

**SIME DARBY BERHAD**

(Registration No. 200601032645 (752404-U))

(Incorporated in Malaysia)

**MINUTES OF THE SIXTEENTH ANNUAL GENERAL MEETING OF SIME DARBY BERHAD 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.**

- Present : Members/Proxies - Participation via Remote Participation and Voting Facilities
- 1,020 members/corporate representatives/proxy holders  
(as listed in the attendance sheet)
- Physically Present : YBhg Tan Sri Samsudin Osman – Chairman  
YBhg Dato' Ahmad Pardas Senin  
Mr Thayaparan Sangarapillai  
YBhg Tan Sri Ahmad Badri Mohd Zahir  
YBhg Dato' Sri Abdul Hamidy Abdul Hafiz  
YBhg Datuk Wan Selamah Wan Sulaiman  
YBhg Dato' Lawrence Lee Cheow Hock  
Ms Moy Pui Yee  
Encik Mohamad Idros Mosin  
YBhg Dato' Dr Nirmala Menon  
YBhg Tan Sri Muhammad Shahrul Ikram Yaakob  
YBhg Dato' Jeffri Salim Davidson, Group Chief Executive Officer  
Encik Mustamir Mohamad, Group Chief Financial Officer  
Cik Noor Zita Hassan, Group Secretary
- Representative of PricewaterhouseCoopers PLT  
Mr Irvin Menezes, Partner
- Representative of Tricor Investor & Issuing House Services Sdn Bhd  
Ms Saw Wai Chuan, Executive Director, Investor Services
- Representative of Coopers Professional Scrutineers Sdn Bhd  
Mr Chuah Poo Sian, Director
- Virtually Present via Video Conference : YBhg Datuk Thomas Leong Yew Hong, Group Chief Strategy Officer  
Puan Roselaini Faiz, Group Chief Human Resource Officer  
Mr Dean Mehmet, Managing Director - Industrial Division  
Mr Andrew Basham, Managing Director - Motors Division  
Mr Deny Rahardjo, Group Chief Information & Digital Officer  
Mr Goh Hai Peow, Advisor, Group IT

## 1.0 **OPENING REMARKS BY THE CHAIRMAN**

1.1 Tan Sri Samsudin Osman, the Chairman of Sime Darby Berhad (“Sime Darby” or “Company”), presided as Chairman of the Meeting and welcomed all persons present at the Sixteenth Annual General Meeting (“16<sup>th</sup> AGM” or the “Meeting”) of Sime Darby.

1.2 The Chairman informed the Meeting that as a measure of precaution to reduce non-essential contact in the current risks of the COVID-19, the 16<sup>th</sup> AGM of the Company was conducted virtually and live-streamed from the broadcast venue at Sime Darby’s office at Menara Sime Darby, Oasis Corporate Park, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

1.3 The Chairman added that the Company would do its best to ensure a smooth live streaming. However, the quality of the broadcast was dependent on the participant’s bandwidth and stability of the internet connection.

## 2.0 **QUORUM**

2.1 The requisite quorum being present, the Chairman called the Meeting to order at 10.00 a.m.

2.2 The Chairman proceeded to introduce members of the Board of Directors (“Board”) and the management team present at the broadcast venue and participated via video conferencing. The Chairman also introduced the representative from PricewaterhouseCoopers PLT (“PwC”), the Auditors of the Company, the representative from Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”), the Company’s Share Registrar, and the representative from Coopers Professional Scrutineers Sdn Bhd (“CPS”), the Scrutineers, who were also present at the broadcast venue.

## 3.0 **PRELIMINARY**

3.1 The Chairman informed the Meeting:

- (i) That the Notice of Annual General Meeting was issued to all shareholders on 17 October 2022 and made available on the same day on the Company’s website in accordance with the Company’s Constitution.
- (ii) That the Company’s Annual Report 2022 was uploaded on the Company’s website for all the shareholders and released to Bursa Malaysia Securities Berhad (“Bursa Securities”) on 17 October 2022.
- (iii) That information on the Company, its activities, results and financial position for the financial year ended 30 June 2022 were set out in the Annual Report 2022.

#### 4.0 **NOTICE OF MEETING**

4.1 With the consent of the shareholders and proxy holders present, the Notice of AGM was taken as read.

#### 5.0 **GENERAL INSTRUCTIONS ON MEETING PROCEDURES**

5.1 The Chairman briefed the Meeting as follows:

- (i) shareholders and proxy holders who attended the 16<sup>th</sup> AGM remotely would have submitted questions for the Board in advance through Tricor's TIH Online before the closing date on 14 November 2022 at 10.00 a.m. Shareholders and proxy holders could pose questions to the Board through a real time submission of typed texts during the proceeding of the 16<sup>th</sup> AGM by posting the questions in the query box;
- (ii) shareholders and proxy holders were encouraged to take the opportunity to participate in the affairs of the Company by deliberating and voting on the resolutions which would be put to vote via electronic poll via remote participation and voting facilities ("RPV") provided by Tricor;
- (iii) the online remote voting via RPV was accessible to shareholders and proxy holders from 10.00 a.m. onwards until the closing of the voting session;
- (iv) the polling and verification process would take approximately 30 minutes and after the end of the polling and verification process, CPS, being the Scrutineers would declare the poll results of the AGM; and
- (v) in accordance with the Notice of AGM, the cut-off date to determine those who were qualified to attend, speak and vote at the Meeting was on 7 November 2022;
- (vi) a total of 773 valid proxy forms were lodged within the stipulated timeframe, representing 5,737,434,324 ordinary shares or 84.25% of the total ordinary shares of Sime Darby of 6,809,918,477; and
- (vii) 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 had been given to the Chairman without any voting instructions, the Chairman expressed his intention to vote in favour of the resolutions set out in the Notice of AGM.

