



15 November 2021

**MINORITY SHAREHOLDERS WATCH GROUP**

Tingkat 11, Bangunan KWSP  
No. 3, Changkat Raja Chulan  
Off Jalan Raja Chulan  
50200 Kuala Lumpur

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

Dear Sirs,

**FIFTEENTH ANNUAL GENERAL MEETING (“15<sup>TH</sup> AGM”) OF SIME DARBY BERHAD TO BE HELD ON 18 NOVEMBER 2021**

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We thank you for your letter dated 9 November 2021 on the issues that the Minority Shareholders Watch Group (“MSWG”) raised in relation to the 15<sup>th</sup> AGM of Sime Darby Berhad (“SDB”) to be held on Thursday, 18 November 2021.

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.

**NOOR ZITA HASSAN**  
Group Secretary

1. The Group's net profit rose by 74% YoY to RM1.4 billion (2020: RM820 million) on the back of strong performance from the Motors Division, particularly in China (page 17 of Annual Report 2021 ("AR2021")). The total dividend pay-out for FY2021 amounts to RM1.02 billion, equivalent to over 70% of the Group's net profit for the year (page 18 of AR2021).

The Government introduced a special one-off tax, 'Cukai Makmur' under the recently announced Budget 2022 which is expected to impact the Group's bottom line for financial year 2022. How and to what extent will it impact the Group dividend payout for financial year ending 2022? Will shareholders be able to continue enjoying similar dividend payout or even better, notwithstanding the higher taxation to be paid by the Group?

- The special one-off tax, "Cukai Makmur", is only applicable to individual companies with chargeable income of more than RM100 million in FY2022. As such, the introduction of such one-off tax is unlikely to materially impact the Group's dividend for FY2022.
  - The Finance Bill 2021 tabled for first reading on 9 November 2021 also proposes to tax foreign source income received in Malaysia. As the Group has significant foreign operations, the taxing of the foreign dividend income would likely impact the Group's dividend payout in the future. The actual impact of this proposal on future dividends cannot be accurately ascertained at the moment pending further clarification on the application of this proposal.
2. In the second half of 2021, the Group made strategic capital investments in SOCAR, illustrating its commitment to grow in the mobility space (page 7 of AR2021). The Group participated in SOCAR Mobility Malaysia's Series B fundraising in September 2021 (page 65 of AR2021).

**What was the investment amount for SOCAR? What are the Group's plans in terms of participating in SOCAR's future fundraising?**

- The automotive industry is at a pivotal juncture given the rapid advancement of technology from emerging trends such as electric vehicles, omni-channel sales portals, ride sharing platforms and autonomous vehicles.
- Our investment into SOCAR is part of our strategy to grow in the mobility space and future-ready our core Motors business against emerging shifts in the industry. Besides securing future profit pools in car sharing, the investment allows us to "stay on the pulse" of the evolution of the auto industry to see how consumer preferences are changing.
- Furthermore, SOCAR is already an existing strategic partner of Sime Darby Motors in the mobility ecosystem, with collaborations in new and used car sales, mobile servicing, and fleet management. This investment will bring more such opportunities with SOCAR and solidifies our partnership from a business angle.
- Overall, we have invested USD5 million in SOCAR's fundraising exercise. We will monitor the performance of our investment and keep an eye on the evolving mobility landscape, in determining whether we wish to participate in future rounds of fund raising.

- 3. In July 2021, the Industrial Division entered into an agreement to acquire Salmon Earthmoving Holdings Pty Ltd for approximately RM325 million. The acquisition was completed on 1 October 2021 (page 65 of AR2021).**

**To what extent in terms of estimated percentage of revenue contribution will Salmon Earthmoving Holdings Pty Ltd be contributing to the Group for financial year ending 2022?**

- Salmon Earthmoving Holdings Pty Ltd is predominately a dry-hire earthmoving equipment rental business operating in Queensland and New South Wales, Australia.
- Sime Darby completed the acquisition of Salmon Earthmoving Holdings Pty Ltd on 1 October 2021, following approval from the Australian Foreign Investment Review Board (FIRB).
- The acquisition supports our Industrial Division's overall strategy to become the market leader in the General Construction equipment rental space in Australia. This will be achieved by offering an expanded product range, extending our geographic footprint down the east coast of Australia (importantly New South Wales), gaining access to new customers across both the construction and resource sectors, whilst capitalising on the industry growth that is anticipated. Increased Government investment in civil infrastructure projects, along with ongoing demand for high quality metallurgical coal, is expected to drive demand for General Construction equipment rental.
- The Salmon acquisition is forecasted to contribute AUD 68 million (approx. RM 210 million) in revenue, which roughly translates to 1.3% of Industrial Division's revenue.