

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 ("Bursa Securities") has not perused Part A of this Statement/Circular prior to its issuance as it is categorised under Exempt Circular prescribed by Bursa Securities. Bursa Securities also has not perused Part B of this Statement/Circular as the Company has been selected by Bursa Securities as one of the eligible listed issuers under the Green Lane Policy. Bursa Securities 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
(Registration No. 200601032645 (752404-U))
(Incorporated in Malaysia)

PART A

STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

PART B

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF EXISTING 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 Sixteenth Annual General Meeting ("AGM") of the Company to be held virtually through live streaming from the broadcast venue at Function Room, Ground Floor, Menara Sime Darby, Oasis Corporate Park, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 15 November 2022 at 10.00 a.m. via Remote Participation and Voting facilities which are available on the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") TIIH Online website at <https://tiih.online>. The notice of the Sixteenth AGM of the Company together with the Form of Proxy, Administrative Guide and this Statement/Circular are available online at the Company's website at <http://www.simedarby.com/investor/agmegm>.

The Form of Proxy should be deposited at Tricor's office, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or by electronic lodgement via Tricor's TIIH Online website at <https://tiih.online> not less than 24 hours before the time appointed for the taking of the poll or no later than Monday, 14 November 2022 at 12.00 p.m. For electronic lodgement, please follow the procedures as set out in the Administrative Guide.

Date and time of the AGM : Tuesday, 15 November 2022 at 10.00 a.m.
Last date and time for lodging of the Form of Proxy : Monday, 14 November 2022 at 12.00 p.m.

This Statement/Circular is dated 17 October 2022

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 2022	:	Annual Report of the Company for the financial year ended 30 June 2022
Act	:	Malaysian Companies Act 2016, as amended from time to time including any re-enactment thereof
AGM	:	Annual General Meeting of the Company
ASB	:	AmanahRaya Trustees Berhad – Amanah Saham Bumiputera (Registration No. 200701008892 (766894-T))
Bermaz	:	Bermaz Auto Berhad (Registration No. 201001016854 (900557-M))
Board	:	Board of Directors of Sime Darby
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CMSA	:	Capital Markets and Services Act 2007
Code	:	Malaysian Code on Take-Overs and Mergers 2016 as amended from time to time including 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	:	20 September 2022, 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*)

Listing Requirements	:	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
Person(s) Connected	:	Shall have the same meaning given in Paragraph 1.01, Chapter 1 of the Listing Requirements
PNB	:	Permodalan Nasional Berhad (Registration No. 197801001190 (38218-X))
Proposed Share Buy-Back	:	Proposed renewal of 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 renewal of existing 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 the Listing Requirements. For the purpose of the Proposed Shareholders' Mandate, the Related Parties are set out in Section 2.3 of Part B of this Statement/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 (Registration No. 200601032645 (752404-U))
Statement/Circular	:	This Share Buy-Back Statement and Circular to Shareholders dated 17 October 2022
Substantial Shareholder	:	Shall have the meaning given in Section 136 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
(Registration No. 200601032645 (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 2022

Board of Directors

Tan Sri Samsudin Osman (*Non-Independent Non-Executive Chairman*)
Dato' Ahmad Pardas Senin (*Senior Independent Non-Executive Director*)
Thayaparan Sangarapillai (*Independent Non-Executive Director*)
Tan Sri Ahmad Badri Mohd Zahir (*Non-Independent Non-Executive Director*)
Dato' Sri Abdul Hamidy Abdul Hafiz (*Independent Non-Executive Director*)
Datuk Wan Selamah Wan Sulaiman (*Independent Non-Executive Director*)
Dato' Lee Cheow Hock Lawrence (*Non-Independent Non-Executive Director*)
Moy Pui Yee (*Independent Non-Executive Director*)
Mohamad Idros Mosin (*Non-Independent Non-Executive Director*)
Dato' Dr Nirmala Menon (*Independent Non-Executive Director*)
Tan Sri Muhammad Shahrul Ikram Yaakob (*Independent Non-Executive Director*)
Dato' Jeffri Salim Davidson (*Group Chief Executive Officer*)

To: The Shareholders of Sime Darby

Dear Sir/Madam

PROPOSED SHARE BUY-BACK

1. INTRODUCTION

At the Fifteenth AGM of the Company held on 18 November 2021, the Company had obtained its shareholders' approval for the Company to purchase its own shares of up to ten percent (10%) of the total number of issued shares of the Company at any point of time. The said approval will expire at the conclusion of the forthcoming Sixteenth AGM which will be held on 15 November 2022 unless the approval is renewed.