5.2 The Chairman further informed the Meeting of the procedures on poll voting:

- (i) in accordance with the Main Market Listing Requirements of Bursa Securities ("Listing Requirements"), all resolutions set out in the Notice of AGM would be voted by way of electronic poll;
- (ii) each share would represent one (1) vote in the polling which would be carried out by way of electronic voting via RPV;

- (iii) the poll voting for all resolutions set out in the Notice of AGM would commence after the adjournment of the Meeting. All questions posed on the resolutions would be dealt with prior to the commencement of the polling process;
- (iv) a total of 9 resolutions were to be voted for at the Meeting, all of which were proposed as ordinary resolutions which required a simple majority in order for the resolutions to be passed; and
- (v) Tricor had been appointed as the Poll Administrator to conduct the polling process and CPS as the Scrutineers to verify the poll results.

5.3 That a short video outlining the RPV process was played. The online remote voting via RPV was accessible from 10.00 a.m. onward until the voting session was closed.

5.4 The Chairman also briefed the Meeting on the programme outline of the 16<sup>th</sup> AGM's agenda which would commence with a brief review of Sime Darby's performance by the Group Chief Executive Officer ("GCEO"), to be followed by a brief presentation on the questions received from the Minority Shareholders Watch Group ("MSWG") and the Company's response, presentation of all the resolutions set out in the Notice of AGM, questions and answers session, adjournment of the AGM and commencement of the AGM polling process via RPV, declaration of the poll results of the AGM and conclusion of the AGM.

## 6.0 **PRESENTATION BY THE GROUP CHIEF EXECUTIVE OFFICER**

6.1 The Chairman invited Dato' Jeffri Salim Davidson, the GCEO, to present the Company's performance and key events during the financial period under review.

6.2 The following was the summary from the GCEO's presentation:

- (i) Sime Darby is one of Malaysia's oldest multinational companies, operating in 19 countries across Asia Pacific, with China being the largest market and Australia, the second;
- (ii) the Group is currently the third largest dealer for BMW, the second largest dealer for Caterpillar and one of the largest Rolls Royce dealers in the world. The Group also has a whole suite of other high-quality brands across the full spectrum of segments. Sime Darby is proud to be the "Partner of Choice for World Class Brands Who Want to Grow in Asia Pacific";
- (iii) the Group's vision is to become the leading automotive and industrial equipment trading company in the Asia Pacific region. The Group's diversified portfolio across different sectors and geographies, gives it the unique ability to leverage on an established network to broaden its earnings base. More than 85% of revenue generated outside Malaysia. China and Australia, being the key markets, each generated close to 40% of the Group's revenue in its respective market;

- (iv) supported by a regional network of 191 branches spanning 16 countries and territories throughout Asia Pacific, Sime Darby Industrial offers over 30 industrial brands and solutions including world-renowned premium names including Caterpillar. Sime Darby Industrial is not only one of the world's largest Caterpillar dealers, it is also one of Caterpillar's most enduring partners with a collaboration that spans over 92 years;
- (v) Sime Darby Motors is involved in retail, distribution, assembly and rental. With over 50 years of experience, Sime Darby Motors represents more than 30 of the world's largest automotive brands ranging from super luxury marques to mass markets. Today, Sime Darby Motors is one of the largest BMW dealers globally and the top Rolls-Royce dealer in Asia Pacific;
- (vi) Ramsay Sime Darby Health Care is a 50:50 joint venture between Sime Darby and Ramsay Health Care in Australia. Its portfolio consists of 1,530 licensed beds across seven premium hospitals in Malaysia and Indonesia;
- (vii) during the year, the Group successfully divested Weifang Port, which marked a full exit of the Group's non-core Logistics business, and the disposal of parcels of the Malaysia Vision Valley land at Labu. The Group will continue to rationalise its non-core assets to streamline its portfolio in order to focus on its core businesses;
- (viii) despite the tough operating conditions, the Group delivered a resilient performance during the financial year ("FY") 2022. The Group's industrial business in Australia benefitted from bullish commodity prices which drove equipment sales. However, the Group's China business saw a decline due to the slowdown in the construction industry in China. The Motors business in China generated lower profits due to lockdowns and inventory shortages. However, this was offset by Malaysia, which saw higher profits following the extension of the Sales and Service Tax ("SST") exemption. Strong demand for product offerings in Australia and New Zealand has also seen improved profit margins;
- (ix) generally, the performance of the Group had steadily improved since 2018. The Group's net profit had doubled from RM618 million in 2018 to RM1.1 billion in 2022, primarily due to favourable market conditions in China and Australia, efficient working capital management and margin enhancement initiatives;
- (x) key achievements for the financial year included the following:
  - (a) greenfield expansion in China for luxury brands such as BMW (Jiangmen, Foshan and Shenzhen) and MINI (Changsha and Guangzhou). The Group successfully secured 16 new dealerships and service centres in China in this financial year;
  - (b) secured the first Porsche assembly rights outside of Europe. The first CKD Cayenne was rolled-out from the Group's plant in Kulim this financial year;

