

**MINORITY SHAREHOLDER WATCHDOG GROUP (MSWG)
40th Annual General Meeting of Far East Holdings Berhad (“FEHB”)**

Strategic/Financials

1. What are the steps and measures taken by the Board to sustain higher production and improve the average age profile of its palm trees? Has the Board formulated a replanting policy and replanting programs?

Answer:-

To sustain higher production and improve the average age profile of its palm trees:-

In order to sustain production, FEHB adopts best agronomic practice, optimize productivity from the existing plantations and establish more efficient management practices. A continuous effort has been made to ensure that Good Agricultural Practices are adopted in all stages of plantation operations from nursery preparation and field planting.

Followings are some of the steps taken by the Group to ensure sustainable high yield:-

- (i) Using the proven high yield planting material such as FELDA Yanganbi and Ramet clonal tissue planting material in our new planting and replanting programme. High yield planting material selection is based on FFB yield and oil yield to improve the OER. This is essential to replace the older clones that produce reasonable FFB yield but low oil yield.*
- (ii) Maximizing the land use as all low lying areas were fully planted on cambered bunds approach to ensure all palms survived any flooding thus eliminating any vacant areas.*
- (iii) Practicing Good Agriculture Practice with collaboration with Budi JS Plantation Management as our Planting Advisor and Agronomist with holistic approach of optimal manuring and minimal chemical use.*

In order to improve the age profile, FEHB would revise its replanting program regularly. Currently, FEHB has a fair distribution of palm age profile with 73% of the area is below 25 years old.

Replanting policy and replanting program:

The replanting policy adopts by the Group are as below:-

- (i) Age palm more than 25 years, if the palms are not producing good yield;*
- (ii) Height - 35 feet tall and if the palms cannot be harvested.*
- (iii) Yield - less than 18 tonnes / ha / annum. Yield profile is the decisive factor in the most areas replanted. The palm yield dropped not just due to the age but due to the palm height that hampers any harvesting effort.*

2. How readily prepared is the Group when the Malaysian Sustainable Palm Oil (MSPO) be made mandatory for oil palm planters in Malaysia with a grace period of three to five years from now? Has the Group currently attained RSPO certified sustainable palm oil planter since it has adopted the Malaysian Palm Oil Board Code of Practice and awarded the Certificate of Compliance to the Code?

Answer:-

We are ready for MSPO (Malaysian Sustainable Palm Oil) Certification as our processes, procedures, human resources and infrastructures are in place. This is in view of our MPOB-COP certification process that we had obtained since 2009. Our current effort is to pursue the ISCC (International Sustainability and Carbon Certification) Certification from the EU. We will proceed with the MSPO certification once the MPOB-MSPO certification body commence with the certification process.

Currently we are not pursuing the RSPO (Roundtable On Sustainable Palm Oil) Certification.

3. The Group's capital commitments stood at RM63.82 million as at 31 December 2013. The amount for oil palm plantation development was RM16.75 million and the amount for acquisition of land was RM40 million.

Is there any plan by the Board to venture outside the State of Pahang for acquisition of land and outside Malaysia for the development of the Group activities?

Answer:-

FEHB is always looking for opportunities to venture not only in the State of Pahang but also outside Malaysia. An allocation of RM40 million has been provided for any potential land to be acquired (if any) or joint venture with other interested companies for oil palm development.

4. It is acknowledged that the Goods and Service Tax (GST) will be implemented by April 2015.

How does the Board assess the impact of the GST on the business services rendered by the Group Activities of its plantation operations, particularly the sales of its palm related products?

Answer:-

The Board had taken the necessary steps towards the GST implementations which includes preparing the company's personnel with GST knowledge and also to upgrade the accounting software in order to be GST compliant.

The Board does not anticipate significant increase in the cost of doing business as the GST is a consumption tax and will be borne by the consumer. We do not anticipate significant reduction in the sales of the Group's oil palm and related products with the imposition of GST as the goods manufactured from palm oil are mainly consumables such as cooking oil, margarines, washing detergents or soap etc. The demand for such fast moving consumer goods should remain fairly strong post GST era.

5. What is the status of the material litigation reported in Note 30 on pages 108 – 111 of the Annual Report between FEHB and Kampong Aur Oil Palm Company Sdn Bhd as Plaintiffs and Majlis Ugama Islam dan Adat Resam Melayu Pahang as Defendant since 2012?

Answer:-

As disclosed in the Annual Report, FEHB and KAOP as well as MUIP had filed a notice of appeal to the Court of Appeal against the Judgment and Order by the Learned Judicial Commissioner Datin Azizah binti Nawawi on 19 February 2014.

The hearing of the appeals would be held on 3 September 2014.

Corporate Governance

1. We noted that the remuneration for both the EDs and NEDs was not disclosed according to the band of RM50,000 which is not in compliance with Chapter 9, Appendix 9C, Part A, 11 (b) of the Main Market Listing Requirements. Please explain.

Answer:-

The disclosure in our 2013 Annual Report was made in aggregation to the nearest amount paid.

We take note of the comment and will disclose accordingly in future.

2. We would also like to encourage the Board to have Minutes of the AGM published on the Company's website to be in line with the spirit of transparency and good Corporate Governance practices based on the ASEAN CG Scorecard which is being used to assess the level of CG standards of PLCs in Malaysia by MSWG.

Answer:-

We take note of the recommendation made by MSWG.