

SIME DARBY BERHAD

SALE OF FIFTEEN (15) UNITS OF CENTRE PIAZZA DOUBLE STOREY KIOSK WITH CENTER STAGE AND WATER FEATURES POOL AND A RETAIL MALL CONSISTING OF SIXTY ONE (61) UNITS OF RETAIL SHOPS OVER TWO (2) LEVELS

1. INTRODUCTION

Sime Darby Ara Damansara Development Sdn Bhd (“SDAD”), an indirect wholly-owned subsidiary of Sime Darby Berhad (“Sime Darby”), and Sime Darby Brunfield Holding Sdn Bhd (“SDBH”), an indirect subsidiary of Sime Darby, has on 14 September 2012 entered into seventeen (17) separate Sale and Purchase Agreements (“SPAs”) with Brunfield Oasis Square Sdn Bhd (“BOSSB”) for the sale of the Kiosks (as hereinafter defined) and the Oasis Retail Mall (as hereinafter defined) (collectively referred to as, “Properties”) by SDBH to BOSSB, at a total cash consideration of RM82,535,297.00 (“Sale”).

2. DETAILS OF THE SALE

2.1 Information of the Properties

SDAD is the registered and beneficial owner of a piece of land held under HS(D) 111073, PT 9 in the Mukim of Damansara, District of Petaling, State of Selangor (“Land”). Pursuant to the Agreement for Development of Land dated 12 October 2006 entered into between SDBH and SDAD, SDAD has granted the rights to SDBH to develop a portion of the Land into, amongst others, the following for commercial use (“Development”) and to sell the Development on the Land:-

- i) fifteen (15) units of centre piazza double storey kiosk with center stage and water features pool (“Kiosks”); and
- ii) a retail mall consisting of sixty one (61) units of retail shops over two (2) levels (“Oasis Retail Mall”).

The details of the Properties are as follows:-

	Description	Built up area (square meters)	Consideration/ Purchase Price (RM)
1.	Kiosks	7,103.10	50,462,597.00
2.	Oasis Retail Mall	5,417.45	32,072,700.00
Total			82,535,297.00

2.2 Salient Terms of the SPAs

The salient terms of the SPAs include, inter-alia, the following:-

- i) The purchase price shall be paid by BOSSB in cash in accordance with the following terms of the SPAs:-
 - a) 10% will be paid upon signing of each of the SPAs; and
 - b) 90% will be paid within three (3) months from the date of each of the SPAs.

- ii) in the event any sums due by BOSSB to SDBH under the provisions of the SPAs shall remain unpaid at the expiration of a period of fourteen (14) days from the issuance of notices, the interest on such unpaid sum and/or sums shall commence immediately thereafter and shall be payable by BOSSB to SDBH, such interest to be calculated on day to day basis from the date due until full payment at the rate of ten per centum (10%) per annum.

The Properties are disposed free from any encumbrances, with vacant possession and subject to all express conditions of title and restrictions in interests endorsed on the document of title to the Land and on the strata title to the Properties.

2.3 Basis of the sale consideration

The total sale consideration of the Properties was arrived after taking into consideration the current market price of properties in the surrounding area. The Properties were valued at RM75,030,000.00 by Henry Butcher Malaysia Sdn Bhd in its report dated 13 April 2011 ("Valuation Report"). The valuation on the Properties was carried out on 11 April 2011 based on the comparison method.

The expected gain to SDBH in aggregate from the Sale is RM7.7 million. Based on the Valuation Report, the selling price of the Properties is 10% above the valuation of the Properties.

2.4 Utilisation of Proceeds

The proceeds from the Sale will be used for working capital requirements of SDBH.

3. INFORMATION OF THE PARTIES

3.1 Information on SDAD

SDAD is a wholly-owned subsidiary of Sime Darby Property Berhad ("SDPB"), which in turn is a wholly-owned subsidiary of Sime Darby.

SDAD is a private limited company incorporated in Malaysia on 13 December 1991 under the Companies Act, 1965. SDAD has an authorised share capital of RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each and an issued and paid-up share capital of RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each. The principal activity of SDAD is property investment and development.

3.2 Information on SDBH

SDBH is a 60%-owned subsidiary of SDPB, which in turn is a 100%-owned subsidiary of Sime Darby. The remaining 40% shareholding in SDBH is held by Brunsfield Metropolitan Sdn Bhd ("BMSB"). Dato' Dr Ir Gan Thian Leong and Encik Mohamad Hassan bin Zakaria are directors and major shareholders of SDBH (indirectly through BMSB).