- (c) successfully rolled out a wide array of EV marques across the Group, ranging from BMW to Porsche, Volvo and Hyundai; and
  - (d) the completion of the divestment of Weifang Port.
- (xi) the areas of focus moving forward are as follows:
- (a) Operational Excellence – to achieve full potential in the Group’s operations by improving margins, growing market share and enhancing working capital management;
  - (b) Business Expansion – to grow the Group’s sales networks for both Motors and Industrial with new brands and new markets and to constantly seek out opportunities to maximise returns for shareholders by way of new ventures and collaborations into other emerging markets such as India and Indonesia;
  - (c) Capitalisation on Reopening of Economy – to capture business opportunities as the economies reopen; and
  - (d) ESG and Sustainability – to roll out ESG initiatives such as EV charging infrastructure, solar panels for the Group’s facilities and mobility investments to progress on the Group’s ESG Masterplan.
- (xii) with the dividend declared, the Group’s Total Shareholder Return (TSR) at 1.5% (from 1 January 2022 to 7 November 2022) outperformed the KLCI by 6.3 percentage points. For FY2022, the Group declared a total dividend of 11.5 sen per share amounting to RM783 million and equivalent to 71% of the FY2022 net profit of RM1.103 billion.

6.3 The Chairman informed the Meeting that the Company had received a letter from MSWG. With permission from the shareholders and proxy holders, the GCEO summarised the Company’s responses to MSWG’s queries as follows:

- (i) there was a large increase in orders following the extension the SST exemption for the purchase of new vehicles that ended on 30 June 2022. Sime Darby Motors is confident that the backlog of accumulated orders will be cleared before the expiry of the SST exemption on 31 March 2023;
- (ii) to support the adoption of electric vehicles (“EVs”), the Group has established KINETA, a business unit focusing on supplying and installing EV chargers and providing EV charging solutions. KINETA has partnered with Tenaga Nasional Berhad to install and maintain EV chargers along the North South Highway. At the moment, the numbers for KINETA are still relatively small to the Group, but the Group is confident that it would grow;

- (iii) the Group's inventories of about RM9.2 billion consist mainly of motor vehicles, industrial equipment and parts. The total net inventory write-down and provision for FY2022 of RM73 million is about 0.8% of the carrying value of the inventories as at 30 June 2022. The Group's policy is to carry inventories at the lower of cost or net realisable value. The increase in inventories is partly due to strategic inventory purchases to mitigate against supply disruptions and the rise in cost. Management will continue to monitor inventory levels to mitigate the risk of write downs;
- (iv) the proposed amendments to Malaysia's Employment Act, in terms of working hours and overtime entitlement, will have no impact to the Group as the Group is already practicing weekly working hours of 45 hours or lesser. In terms of overtime entitlement, based on preliminary assessment, there will not be a material impact to the Group's financial performance;
- (v) the decrease in the internal audit cost by RM2.6 million in FY2022 is primarily due to better cost management and the reduction in travelling expenses; and
- (vi) the Board acknowledges the importance of gender diversity in the boardroom. However, the Board believes that a holistic view of diversity including diversity in professional and industry experience, age, ethnic backgrounds, personal attributes, understanding of different geographical regions as well as diversity in perspectives and skills should also be considered. The Nomination & Remuneration Committee of Sime Darby considered both male and female candidates for appointment as Directors to the Board. Its primary focus remained identifying the best candidate as a Director of Sime Darby.

The letter from MSWG and the Company's response dated 7 November 2022 and 10 November 2022, respectively, has been posted on the Company's website.

A copy of the letter from MSWG and the Company's response are enclosed as Appendix I and Appendix II, respectively.

- 6.4 The GCEO concluded his presentation and thanked all the shareholders and proxy holders for their attention.
- 6.5 The Chairman thanked the GCEO for his presentation and proceeded with the items in the Agenda of the AGM.
- 7.0 **AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND THE AUDITORS THEREON**
- 7.1 The Chairman informed the Meeting that the Annual Report 2022 incorporated the Audited Financial Statements of the Company for the financial year ended 30 June 2022 together with the Reports of the Directors' and Auditors' thereon had been sent to all the shareholders in accordance with the Constitution of the Company.

7.2 The Chairman further informed that pursuant to Section 340(1)(a) of the Companies Act 2016 and Rule 162(d) of the Constitution of the Company, the Audited Financial Statements were not required to be formally approved by the shareholders. Therefore, the Audited Financial Statements were not tabled for voting but were tabled for discussion only.

7.3 The Chairman invited questions and views from the shareholders and proxy holders for the Board and Management to address or note accordingly. A summary of the questions and comments raised and the Company's responses thereto was as follows:

7.3.1 Comments raised by Shareholders (*Stephen Lye Tuck Meng, Lee Kek Eng and Loo Yeo Min*)

- (i) Kindly give us some e-vouchers, food vouchers or e-wallet (no discount vouchers please) for being loyal shareholders and attending this meeting. Times are bad now. Please be considerate to us shareholders during these trying times.

Response

- (i) The Company will continue to focus on delivering sustainable dividend yields. For FY2022, the Company declared a total dividend of 11.5 sen per share, including the first interim dividend of 4 sen per share paid in May 2022. The total dividend for the year was RM783 million, equivalent to 71% of the Group's net profit for the year. This is the real value to the shareholders of the Company. It is the Company's policy to distribute a dividend of not less than 50% of the net profit each financial year.

7.3.2 Question raised by Shareholder (*Tan Keng Chok*)

As the COVID-19 pandemic has ended months ago, when will the AGM be conducted like previous arrangement, where shareholders are allowed to attend in persons (physically) for better interaction with Board members and management team as well as among shareholders?

