays was positive thus far.

- (iii) The conglomerate comparison should not be used on Sime Darby but rather the underlying businesses i.e. Motors and Industrial as there was no company with the same footprint as well as businesses in the Asian Pacific region. The Sime Darby share price was not a range and the price would be adjusted as the residual after deducting the listing reference price of SD Plantation and SD Property from the closing price of Sime Darby.
- (iv) The PE ratio benchmark for Sime Darby for companies under the Motors Division was approximately 17 times and for the Industrial Division was approximately 25 times.

4.4.10 The Chairman thanked the shareholders of the Company for their questions/comments and for sharing their thoughts.

4.4.11 The Chairman then proceeded with the item on the Agenda of the EGM.

5.0 ORDINARY RESOLUTION
PROPOSED DISTRIBUTION OF SIME DARBY'S ENTIRE SHAREHOLDINGS IN SIME DARBY PLANTATION BERHAD (SD PLANTATION) AND SIME DARBY PROPERTY BERHAD (SD PROPERTY) TO ITS SHAREHOLDERS (PROPOSED DISTRIBUTION) AND PROPOSED LISTING OF THE ENTIRE ENLARGED ISSUED SHARE CAPITAL OF SD PLANTATION AND SD PROPERTY ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD (PROPOSED LISTING)

5.1 The Chairman informed the shareholders that the motion would be voted through e-voting. For an ordinary resolution, a simple majority would suffice.

5.2 As there were no further question/comment, the Chairman proceeded to the resolution as set out in the Notice of EGM and requested a shareholder to second the motion on the Proposed Distribution and Proposed Listing.

6.0 E-VOTING

6.1 The Chairman invited Tricor, the Poll Administrator, to explain the procedure on the e-voting process.

6.2 The representative from Tricor explained to the shareholders on the procedure of e-voting. Tutorial video on e-voting was played.

6.3 The Chairman adjourned the meeting for polling.

7.0 OUTCOME OF THE EGM - POLL RESULTS

7.1 The poll results of the EGM were as follows:

Resolution	Vote in favour		Vote against		Results
	No. of Shares	%	No. of Shares	%	
<u>Ordinary Resolution</u> Proposed Distribution and Proposed Listing	5,419,467,118	99.997	187,761	0.003	Carried

8.0 ANY OTHER BUSINESS

8.1 The Chairman informed that there was no other business to be transacted.

9.0 CONCLUSION

9.1 The Chairman thanked all shareholders for their presence and participation.

9.2 The Chairman declared the EGM closed at 2.58 p.m.