



MINORITY SHAREHOLDER WATCHDOG GROUP
Shareholder Activism and Protection of Minority Interest

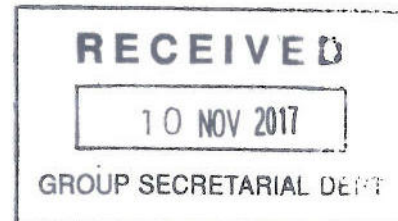
10 November 2017

BY FAX/HAND

(Fax No.: 603-27190044)

The Board of Directors
Sime Darby Berhad
 19th Floor, Wisma Sime Darby
 Jalan Raja Laut
 50350 Kuala Lumpur

Attention: **Puan Norzilah Megawati Abdul Rahman**
 Company Secretary



Re: **Eleventh (11th) Annual General Meeting (AGM) of Sime Darby Berhad ("SDB" or "the Company") on 20 November 2017 at 10.00am**

In the interest of minority shareholders and all other stakeholders of the Company, we would like to raise the following issues at the Eleventh (11th) Annual General Meeting of Sime Darby Berhad:-

Strategic/Financial matters

1. The Industrial Division recorded higher revenue of RM10.13 billion in FY2017 compared to RM9.95 billion recorded in FY2016. However, the Profit Before Interest & Tax (PBIT) had declined from RM341 million for FY2016 to a loss of RM4 million for FY2017.

- (a) One of the main item that had impacted the profitability of the Division in FY2017 was the impairment on the Bucyrus goodwill and distribution rights amounted to RM214 million.

What were the events that had triggered the goodwill impairment?

- (b) What was the contribution from the New Perkins dealership that was set up in the FY2017?

2. In May 2017, the Motors Division sold its Peugeot, Citroen and D5 distribution businesses in Australia and New Zealand.

What was the contribution from these brands in FY2017 and how would the divestment expected to impact the bottom line of the Motor Division moving forward?

3. The Profit Before Interests and Taxes (PBIT) for the Logistics Division declined by 38% from RM103 million in FY2016 to RM64 million in FY2017. The decline was partly due to higher operating expenses caused by the tighter environmental control by the authorities.

Would the operating expenses expected to accelerate further in FY2018 and what are the initiatives implemented to control the expenses?

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

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Sime Darby Berhad
11st AGM, 20 Nov 2017
Page 2 of 3

4. The Company made an impairment loss of RM202 million in respect of the oil palm estates in Sime Darby Plantation (Liberia) ("SDP Liberia") due to the losses suffered by SDP Liberia for the financial ended 30 June 2017.
- How was the loss of SDP Liberia for FY2017 compared with losses in the earlier years and would the loss expected to continue in the coming years?
 - What are the expected major challenges for the plantation operations in Liberia and how would the Company overcome or mitigate the impact from these challenges?
 - Would there be aggressive planting activities planned for the next 3 to 5 years?
 - In July 2017, the Division obtained the ECOWAS certification in Nigeria which exempt its CPO & PK exports to West African countries from any export and import duties.

How would the exemption benefit the Division and what is the exemption period granted under the ECOWAS certification?

5. In FY2017, the Property Division recorded a Profit Before Interest and Tax (PBIT) of RM801 million, down 32.1% from RM1.18 billion in FY2016.
- What was the unbilled sale for the Division as at 30 June 2017?
 - What are the projects scheduled to be launched in FY2018 and what is the total GDV of these projects?
 - Following the commencement of handover of Phase 1 of the Battersea Power Station Project, the Group recognised the share of profit from the Project amounted to RM140 million in FY2017.

When would the handover expected to complete and what would be the expected revenue to be recognized in FY2018?

Corporate Governance

We noted that the total cost incurred for the internal audit function during the FY2017 was RM28.5 million which was significantly lower than the amount of RM44.2 million incurred in FY2016.

What were the factors that had caused significant decline in the internal audit cost in FY2017?



Sime Darby Berhad
11st AGM, 20 Nov 2017
Page 3 of 3

We would appreciate if the Board could present the points raised by us and the related answers for the shareholders present at the forthcoming AGM. At the same time, we await a written reply as soon as possible for our record and posting into our website for the benefit of all stakeholders.

Thank you.

Yours sincerely,



LYA RAHMAN
General Manager

LR/LH/2017