Response

Although Malaysia has moved into an endemic stage, the spread of the COVID-19 with the new variants that emerged from the COVID-19 pandemic remains a concern. Therefore, to ensure the safety of all attendees involved in the AGM, the Board decided to continue leveraging on the convenience of technology to facilitate communication and engagement with its shareholders and thereby conduct its 16<sup>th</sup> AGM on a virtual basis. Virtual AGMs allows the Company to reach out to a larger base of shareholders particularly those who are not residing in Kuala Lumpur. Moving forward, Sime Darby will likely to adopt a hybrid AGM.



7.3.3 Question raised by Shareholder (Teo Cher Ming)

With the announcement that Sime Darby Motors is distributing BYD EVs in Malaysia, what is Management's projection for the sales and top line/bottom line contribution from this business?

Response

Sime Darby Motors has been appointed the official distributor of BYD vehicles in Malaysia. Management is optimistic of the BYD brand. Globally, BYD is the best-selling new energy vehicles ("NEV"). BYD has successfully surpassed Tesla in 2021 in terms of sales. With BYD's modern designs coupled with relatively affordable price point, market demand is expected to be strong.

7.3.4 Questions raised by Shareholder (Teo Cher Ming)

Singapore is a key market where Performance Motors Limited has been the sole distributor of BMW. Will the introduction of another dealer have a financial impact/revenue loss to the Company? And is BMW unhappy with Performance Motors Limited's performance?

Response

- (i) Performance Motors Limited has been the leading premium brand in Singapore with longstanding relationships with BMW for over 40 years. It has performed well over the years and has a long track record, experience, scale, and good relationships with BMW.
- (ii) In Malaysia, a total of 10,000 BMW vehicles are sold by 25 dealers whereby in Singapore, a total of 4,000 BMW vehicles are sold by one dealer. BMW felt that there is a room for another dealer in Singapore to provide better coverage for its customers.
- (iii) Sime Darby Motors will continue to work to enhance BMW's market share. The Group has strong fundamentals which include excellent after-sales support, innovative digital marketing, superior customer experience and operational efficiency across all business segments.

7.3.5 Comment and questions raised by Shareholder (Teo Cher Ming)

What is next for the healthcare business? In the Edge interview earlier, the Chief Executive Officer ("CEO") quoted that it does not make sense for Sime Darby to have hospitals when we are selling cars and tractors. Can the CEO clarify on that point where he mentioned that healthcare is a non-core for Sime Darby?

### Response

With the increased demand for healthcare and growing affluence in the region, the Group believes that the healthcare business has significant inherent value and bright prospects. The Group will continue to manage this business and to seek out opportunities to maximise returns for its shareholders.

#### 7.3.6 Question raised by Shareholder (Teo Cher Ming)

At last year's AGM, the Company provided some insights on the change from dealership to agency model and the impact to Sime Darby and the Edge interview in August further highlighted the challenges and uncertainties. It was mentioned also that in China the MINI brand has started experimenting with this agency model. Can the Company provide an update on this since this is one of the things that keep the CEO awake at night?

### Response

- (i) An increasing number of automakers have started to experiment with the agency sales model. Automakers are breaking away from the traditional dealership model and are exploring direct to customer models. This may not necessarily be bad for dealers. For example, manpower and inventory holding costs will be reduced.
- (ii) Management believes that dealerships will still play a critical role in the premium and luxury segments where more personalised customer experience is expected. Management believes that it will be less susceptible to the impact of the agency model. Nevertheless, the Group is building up other profit pools such as aftersales and used car businesses, both of which are higher margin segments. The Group's broad portfolio of brands and geographical footprint will also provide a buffer, as Management believes that the shift will not happen everywhere, all at once.

#### 7.3.7 Questions raised by Shareholder (Teh Sue Leng)

How much does the Company spend on this virtual AGM? Will the Board of Directors consider giving shareholders e-wallet as a token of appreciation for attending today's meeting? I would like to request a printed hard copy of the company annual report.

### Response

- (i) The cost of conducting this virtual AGM is approximately RM140,000 as compared to RM144,000 in the previous year. The cost of production of the Annual Report 2022 ("AR 2022") of Sime Darby increased slightly mainly due the rising material cost.

- (ii) The Company continues to focus on delivering strong operational result to enable dividends to be paid to shareholders.
- (iii) Shareholders may request for copies of the printed AR 2022 of Sime Darby through the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd.

7.3.8 Comment and questions raised by Shareholder (Koh Chooi Peng)

Ramsay Sime Darby Health Care ("RSDH") declared and paid RM75 million dividend in FY2021, but no dividends were paid in FY2022 despite an improvement in Profit Before Tax of RM142 million (RM117 million in FY2021) (Note 13 - Page 225 of Annual Report 2022). What are the reason(s) for non-declaration of dividends by RSDH and will dividends be declared for FY2023?

Response

In FY2021, RSDH spent RM370 million on the acquisition of Manipal Hospital Klang. In FY2022, funds generated from the operations were largely utilised to partly repay the borrowings for the acquisition. The declaration of dividends by RSDH in FY2023 will be subject to the financial performance and the Board's decision of RSDH.

7.3.9 Comment and questions raised by Shareholder (Koh Chooi Peng)

There is a large increase in working capital.

- (i) What is the breakdown in the increase in inventories and receivables for the Industrial and Motor business?
- (ii) Will similar high amount of working capital be incurred in FY2023?

Response

- (i) The increase in inventories at both divisions is partly due to strategic inventory purchases to mitigate against supply disruptions and price inflation. The increase in inventories is RM459 million for Motors and RM92 million for Industrial.

The increase in receivables is mainly due to higher sales recorded for the fourth quarter of FY2022 and prepayments for purchase of inventories for Motors in China. The increase in receivables is RM429 million for Motors and RM292 million for Industrial.

