

Strategy/Financial

1. Page 38 of Annual Report showed that 26% of the crops in the developed area are old palms aged 19 and above. As stated in the Management Discussion and Analysis, the Company have been aggressively optimizing the average age of the plantations with the new developed areas and focusing on replanting activities. In FY2016, the Company incurred a replanting cost of RM4.1 million.

(a) Could the Board share the details, such as the location, hectarage, etc of the new developed areas and the development schedule for the areas?

The new developed area is located at Rangkaian Estate, Rompin covering 1,435.80 hectares. The area had been fully developed.

(b) What was the replanted hectarage in FY2016?

No.	Estates	Hectare
1.	Bukit Serok Estate	159.30
2.	Dawn Estate	245.80
3.	Kampong Aur Estate	338.80
4.	Sungai Gayung Estate	31.20
Total		775.10

The total replanting cost for FY2016 was RM4,105,067.

(c) What is the hectarage scheduled for replanting and the cost expected to be incurred in FY2017?

The Replanting Policy of the Group is 2%-5% of the total planted areas subject to the criterias as follows:

- (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; and*
- (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.*

The replanting cost of RM785,160 (RM4,684 per hectare) has been provided in FY2017.

- (d) What is the current average age profile of the palm trees and what is the targeted average age profile to be achieved?

For the period ended 31 March 2017, the age profile was as follows:

Category	Hectare	Acre	%
>19 years (old palms)	5,618.70	13,883.81	27
7-18 years (prime palms)	12,207.05	30,163.62	58
4-6 years (young palms)	1,843.40	4,555.04	8
1-3 years (immature)	1,498.10	3,701.80	7
Total Area	21,167.25	52,304.27	100

The current average age profile of the palm trees is 13 years.

2. It was recently reported that the MSPO certification compliance will be made mandatory for Malaysian plantations by end of 2019. As stated in the reply to MSWG's queries in FEHB's 42nd AGM in 2016, full MSPO certification of the Group would be completed in year 2018.

- (a) Are the activities in pursuing the full MSPO certification on track?

Yes, it is on track. The Group had enrolled five (5) estates in 2016 for MSPO certification namely Kampong Aur, Dawn, Cempaka, Bukit Serok and Sungai Seraya.

The Group has yet to receive the certification as the final report from the Certification Body is still under Peer Review.

On the 17 May 2017, the Group had also started the MSPO certification programme for another 6 estates namely Bukit Jin, Sungai Rasau, Sungai Batu, Chengal, Sungai Gayung and Sungai Marung.

Another two estates namely Delima and Rangkaian will start the MSPO certification programme in 2018.

- (b) What are the key challenges in the process and how does the Board address them?

- ❖ *Creating and implementing new policies and procedures.*
- ❖ *Upgrading the existing infrastructures to meet the requirement of the standards*
- ❖ *Creating awareness on safety, environment protection and sustainability.*

The Board addressed these issues primarily with training to the management, staffs and workers. The Group also invested in upgrading the infrastructures and safety.

- (c) What would be the estimated budget for the certification?

The amount provided in FY2017 for ISCC and MSPO are as follows:-

<i>Certification</i>	<i>Certification Expenses</i>
<i>ISCC</i>	<i>RM175,000</i>
<i>MSPO</i>	<i>RM30,500</i>

3. We noted that the Group had increased the “Investment in fund management” significantly from RM165,182 to RM3.24 million during the year 2016.

- (a) Could the Board share the details of the invested?

Investment in fund management of RM3.24 million during the year of 2016 was a short term investment placed in AmFunds Management Berhad.

- (b) What was the rate of return recorded in FY2016?

3.15% - 3.20% per annum.

- (c) What is the Board’s view on the risks associated with the investment and how the Board managed these risks?

It is the investment with low risk and the placement is done for a short term period.

4. As reported in the Corporate Sustainability Statement, the Group is committed to the Occupational Safety & Health (“OSHA”) at the work place. Towards this, the Group has established a Group Safety & Health Department and OSHA Sub-Committee at every operating unit to ensure that OSHA Policy put in the place is complied with.

- (a) Could the Board provides the data related to OSHA issues, such as number of accidents, lost time injury, etc for FY2016. We hope these data would be provided in the future annual reports.

The number of accidents and lost time injury are as follows:-

<i>Year</i>	<i>No of Accidents</i>	<i>No of Fatality</i>	<i>No of Lost Mandays Due To Accidents</i>
<i>2015</i>	<i>12</i>	<i>-</i>	<i>41</i>
<i>2016</i>	<i>9</i>	<i>-</i>	<i>32</i>

- (b) What is the annual budget allocated for OSHA activities to ensure effective implementation of the Occupational Health and Safety Management?

The amount provided in FY2017 for OSHA was RM130,000.

Corporate Governance

1. Under Chapter 15, Section 15.08A, Part 3 of the Main Market Listing Requirements, the Company must provide, in its Annual Report, a statement about the activities of the Nominating Committee in discharging its duties for the financial year which should include a policy in board composition having regard to the mix of skills, independence and diversity (including gender diversity).

We have, again noted that there was no disclosure of the Company's gender diversity policy in the FY2016 Annual Report despite that the Board had in the reply to our letter dated 19 May 2016 stated that the Board noted the recommendation.

What was the reason for the Board's hesitancy in disclosing the gender diversity policy in the Annual Report.

The Group supports the Code of Corporate Governance in Gender Diversification. In fact, for the past few years, we have women Directors in FEHB's Board. The last Director in position was Ms Ng Yee Kim who resigned on 11 July 2012. Currently, we have women in position at Senior Management Level namely the General Manager, Secretarial and Corporate Affair Manager and Finance Manager.

2. At the 42nd AGM of the Company held on 25 May 2016, YH Dato' Tan Bing Hua, who is above the age of 70, was reappointed pursuant to Section 129 of the repeated Companies Act 1965 to hold office until the conclusion of 43rd AGM. His term of office therefore will technically end at the conclusion of the 43rd AGM irrespective of no age limit for directors under the new Companies Act 2016.

In view that there was no resolution tabled for YH Dato' Tan Bing Hua to continue to act as Directors of the Company, could the Board advise whether YH Dato' Tan Bing Hua would be re-appointed as Director of the Company by the Board?

As the Companies Act 1965 repealed, Section 129 is no longer applicable and there is no bar limit of the Director's age. As such, the Board as at 29 March 2017 resolved that YH Dato' Tan Bing Hua will remain as FEHB's Board upon his retirement.