The Company had, on 22 September 2022, 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 Sixteenth AGM of the Company.

This Statement serves 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 Sixteenth AGM. An extract of the Notice of the Sixteenth 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 SIXTEENTH AGM.

2. DETAILS OF THE PROPOSED SHARE BUY-BACK

The Board proposes to seek its shareholders' approval for the renewal of authority for the Company to purchase its own shares of up to ten percent (10%) of the total number of issued shares at any point in time during the authorised period, subject to compliance with the Act, the Listing Requirements and any prevailing laws, guidelines, rules and regulations issued by the relevant authorities.

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 6,809,918,477 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 Sixteenth 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 2022 was RM565 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 Listing Requirements; 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 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 Listing Requirements, 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 49.66%. Assuming the Proposed Share Buy-Back is implemented in full whereby the Company purchases 680,991,847 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 44.07%

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 Listing Requirements 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 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, would serve to reward the shareholders of the Company.

The Proposed Share Buy-Back would 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 would 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

However, 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	6,809,918,477
Less: Proposed Share Buy-Back (10%)	(680,991,847)
Total issued shares after the Proposed Share Buy-Back	<u>6,128,926,630</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 net assets of the Company will depend on the purchase price and number of shares purchased. The Proposed Share Buy-Back will reduce the consolidated net assets per share if the purchase price exceeds the consolidated net assets per share at the time of the purchase. Conversely, it would increase the consolidated net assets per share if the purchase price is less than the consolidated net assets per share of the Company at the time of the purchase.

5.3 Working Capital

The Proposed Share Buy-Back is likely to reduce 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 proportion of borrowing used 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 would depend on the purchase price and number of shares purchased as well as any loss in interest income to or finance costs incurred by 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 SUBSTANTIAL SHAREHOLDERS

Based on the Register of Directors' Shareholdings and Register of Substantial Shareholders as at the LPD, the direct and indirect shareholdings of Directors and Substantial Shareholders are as follows:

Name	No. of Shares Held (Direct)	%	No. of Shares Held (Indirect)	%
<u>Director</u> Dato' Jeffri Salim Davidson	593,300	0.01	-	-
<u>Substantial Shareholders</u> AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	2,697,051,900	39.60	-	-
Employees Provident Fund Board	497,748,910	7.31	165,193,166	2.43
Permodalan Nasional Berhad	418,358,911	6.14	-	-
Yayasan Pelaburan Bumiputera ⁽ⁱ⁾	-	-	418,358,911	6.14
Kumpulan Wang Persaraan (Diperbadankan)	484,354,549	7.11	44,224,475	0.65

Notes:

⁽ⁱ⁾ Deemed interest by virtue of its interest in Permodalan Nasional Berhad pursuant to Section 8(4) of the Companies Act 2016.

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 2021 to September 2022:

	High RM	Low RM
<u>2021</u>		
October	2.37	2.26
November	2.25	2.19
December	2.32	2.12
<u>2022</u>		
January	2.30	2.15
February	2.32	2.19
March	2.54	2.24
April	2.45	2.33
May	2.37	2.17
June	2.26	2.11
July	2.35	2.14
August	2.41	2.29
September	2.33	2.16

The last transacted price of the Sime Darby shares on the LPD prior to printing of this Statement was RM2.25.

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 SC 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 Sixteenth AGM.

12. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Share Buy-Back, is of the opinion that the Proposed Share Buy-Back 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 Sixteenth AGM.

13. FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix I for further information.

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

TAN SRI SAMSUDIN OSMAN
Chairman

PART B

PROPOSED SHAREHOLDERS' MANDATE



SIME DARBY BERHAD

(Registration No. 200601032645 (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 2022

Board of Directors

Tan Sri Samsudin Osman (*Non-Independent Non-Executive Chairman*)
Dato' Ahmad Pardas Senin (*Senior Independent Non-Executive Director*)
Thayaparan Sangarapillai (*Independent Non-Executive Director*)
Tan Sri Ahmad Badri Mohd Zahir (*Non-Independent Non-Executive Director*)
Dato' Sri Abdul Hamidy Abdul Hafiz (*Independent Non-Executive Director*)
Datuk Wan Selamah Wan Sulaiman (*Independent Non-Executive Director*)
Dato' Lee Cheow Hock Lawrence (*Non-Independent Non-Executive Director*)
Moy Pui Yee (*Independent Non-Executive Director*)
Mohamad Idros Mosin (*Non-Independent Non-Executive Director*)
Dato' Dr Nirmala Menon (*Independent Non-Executive Director*)
Tan Sri Muhammad Shahrul Ikram Yaakob (*Independent Non-Executive Director*)
Dato' Jeffri Salim Davidson (*Group Chief Executive Officer*)

To: The Shareholders of Sime Darby

Dear Sir/Madam

PROPOSED SHAREHOLDERS' MANDATE

1. INTRODUCTION

At the Fifteenth AGM of the Company held on 18 November 2021, the Company had obtained a mandate from its shareholders to allow the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations and are carried out in the ordinary course of business on normal commercial terms and on terms which are not more favourable to the Related Parties than those generally available to the public ("2021 Shareholders' Mandate"). The 2021 Shareholders' Mandate shall, in accordance with the Listing Requirements, expire at the conclusion of the forthcoming Sixteenth AGM which will be held on 15 November 2022 unless a renewal of the 2021 Shareholders' Mandate is obtained from shareholders at the said AGM.

The Company had, on 22 September 2022, 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 Listing Requirements at the forthcoming Sixteenth 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 resolutions pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming Sixteenth AGM. An extract of the Notice of the Sixteenth 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 resolutions relating thereto at the Sixteenth 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 RESOLUTIONS PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE AT THE FORTHCOMING SIXTEENTH AGM.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Provisions of the Listing Requirements

- (i) Pursuant to Paragraph 10.09 of the Listing Requirements, 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 Sixteenth AGM and shall continue to be in force until:
 - (a) the conclusion of the next AGM of the Company following the forthcoming Sixteenth 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 Listing Requirements, 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 Listing Requirements 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 2022 comprise Industrial, Motors, Healthcare and others.

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 equipment and spare parts and service support for Caterpillar business
Hastings Deering (Solomon Islands) Limited ("HDSI")	100.00%	Sale of equipment and spare parts and service support for Caterpillar business
Inokom Corporation Sdn Bhd ("Inokom")	53.55%	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
Sime Darby Auto ConneXion Sdn Bhd ("SDAC")	100.00%	Distribution and retail of Ford motor vehicles, spare parts and accessories and provision of after-sales services
Sime Darby Industrial Sdn Bhd ("SDI")	100.00%	Sale of equipment and spare parts and service support for Caterpillar business, other material handling equipment and industrial cleaners, and supply and installation of co-generation systems
Sime Darby Malaysia Berhad ("SDMB")	100.00%	Holding of and licensing of trademarks
Sime Darby Rent-A-Car Sdn Bhd ("SDRAC")	100.00%	Vehicle rental

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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:

(i) Existing Shareholders' Mandate

The details of the Recurrent Related Party Transactions involving the interest of common major shareholder, ASB, in respect of which our Company is seeking renewal of shareholders' mandate as contemplated under the Proposed Shareholders' Mandate are as follows:

No.	Transacting Company in our Group	Transacting Party	Nature of Transaction	Interested Related Party	Estimated Aggregated Value from 18 November 2021 (date of the last AGM) to 15 November 2022 ¹ (RM million)	Actual Value Transacted from 18 November 2021 to the LPD ² (RM million)	Estimated Aggregated Value from the forthcoming AGM on 15 November 2022 to the next AGM ³ (RM million)
Transactions with Sime Darby Plantation Berhad ("SD Plantation") and its subsidiaries							
1.	KSDB	SD Plantation	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 [#]	ASB ⁴	15	15	25
2.	SDMB	SD Plantation	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	2	2
3.	SDRAC	SD Plantation and its subsidiaries	Car rental service income		3	*	2
4.	SDAC	SD Plantation and its subsidiaries	Sale of motor vehicles, parts and services		5	1	3
5.	<ul style="list-style-type: none"> • SDI • HDPNG • HDSI 	SD Plantation and its subsidiaries	Sale of heavy equipment and spare parts and provision of maintenance services		50	38	50
				Total	75	56	82

Note : * Less than RM0.5 million.

(ii) Existing Shareholders' Mandate

The details of the Recurrent Related Party Transactions involving the interest of Bermaz in respect of which our Company is seeking renewal of shareholders' mandate as contemplated under the Proposed Shareholders' Mandate are as follows:

No.	Transacting Company in our Group	Transacting Party	Nature of Transaction	Interested Related Party	Estimated Aggregated Value from 18 November 2021 (date of the last AGM) to 15 November 2022 ¹ (RM million)	Actual Value Transacted from 18 November 2021 to the LPD ² (RM million)	Estimated Aggregated Value from the forthcoming AGM on 15 November 2022 to the next AGM ³ (RM million)
Others							
1.	Inokom	Mazda Malaysia Sdn Bhd ("Mazda Malaysia")	<ul style="list-style-type: none"> ▪ Rental income received from Mazda Malaysia⁴ ▪ Contract manufacturing assembly fees received from Mazda Malaysia 	Bermaz ⁵	2	2	3
		Bermaz Motor Trading Sdn Bhd ("Bermaz Motor Trading")	Rental income received from Bermaz Motor Trading*		150	89	160
		Bermaz Motor Trading Sdn Bhd ("Bermaz Motor Trading")	Rental income received from Bermaz Motor Trading*		1	1	2
		Kia Malaysia Sdn Bhd ("Kia Malaysia")	Contract manufacturing assembly fees received from Kia Malaysia		20	3	55
Total					173	95	220

Notes:

- ¹ The Estimated Aggregate Value as disclosed in the preceding year's Circular to Shareholders dated 20 October 2021.
- ² The Actual Value transacted has not exceeded the Estimated Aggregate Value of the Existing Shareholders' Mandate by 10% or more.
- 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.
- ⁴ ASB is a Major Shareholder of Sime Darby, holding 39.60% direct equity interest in Sime Darby as at the LPD. ASB is also a Major Shareholder of SD Plantation, holding 45.69% direct equity interest in SD Plantation as at the LPD.
- ⁵ Bermaz is a Major Shareholder of Inokom, holding 29.00% direct equity interest in Inokom and an indirect Major Shareholder of Mazda Malaysia, holding an effective interest of 30.00% through Bermaz Motor Sdn Bhd, a direct wholly-owned subsidiary of Bermaz. Bermaz Motor Trading is an indirect wholly-owned subsidiary of Bermaz. Bermaz is also a Major Shareholder of Kia Malaysia, holding 33.33% equity interest in Kia Malaysia. Bermaz does not hold any share in Sime Darby as at the LPD.
- [^] 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 agreements are seven years (ending December 2028) and 37 months (ending April 2024) respectively. The payment is made on a monthly basis.
- ^{*} Property held at Lot 38, Mukim Padang Meha, 09400 Padang Serai, Kulim, Kedah. The duration of the rental is three years (ending September 2024). The payment is made on a monthly basis.
- [#] Location : 29 plots of agricultural land with development potential with a total land area of 3,518 hectares in Labu, Negeri Sembilan.
- Term : Original fixed period of 3 years from 30 June 2017 to 29 June 2020. Agreement has been extended for another 3 years from 30 June 2020 to 29 June 2023.
- 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 2022 are as follows:

Related Party	Nature of Transactions	Outstanding Amount (RM million)	
		1 year or less	1-3 years
SD Plantation	Sale of equipment, parts and services	2.3 ¹	*
SD Plantation	Car rental income	* ²	* ²
SD Plantation	Sale of motor vehicles, parts and services	0.3 ²	-
SD Plantation	Rental income	1.8 ²	-
Total		4.4	*

Notes:

* Less than RM0.1 million.