- (ii) For FY2023, the Group will focus on efficient working capital and inventory management

7.3.10 Questions raised by Shareholder (Kow Lih Shi)

What is the status of the Carsome investment? Is it profitable?

Response

The Company has not invested in Carsome. Given the growing trends in alternative mobility, the Group made several strategic investments in the mobility space with investments in players like Carro, to enhance learnings in this space and to reap synergy benefits with the Group's traditional auto business. The aim is to keep abreast with the latest developments in the mobility space with a view to future prepare the Group's Motors business. The Group has an investment of USD5 million in Carro. Carro has targeted for an IPO, but given the recent difficult market conditions, the IPO is unlikely to happen this year.

7.3.11 Questions raised by Shareholder (Alex Tan Yoke San)

With the introduction of EVs in the near terms, the impact on the aftermarket will be huge as EV only has 90% of the moving items as compared to ICE vehicles.

- (i) What steps are being taken to address the likely shortfall in revenue and profit for the automotive sector?
- (ii) What steps are being taken to address the excess space at the warehouses (for parts storage) across the region? Will there be quick sale of these facilities?

Response

- (i) Although the transition to EVs is already underway, there will remain a long "tail" of opportunity from ICE cars. The reduced traditional service revenue opportunities will also likely be offset by improved customer retention rates which will have a positive impact on aftersales revenue and net profits. These upsell opportunities included battery changing, tyre replacement and other associated works.
- (ii) It is too early to assess whether there will be excess space at the warehouses.

7.3.12 Question raised by Shareholder (Koh Chooi Peng)

There are two joint ventures ("JVs") and associate listed in the list of subsidiaries, JVs and associates (pages 293 and 294 of the AR 2022), namely Malaysia-China Hydro JV and Sime Darby Almanan WLL. Please provide an update on these two JVs and associate, what are their operational status, performance and future plans?

### Response

Both Malaysia-China Hydro Joint Venture and Sime Darby Almana WLL are presently dormant. The companies will be dissolved upon the expiration of the warranty period and fulfilment of all contractual obligations with the JV partners.

#### 7.3.13 Question raised by Shareholder (Mr Lim San Kim)

Is RSDH considering acquiring another hospital to expand its healthcare business?

### Response

The Group will continue to manage its healthcare business and to seek out opportunities including any acquisition when the price and timing is right, to maximise returns for its shareholders.

#### 7.3.14 Questions raised by Shareholder (Koh Chooi Peng)

The Group's floating term loans that are subject to contractual interest rates re-pricing within 1 year amount to RM594 million which is higher than FY2021 (RM378 million).

- (i) Why is there an increase in floating rate loans when it is well known that interest rates are increasing?
- (ii) What are the Group's plans to mitigate the increasing interest rates to reduce its impact on its financing costs?

### Response

- (i) Efforts will be made to hedge the long-term loans. Given the Group's trading business, the borrowings on floating rates consist mainly of short-term borrowings.
- (ii) The Group will continue to manage the interest rate risk through interest rate swaps and other interest rate derivatives.

#### 7.3.15 Questions raised by Shareholder (Tan Keng Chok)

The Industrial operations in Malaysia reported a loss despite generating a revenue of RM921 million as compared to China and Singapore (page 82 of the AR2022).

- (i) What are the reasons for the loss in FY2022?
- (ii) Will the Malaysia Industrial business return to profitability in FY2023?

### Response

- (i) The loss in FY2022 for Industrial operations in Malaysia is mainly due to the recognition of project losses incurred by Sime Darby Joy Industries Sdn Bhd.
- (ii) There have been structural changes affecting the Industrial business in Malaysia where there has been a significant reduction in logging and shipbuilding activities. Moving forward, the focus for Industrial Malaysia will be in the power systems and other small equipment for Caterpillar.

#### 7.3.16 Question raised by Shareholder (Rusli bin Abdullah)

With the world moving towards zero emission vehicles (or battery electric vehicle (“BEV”)), will Sime Darby shift its motor assembly plants towards such product?

### Response

The Group is supportive of the domestic EV assembly industry. The plan for Sime Darby to shift its motor assembly plants towards EV, however, is subject to many factors which include the agreement with principals, local assembly incentives from the government as well as the demand for EV in Malaysia.

#### 7.3.17 Comments raised by Shareholder (Tan Kwong Meng)

I would like to request again for the roadmap of adoption of technology in the business of Sime Darby.

### Response

The Group acknowledges the importance of technology and innovation to enhance its business offerings and improve competitiveness. The Group has developed an overarching sustainability blueprint for the Group, which embeds sustainability into its business operations.

The Group has also invested in Mine Energy Solutions, a technology that allows mining trucks to convert from diesel to high density compressed natural gas, shows the Group’s commitment towards clean technology.

Initiatives under the Group’s mobility unit, includes partnerships with car-sharing and fleet management companies, aligned with the Group’s ESG agenda. The Group will continue to review additional opportunities to reduce the Group’s carbon footprint through renewable energy solutions.

7.3.18 Question raised by Shareholder (Chea Ah Chun)

What are the business Sime Darby has in China?

Response

The Group's two main businesses in China are the sale of motors vehicles and industrial equipment. Its automotive business, represented by Sime Darby Motors, is involved primarily in the sale and aftersales support of luxury and super-luxury brands. The Industrial equipment is involved in the selling and renting of industrial equipment and the provision of aftersales product support and parts. The Group's China operations contributes around 40% of the Group's revenue.

7.3.19 Question raised by Shareholder (Kow Lih Shi)

This year is more profit made due to auto demand, right?