SDBH is a private limited company incorporated in Malaysia on 8 February 2006 under the Companies Act, 1965. SDBH has an authorised share capital of RM1,000,000.00 comprising 1,000,000 ordinary shares of RM1.00 each and an issued and paid-up share capital of RM1,000,000.00 comprising 1,000,000 ordinary shares of RM1.00 each. The principal activity of SDBH is property development and investment holding.

3.3 Information on BOSSB

BOSSB is a subsidiary of Brunfield Property Holdings Sdn Bhd (“BPH”). Dato’ Dr Ir Gan Thian Leong and Encik Mohamad Hassan bin Zakaria are directors and major shareholders of BOSSB.

BOSSB is a private limited company incorporated in Malaysia on 8 June 2010 under the Companies Act, 1965. BOSSB has an authorised share capital of RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each and an issued and paid-up share capital of RM250,000.00 comprising 250,000 ordinary shares of RM1.00 each. The principal activity of BOSSB is property investment.

4. RATIONALE

SDBH is principally involved in property development activities and the Sale is in the ordinary course of business of SDBH. The Sale would allow Sime Darby and its subsidiaries (“Sime Darby Group”) to optimise the allocation of its capital in order to maximise its returns on investments through the utilisation of the proceeds from the Sale.

5. FINANCIAL EFFECTS

The Sale will not have a material effect on the earnings per share, net assets per share, gearing, share capital and substantial shareholders’ shareholding of Sime Darby for the financial year ending 30 June 2013.

6. APPROVALS REQUIRED

The Sale is not subject to the approval of shareholders of Sime Darby or any other authorities/parties.

7. DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTERESTS

Save as disclosed below, none of the directors and/or major shareholders of Sime Darby or SDBH or SDAD and/or persons connected to them has any interest, direct or indirect, in the Sale:-

- i) Dato’ Dr. Ir Gan Thian Leong, a director of SDBH, is also a major shareholder of SDBH and BOSSB.
- ii) Encik Mohamad Hassan bin Zakaria is a director and a major shareholder of SDBH and BOSSB.
- iii) Encik Gan Tien Chie, a director of BOSSB, is the brother of Dato’ Dr. Ir Gan Thian Leong.

Dato’ Dr. Ir Gan Thian Leong and Encik Mohamad Hassan bin Zakaria have abstained from deliberating and voting in respect of the Sale at the board meeting of SDBH.

8. TRANSACTIONS FOR THE PRECEDING 12 MONTHS

The transactions between the subsidiaries of Sime Darby which involve the same related parties for the preceding 12 months, from September 2011 to September 2012, are as follows:-

Transacting Parties	Nature of Transaction	Amount (RM)
Sime Darby Brunfield Darby Hills Sdn Bhd, Sime Darby Brunfield Motorworld Sdn Bhd and Sime Darby Property Holdings Sdn Bhd	Shareholders' Agreement and Sale and Purchase Agreement	29,800,000.00
Sime Darby Ara Damansara Development Sdn Bhd, Sime Darby Plantation Sdn Bhd and Sime Darby Brunfield Holding Sdn Bhd	Sale and Purchase Agreement	248,000,000.00

9. GOVERNANCE & AUDIT COMMITTEE'S STATEMENT

The Governance & Audit Committee of Sime Darby, having considered all aspects of the Sale including but not limited to the rationale as discussed in Section 4 above, is of the opinion that the Sale is:-

- i) in the best interest of Sime Darby;
- ii) fair, reasonable and on normal commercial terms; and
- iii) not detrimental to the interest of the minority shareholders of Sime Darby.

10. OTHER MATTERS

10.1 Percentage Ratio

The highest percentage ratio applicable to the Sale pursuant to Paragraph 10.02(g) of Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 0.31% based on the latest audited consolidated financial statements of Sime Darby for the financial year ended 30 June 2011.

10.2 Estimated time frame for the Sale

Barring any unforeseen circumstances, the Sale is expected to be completed within 4 months from the date of the SPAs, unless otherwise extended.

10.3 Documents available for inspection

The SPAs are available for inspection at the registered office of Sime Darby at 19th Floor, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur during normal office hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 14 September 2012.