¹ RM1.1 million collected as at the LPD.

² Settled prior to the LPD.

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 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. For 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 in 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 RM160 million (i.e. 1% of the Net Assets of Sime Darby as at 30 June 2022) 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*)
- Dato' Ahmad Pardas Senin (*Senior Independent Non-Executive Director*)
- Datuk Wan Selamah Wan Sulaiman (*Independent Non-Executive Director*)
- Dato' Sri Abdul Hamidy Abdul Hafiz (*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.
- (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 Listing Requirements 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 2023.

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

Save as disclosed below, 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.

Tan Sri Samsudin Osman, Dato' Lee Cheow Hock Lawrence and Encik Mohamad Idros Mosin, being nominee Directors of PNB, a person connected with ASB, on the Board of Sime Darby, have abstained and will continue to abstain from all Board deliberations and voting on the Proposed Shareholders' Mandate involving the interest of ASB. They will also abstain from voting at the forthcoming Sixteenth AGM of Sime Darby on the ordinary resolution pertaining to the Proposed Shareholders' Mandate involving the interest of ASB in respect of their direct or indirect shareholdings in Sime Darby, if any and have also undertaken to ensure that Persons Connected with them will abstain from voting at the forthcoming Sixteenth AGM of Sime Darby on the ordinary resolution pertaining to the Proposed Shareholders' Mandate involving the interest of ASB in respect of their direct and indirect shareholdings in Sime Darby, if any. As at the LPD, none of the nominee Directors have any direct or indirect interest in Sime Darby.

ASB, being the interested Major Shareholder of the Company and PNB, being the interested Person Connected with Major Shareholder in the Proposed Shareholders' Mandate involving the interest of ASB, will abstain from voting at the forthcoming Sixteenth AGM of Sime Darby on the ordinary resolution pertaining to the Proposed Shareholders' Mandate involving the interest of ASB in respect of their direct or indirect shareholdings in Sime Darby. ASB has also undertaken to ensure that its Persons Connected will abstain from voting at the forthcoming Sixteenth AGM of Sime Darby on the ordinary resolution pertaining to the Proposed Shareholders' Mandate involving the interest of ASB in respect of their direct and indirect shareholdings in Sime Darby, if any.

Bermaz, being the interested Major Shareholder in the Proposed Shareholders' Mandate involving the interest of Bermaz, has undertaken to abstain from voting at the forthcoming Sixteenth AGM of Sime Darby on the ordinary resolution pertaining to the Proposed Shareholders' Mandate involving the interest of Bermaz, in respect of its interest, through either direct or indirect shareholdings in Sime Darby, if any. Bermaz has also undertaken to ensure that its Persons Connected will abstain from voting at the forthcoming Sixteenth AGM of Sime Darby on the ordinary resolution pertaining to the Proposed Shareholders' Mandate involving the interest of Bermaz 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 Sixteenth AGM.

7. DIRECTORS' RECOMMENDATION

Having considered all aspects of the Proposed Shareholders' Mandate, our Directors (save for Tan Sri Samsudin Osman, Dato' Lee Cheow Hock Lawrence and Encik Mohamad Idros Mosin who have abstained from expressing an opinion) are of the opinion that the Recurrent Related Party Transactions as stated in Section 2.3 (i) of this Circular are in the best interest of the Company and its shareholders and not to the detriment of the minority shareholders of the Company.

Further, our Directors are of the opinion that the Recurrent Related Party Transactions as stated in Section 2.3 (ii) of this Circular are in the best interest of the Company and its shareholders and not to the detriment of the minority shareholders of the Company.