Response

The Group's results for FY2022 were generally impacted by the lower profit from the China operations and increase in interest rates across many jurisdictions. China's zero-COVID policy, with the strict restrictions and lockdowns, has severely affected the Group's operations. The industrial business in China has also been severely affected by the slowdown in the construction industry in the country. However, demand in the region for cars remains relatively strong. The Group remains positive about the future outlook of the Chinese market.

The outlook for the heavy equipment sector is encouraging with demand for mining expected to remain resilient on the back of the ongoing global energy transition and regional fundamentals. Strong commodity prices and the recovery of the infrastructure sector will continue to drive demand for heavy equipment.

7.4 As there were no further questions and/or comments from shareholders/proxy holders, the Chairman thanked the GCEO and proceeded with the remaining business on the Agenda of the AGM.

8.0 **RESOLUTIONS**

8.1 The Chairman proceeded to put forward the resolutions as set out in the Notice of AGM for shareholders and proxy holders to consider and vote as follows:

- (i) Payment of fees to the Non-Executive Directors of up to an amount of RM4,400,000 from the 16<sup>th</sup> AGM until the next AGM of the Company as explained under Explanatory Note 2 of the Notice of the AGM in the Annual Report.

- (ii) Payment of benefits to the Non-Executive Directors of up to an amount of RM1,500,000 from the 16<sup>th</sup> AGM until the next AGM of the Company as explained under Explanatory Note 2 of the Notice of the AGM in the Annual Report.
- (iii) Election of Tan Sri Muhammad Shahrul Ikram Yaakob pursuant to Rule 82.2 of the Company's Constitution.
- (iv) Re-election of Datuk Wan Selamah Wan Sulaiman and Mr Thayaparan Sangarapillai pursuant to Rule 103 of the Company's Constitution.
- (v) Re-appointment of PricewaterhouseCoopers PLT as the Auditors of the Company for the financial year ending 2023 and the authorisation to the Directors to fix their remuneration pursuant to Section 271 of the Companies Act 2016.
- (vi) Proposed renewal of Share Buy Back Authority for the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company, of which the details of the proposal were as that set out in the Share Buy-Back Statement dated 17 October 2022.
- (vii) 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 interest of Amanahraya Trustee Berhad – Amanah Saham Bumiputera and Bermaz Auto Berhad, details as per Section 2.3 of Part B of the Circular to Shareholders dated 17 October 2022.

## 9.0 **ANY OTHER BUSINESS**

- 9.1 The Chairman informed that there was no other business to be transacted of which due notice had been given in accordance with the Companies Act 2016.

## 10.0 **POLLING THROUGH REMOTE PARTICIPATION AND VOTING**

- 10.1 The Chairman reminded the shareholders and proxy holders who had not voted to cast their votes accordingly. The voting session was opened for 10 minutes and closed at 11.37 a.m.

## 11.0 **ADJOURNEMENT OF THE ANNUAL GENERAL MEETING**

- 11.1 The Chairman informed that the AGM would be adjourned for 20 minutes for the verification of votes and would resume upon the completion of the verification for the declaration of the results of the poll by the Scrutineers.
- 11.2 With the consent of the shareholders and proxy holders present, the AGM was adjourned at 11.37 a.m.



12.0 **ANNOUNCEMENT OF THE POLL RESULTS OF THE ANNUAL GENERAL MEETING**

12.1 The Chairman resumed the Meeting at 11.57 a.m. and called the Meeting to order for the declaration of the poll results in respect of each of the resolution.

12.2 The poll results of the AGM were as follows:

Resolution	Description	Voted	No. of Shareholders	No. of Shares	% of Voted Shares	Results
Ordinary Resolution 1	To approve the payment of fees to the Non-Executive Directors up to an amount of RM4,400,000 from the Sixteenth AGM until the next AGM of the Company.	For Against	1,505 181	5,738,089,337 1,816,396	99.9684 0.0316	Approved
Ordinary Resolution 2	To approve the payment of benefits to the Non-Executive Directors up to an amount of RM1,500,000 from the Sixteenth AGM until the next AGM of the Company.	For Against	1,498 186	5,735,635,955 4,266,758	99.9257 0.0743	Approved
Ordinary Resolution 3	To elect Tan Sri Muhammad Shahrul Ikram Yaakob who retires in accordance with Rule 82.2 of the Constitution of the Company.	For Against	1,587 106	5,736,211,866 3,830,728	99.9333 0.0667	Approved
Ordinary Resolution 4	To elect Datuk Wan Selamah Wan Sulaiman who retires in accordance with Rule 103 of the Constitution of the Company.	For Against	1,585 108	5,729,164,349 10,879,245	96.9088 3.0912	Approved
Ordinary Resolution 5	To elect Mr Thayaparan Sangarapillai who retires in accordance with Rule 103 of the Constitution of the Company.	For Against	1,578 115	5,725,296,276 14,699,957	99.7439 0.2561	Approved
Ordinary Resolution 6	To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 30 June 2023 and to authorise the Directors to determine their remuneration.	For Against	1,594 106	5,725,442,973 14,598,631	99.6807 0.3193	Approved
Ordinary Resolution 7	To approve the Proposed Renewal of Share Buy-Back Authority for the Company to Purchase its Own Shares.	For Against	1,555 138	5,704,925,462 27,969,199	99.6840 0.4879	Approved
Ordinary Resolution 8	To approve the 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 Interest of AmanahRaya Trustees Berhad - Amanah Saham Bumiputera.	For Against	1,562 112	2,323,678,491 118,414	99.9949 0.0051	Approved

Resolution	Description	Voted	No. of Shareholders	No. of Shares	% of Voted Shares	Results
Ordinary Resolution 9	To approve the 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 Interest of Bermaz Auto Berhad.	For Against	1,566 112	2,323,699,771 97,212	99.9958 0.0042	Approved

### 13.0 **CONCLUSION**

13.1 The Chairman concluded the business at the 16<sup>th</sup> AGM of the Company and declared the 16<sup>th</sup> AGM closed at 12.05 p.m. On behalf of the Board and Management, the Chairman thanked all shareholders and proxy holders for their virtual attendance and participation.

