



14 November 2023

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,

**Seventeenth Annual General Meeting ("17th AGM") of Sime Darby Berhad to be held on
16 November 2023**

We thank you for your letter dated 8 November 2023 informing Sime Darby Berhad ("SDB" or "Company") of the issues that the Minority Shareholders Watch Group ("MSWG") intends to raise at the 17th AGM of the Company to be held on Thursday, 16 November 2023 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

Operational & Financial Matters

1. The Group's Electric Vehicles ("EVs") sales increased to 17.8% (FY2022: 4.5%) (page 12 of AR2023). In Malaysia, the Group have partnered with Build Your Dreams ("BYD") to distribute its EVs in the local Malaysian market. (pages 28&29 of AR2023)

- (a) **Of the 17.8% EVs sales, how much were from China and Malaysia? How many units of the Group's EVs were sold in Malaysia for FY2023 and to-date?**

For FY2023, EVs comprised 17.8% of new vehicles sold by the Group as compared to 4.5% in FY2022. Out of this, Malaysian operations contributed 24.6% of the EV sales mainly from BMW and BYD models, while China, Hong Kong & Macau operations contributed 53.1% with the bulk coming from BMW models.

- (b) **How will the Group's electric vehicle models compete against the likes of Neta V or Chery? What are the competitive advantages of the Group's EVs?**

(i) The EV models offered by Sime Darby are mainly in the premium & luxury segments, which are in a different segment from Neta V and Chery. Our cheapest EV is the BYD Dolphin (approximately RM100,000) that is a reliable EV and able to compete at this price point.

(ii) Overall, Sime Darby offers our EV customers a unique value proposition as follows:

(a) We provide a broad spectrum of products in respect of pricing, models, brands etc., ranging from premium & luxury (BMW, Porsche) to mass market (BYD, Hyundai) catering to all segments of the market; and

(b) We offer a complete suite of solutions to our customers, extending beyond retail & distribution, into aftersales, maintenance, parts, body & paint and EV charging solutions to support their needs. While sales is a one-time experience, after-sales and charging solutions allow us to maintain a long-term relationship with our customers, which is crucial given EVs are a relatively new product in the market.

- (c) **With Malaysia Government's announcement on several incentives for EVs, to what extent will there be a significant pick up for the Group's EVs, going forward?**

With the Malaysia Government incentives, we have already seen a great pick-up in EVs in Malaysia. From selling almost zero EVs two years ago, EVs now make up about 30% of total vehicles sold in Malaysia, year to date.

We believe that demand for EVs will continue to rise, so long as charging infrastructure can catch up to relieve range anxiety. In addition, the introduction of more models in the mass market segment will broaden the offering to cater to all consumer needs.

2. The Group made its foray into the Indonesian automotive market through a joint venture company, PT Performance Motors Indonesia (page 13 of AR2023) which was established with the Galeon Group to operate two BMW dealerships in Jakarta and Medan (page 112 of AR2023).

What was PT Performance Motors Indonesia contribution to the Group's results for FY2023? What is the Group's target sales for the Indonesian market? To what extent does the Group expect PT Performance Motors Indonesia to contribute to the Group's results for financial year ending 2024?

In April 2023, Sime Darby entered the Indonesian market via a partnership with Galeon Group for BMW dealerships in Jakarta and Medan. PT Performance Motors Indonesia's contribution to the Group's FY2023 results was not significant as we just took over the business; however, we are positive that earnings will grow along with the market.

Indonesia is projected to be the world's fourth largest economy by 2030, boasting the biggest and fastest-growing automotive market in Southeast Asia. The passenger vehicle market is expected to grow at 6% p.a. while the luxury segment is expected to grow 8% p.a. from 2022 to 2030 as Indonesia has a rapidly growing middle and upper middle class, reminiscent of China.

We believe that Sime Darby will greatly benefit from this Indonesian partnership due to the the potential of the Indonesian market as well as our partner's extensive experience and local knowledge.