Accordingly, they recommend that you vote in favour of the ordinary resolutions pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming Sixteenth AGM.

8. AGM

The Sixteenth AGM of the Company will be held virtually through live streaming from the broadcast venue at Function Room, Ground Floor, Menara Sime Darby, Oasis Corporate Park, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 15 November 2022 at 10.00 a.m. and any adjournment thereof for the purpose of considering and, if thought fit, approving, inter alia, the ordinary resolutions on the Proposed Shareholders' Mandate, as Special Business.

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 SAMSUDIN OSMAN
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) 30 November 2020, Sime Darby Overseas (HK) Limited, an indirect wholly-owned subsidiary of Sime Darby, entered into the following:
 - (a) Equity transfer agreements (“Phase 1 ETAs”) with Jining Port and Shipping Development Group Co., Ltd (“JPSDG”) to divest its entire 70% equity interest in Jining Sime Darby Port Co., Ltd, Jining Sime Darby Longgong Port Co., Ltd and Jining Sime Darby Taiping Port Co., Ltd (collectively, the “Jining Port Companies”) for a total cash consideration of RMB293.9 million (equivalent to approximately RM191 million);
 - (b) Shareholders’ agreement to subscribe to 49% equity interest in Jining Port and Shipping Port Services Co., Ltd (“JPSPS”) for RMB199.9 million (equivalent to approximately RM130 million); and
 - (c) Equity transfer agreements with JPSDG to divest its entire 49% equity interest in JPSPS for a total cash consideration of RMB213.7 million (equivalent to approximately RM139 million) over three (3) years.

The Phase 1 ETAs were completed on 15 December 2020 and the Jining Port Companies have ceased to be subsidiaries of Sime Darby.

- (ii) On 26 March 2021, Sime Darby Nominees Sendirian Berhad, an indirect wholly-owned subsidiary of Sime Darby, entered into a Share Sale Agreement to dispose of its entire stake in Eastern & Oriental Berhad (“E&O”), comprising 155,827,823 ordinary shares and representing approximately 10.89% equity interest in the shares outstanding of E&O, to Amazing Parade Sdn Bhd for a total cash consideration of RM93.5 million. The disposal was completed on the day of signing.
- (iii) On 27 October 2021, Kumpulan Sime Darby Berhad, an indirect wholly-owned subsidiary of Sime Darby, entered into a Sale and Purchase Agreement with Sime Darby Property (MVB Central) Sdn Bhd, a wholly-owned subsidiary of Sime Darby Property Berhad, for the disposal of 760.12 acres of land located in the Malaysia Vision Valley area in Labu, Negeri Sembilan for a cash consideration of RM280 million.
- (iv) On 3 July 2022, Sime Darby Overseas (HK) Limited, an indirect wholly-owned subsidiary of Sime Darby, entered into 7 share sale agreements with SPG Bohaiwan Port Group Company Limited to divest its entire equity interest (direct and indirect) held in the following entities for a total cash consideration of RMB1,920 million (equivalent to approximately RM1,246 million) (“Proposed Disposals”):

FURTHER INFORMATION (Continued)

	Entities	Effective equity interest subject to the Proposed Disposals
1.	Weifang Sime Darby Port Co., Ltd	99.0%
2.	Weifang Sime Darby Logistics Services Co., Ltd	100.0%
3.	Weifang Sime Darby General Terminal Co., Ltd	99.9%
4.	Weifang Wei Gang Tugboat Services Co., Ltd	99.5%
5.	Weifang Sime Darby Liquid Terminal Co., Ltd	50.0%
6.	Weifang Sime Darby West Port Co., Ltd	50.0%
7.	Weifang Senda Container Service Provider Co., Ltd	50.0%
8.	Weifang Ocean Shipping Tally Co., Ltd	39.6%

- (v) On 24 August 2022, Kumpulan Sime Darby Berhad, an indirect wholly-owned subsidiary of Sime Darby, entered into a sale and purchase agreement with NS Corporation for the disposal of 1,382.2 acres of land located in the Malaysia Vision Valley area in Labu, Negeri Sembilan for a cash consideration of RM460 million.