Date: 20 December 2022



**MINORITY SHAREHOLDERS WATCH GROUP**  
Shareholder Activism and Protection of Minority Interest

7 November 2022

**BY EMAIL/FAX/HAND**  
(Fax No: 603- 7623 2100)

The Board of Directors  
**SIME DARBY BERHAD**  
Level 9, Menara Sime Darby  
Oasis Corporate Park  
Jalan PJU 1A/2, Ara Damansara  
47301 Petaling Jaya  
Selangor Darul Ehsan

**Attention: Cik Noor Zita Hassan**  
**Company Secretary**

Dear Directors,

**Re: 16<sup>th</sup> Annual General Meeting (“AGM”) of Sime Darby Berhad (“Sime Darby” or the “Company”) to be held on Tuesday, 15 November 2022**

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In the interest of minority shareholders and all other stakeholders of the Company, we would like to raise the following questions: -

**Operational & Financial Matters**

1. In relation to Sime Darby's Motors Division, the Malaysian operations which benefitted from the extended sales tax exemption, had an outstanding year. (page 22 of AR2022)

Given that the sales tax holiday has ended, to-date has all the backlog of orders for cars ordered before 30 June 2022 been delivered? How many remain outstanding?

2. The Group have set up a new business unit, KINETA which supplies and installs EV chargers and EV charging solutions in Malaysia and Hong Kong. (page 19 of AR2022)

**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**

Incorporated in Malaysia Registration No: 200001022382 (524989-M)

LEVEL 23, UNIT 23-2, MENARA AIA SENTRAL

No. 30, JALAN SULTAN ISMAIL

50250 KUALA LUMPUR

TEL: (603) 27320010

E-mail: [mwatch@mswg.org.my](mailto:mwatch@mswg.org.my) Website: [www.mswg.org.my](http://www.mswg.org.my)

- (a) To-date, how many EV chargers and EV charging solutions have the Group provided in Malaysia and Hong Kong?
  - (b) How many EV chargers does the Group plan to install in Malaysia and Hong Kong for financial year ending 2023?
3. Inventory write-down and provision (net) increased to RM73 million (2021: RM44 million). (page 185 of AR2022)
- (a) What comprises the inventory that has been written down? How much of the written down inventory is still saleable?
  - (b) Given that the Group inventories have increased to RM9.2 billion (2021: RM8.3 billion) (page 180 of AR2022), what is the probability of higher inventory write-down and provision in financial year ending 2023?
4. The implementation of the new amendments to the Employment Act 1955, which include the reduction of weekly working hours in Malaysia from 48 to 45 hours and raising the monthly salary threshold for employees' entitlement to overtime benefits from RM2,000 to RM4,000, have been postponed to 1 January 2023.

To what extent do the amendments impact the Group financially when the new amendments are enforced?

### **Corporate Governance Matters**

5. In FY2022, total cost incurred for the internal audit function at the Group was RM13.9 million (FY2021: RM16.5 million). (page 146 of AR2022)

What is the reason for the decrease in internal audit cost by RM2.6 million?

6. Sime Darby has departed from adopting Practice 5.9 of the Malaysian Code on Corporate Governance (MCCG), which encourages a board to comprise at least 30% of women directors.

### **BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**

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Currently, Sime Darby's Board comprises twelve directors, out of whom three are female directors, representing 25% female representation at the Board level. The Company newly appointed a male Independent Non-Executive Director on 8 June 2022, to the Board (page 21 of AR2022).

Did the Nomination & Remuneration Committee consider any female candidate as potential director, prior to appointing a male director?

Please present the questions raised herein, and the related answers, to the shareholders present at the forthcoming AGM. At the same time, we await a written reply as soon as possible for our records.

Thank you.

Yours sincerely



**Devanesan Evanson**

Chief Executive Officer

DE/ECYL/SIMEDARBY/AGM 2022

**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**

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Delivering  
Sustainable  
Futures

10 November 2022

**MINORITY SHAREHOLDERS WATCH GROUP**

Level 23, Unit 23-2  
Menara AIA Sentral  
No. 30, Jalan Sultan Ismail  
50250 Kuala Lumpur

**Attention: Mr Devanesan Evanson**  
**Chief Executive Officer**

Dear Sirs,

**Sixteenth Annual General Meeting ("16<sup>th</sup> AGM") of Sime Darby Berhad to be held on 15 November 2022**

---

We thank you for your letter dated 7 November 2022 informing Sime Darby Berhad ("SDB" or "Company") of the issues that the Minority Shareholders Watch Group ("MSWG") intends to raise at the 16<sup>th</sup> AGM of the Company to be held on Tuesday, 15 November 2022 at 10.00 a.m.

As requested, we enclose SDB's response to the matters raised by MSWG in the letter.

Thank you.

Yours faithfully,  
**SIME DARBY BERHAD**

A handwritten signature in black ink, appearing to read "Noor Zita Hassan".

**NOOR ZITA HASSAN**  
Group Secretary

- 1. In relation to Sime Darby's Motors Division, the Malaysian operations which benefitted from the extended sales tax exemption, had an outstanding year. (page 22 of AR2022)**

**Given that the sales tax holiday has ended, to-date has all the backlog of orders for cars ordered before 30 June 2022 been delivered? How many remain outstanding?**

The Sales & Service Tax (SST) exemption for the purchase of new vehicles ended on 30 June 2022. However, the Government has extended the tax exemption to buyers who have ordered their vehicles by 30 June 2022 and are able to take delivery by 31 March 2023.

There was a large increase in orders leading up to 30 June 2022, and due to the extension, the strong new car order bank will continue to support our performance in FY2023. However, we believe that volumes will eventually normalize and reach an equilibrium.

Our Motors operations are still clearing the backlog of accumulated orders placed before the expiry of the SST exemption.

- 2. The Group have set up a new business unit, KINETA which supplies and installs EV chargers and EV charging solutions in Malaysia and Hong Kong. (page 19 of AR2022)**

- a. To-date, how many EV chargers and EV charging solutions have the Group provided in Malaysia and Hong Kong?**

- b. How many EV chargers does the Group plan to install in Malaysia and Hong Kong for financial year ending 2023?**

We are seeing growth in EV sales in all our markets. From selling almost zero EVs two years ago, EVs now make up about 9% of total vehicles sold by the Group, with the majority being in Chinese Mainland & Hong Kong.

Being the dealer for over 30 marques across Asia Pacific, we are fortunate to have a wide array of EV offerings from our automotive principals (BMW, Porsche, Hyundai, MINI) giving us an immediate entry into the EV space. We are also targeting new Chinese EV brands to broaden our offering such as BYD.

In order to participate along the value chain and to further capitalise on this dynamic trend, we established our KINETA unit to supply, install and maintain EV charging equipment for the region. KINETA has partnered with Tenaga Nasional Berhad (TNB) to install and maintain EV chargers along the North South Highway. At the moment, the numbers for KINETA are still relatively small in relation to the Group, but we are confident they will grow with the trend.

- 3. Inventory write-down and provision (net) increased to RM73 million (2021: RM44 million). (page 185 of AR2022)**

- a. What comprises the inventory that has been written down? How much of the written down inventory is still saleable?**

The Group's inventories of about RM9.2 billion consist mainly of motor vehicles, industrial equipment and parts. The total net inventory write-down and provision for FY2022 of RM73 million was about 0.8% of the carrying value of the inventories as at 30 June 2022.

Our policy is to carry inventories at the lower of cost or net realisable value. Demonstration units for our Motors business often constitute the majority of the total inventory provisions as it is our normal policy to write them down quickly. Nevertheless, demonstration units are readily available for sale and are generally sold within a year.

- b. Given that the Group inventories have increased to RM9.2 billion (2021: RM8.3 billion) (page 180 of AR2022), what is the probability of higher inventory write-down and provision in financial year ending 2023?**

The Group has made strategic inventory purchases in advance of anticipated cost increases which has resulted in a higher ending balance of RM9.2 billion. Management continues to closely monitor inventory levels to mitigate the risk of write downs.

- 4. The implementation of the new amendments to the Employment Act 1955, which include the reduction of weekly working hours in Malaysia from 48 to 45 hours and raising the monthly salary threshold for employees' entitlement to overtime benefits from RM2,000 to RM4,000, have been postponed to 1 January 2023.**

**To what extent do the amendments impact the Group financially when the new amendments are enforced?**

Being a large trading corporation, our human capital is the most important asset as they bring the commitment and dynamism to sell our products and services and engage with customers effectively. The proposed amendments to Malaysia's Employment Act are to allow employees more flexibility in their working arrangements and provide greater protection against all types of harassment and discrimination, among others.

In relation to the working hours, there is no impact, as the Group is already practicing weekly working hours of 45 hours or lesser. In terms of overtime entitlement, based on our preliminary assessment it will not have a material impact to our financial performance.

- 5. In FY2022, total cost incurred for the internal audit function at the Group was RM13.9 million (FY2021: RM16.5 million). (page 146 of AR2022)**

**What is the reason for the decrease in internal audit cost by RM2.6 million?**

The internal audit function has an important role in the Group to provide independent assurance that the organisation's risk management, governance and internal control processes are operating effectively. We have strong teams in Australasia, China, ASEAN and Information Technology, undertaking this function reflecting the scale and breadth of our operations.

The internal audit cost decreased in FY2022 due to cost management and reduced travel expenses. In addition, in FY2021, our internal audit function also incurred a one-off expenditure for the implementation of a new Audit Management Solution, resulting in higher expenses for that year.



6. **Sime Darby has departed from adopting Practice 5.9 of the Malaysian Code on Corporate Governance (MCCG), which encourages a board to comprise at least 30% of women directors.**

**Currently, Sime Darby's Board comprises twelve directors, out of whom three are female directors, representing 25% female representation at the Board level. The Company newly appointed a male Independent Non-Executive Director on 8 June 2022, to the Board (page 21 of AR2022).**

**Did the Nomination & Remuneration Committee consider any female candidate as potential director, prior to appointing a male director?**

The Board acknowledges the importance of gender diversity in the boardroom. However, the Board believes that a holistic view of diversity including diversity in professional and industry experience, age, ethnic backgrounds, personal attributes, understanding of different geographical regions as well as diversity in perspectives and skills should also be considered.

The Nomination & Remuneration Committee of Sime Darby considered both male and female candidates for appointment as Directors to the Board. Its primary focus remains identifying the best candidate as a Director of Sime Darby.