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, our Directors 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 Berhad 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 for an aggregate amount of RM93 million and USD79 million (approximately RM359 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 (“Consent Judgement”) with 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 hearing for the assessment of damages proceeded on 10, 11, 13 January 2022 and 10 March 2022. The hearing will continue on 7 to 11 November 2022.

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. Both under the applicable principles of law and by the terms of the Consent Judgement itself, the damages recoverable by the Plaintiffs during enforcement of the final judgement (obtained after the assessment of damages) will also have to exclude all amounts 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.

(ii) **Bakun Hydroelectric Project (“Bakun Project”) and the Indemnity Agreement Civil Suits (“Bakun Suit”)**

On 24 December 2010, Sime Darby Berhad 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 (“Consent Judgement”) 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. Both under the applicable principles of law and by the terms of the Consent Judgment itself, the damages recoverable by the Plaintiffs during enforcement of the final judgment (obtained after the assessment of damages) will also have to exclude all amounts recovered from Sarawak Hidro Sdn Bhd and/or the Ministry of Finance in relation to the Bakun Project within the time frame stipulated.

(iii) **B-193 Process Platform Project (“PP 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”) 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 RM2.811 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 RM346 million).

FURTHER INFORMATION (Continued)

On 22 March 2018, the tribunal ordered ONGC to pay the Consortium a net sum of USD5.12 million (approximately RM23 million), together with interest at 14% per annum, 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.

On 16 October 2020, SDE and Swiber filed enforcement proceedings against ONGC to seek recovery of the arbitration award. The warrant of attachment for movable properties was issued by the Court. On 19 April 2021, ONGC deposited a sum of INR447 million (approximately RM26 million) to the Court, which includes interest at 14% on the principal sum awarded, from the period of 22 March 2018 to 25 August 2020.

As a result of the sum deposited by ONGC, the award rendered by the arbitral tribunal has been stayed until the Court hears ONGC's application to set aside the arbitration award, the date of which has yet to be fixed.

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.

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 2021 and 30 June 2022;
- (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 SIXTEENTH AGM

AS SPECIAL BUSINESS**RESOLUTION 7**

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

Proposed Renewal of 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 subject to the Companies Act 2016 (“Act”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) and all other applicable laws, guidelines, rules and regulations that may be in force from time to time, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company provided that:

- (a) the aggregate number of shares purchased (which are to be treated as treasury shares) does not exceed ten per cent (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.

THAT the Directors be and are hereby authorised, at their absolute discretion, to deal with the treasury shares which may be distributed as dividends, resold, transferred, cancelled and/or in any other manners as may be permitted or prescribed by the Act, the Listing Requirements and any applicable laws, rules, regulations, guidelines, requirements and/or orders of any other relevant authorities for the time being in force.

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 condition, modification, variation and/or amendment as may be imposed by the relevant authorities.”

RESOLUTION 8

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

Proposed Renewal of Existing Shareholders’ Mandate for the Company and/or its Subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature with Related Parties Involving the Interest of AmanahRaya Trustees Berhad - Amanah Saham Bumiputera (“ASB”)

“THAT in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and subject to the Companies Act 2016 (“Act”), 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 with the related parties involving the interest of ASB, as set out in Section 2.3 of Part B, the Circular to Shareholders dated 17 October 2022, 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 SIXTEENTH 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 the Act, (but shall not extend to such extensions 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;

AND THAT the Directors of the Company be and are 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.”

RESOLUTION 9

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

Proposed Renewal of Existing Shareholders’ Mandate for the Company and/or its Subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature with Related Parties Involving the Interest of Bermaz Auto Berhad (“Bermaz”)

“THAT in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and subject to the Companies Act 2016 (“Act”), 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 with the related parties involving the interest of Bermaz, as set out in Section 2.3 of Part B, the Circular to Shareholders dated 17 October 2022, 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”);

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 the Act, (but shall not extend to such extensions 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;

AND THAT the Directors of the Company be and are 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.”