



MINORITY SHAREHOLDER WATCHDOG GROUP
Shareholder Activism and Protection of Minority Interest

19 May 2016

BY FAX/EMAIL

(Fax No: 609-513 6211)

The Board of Directors

Far East Holdings Berhad

Suite 5 & 6, Tingkat 8, Kompleks Teruntum
Jalan Mahkota, 25000 Kuantan
Pahang Darul Makmur

Attention: Puan Asmin Binti Yahya
Puan Noor Anisah Binti Sabarudin
Company Secretaries

Dear Sir,

Re: 42nd Annual General Meeting (AGM) of Far East Holdings Berhad ("The Company" or "FEHB") on 25 May 2016 at 10.00am

In the interest of minority shareholders and all other stakeholders of the Group and the Company, we would like to raise the following issues at the 42nd Annual General Meeting of Far East Holdings Berhad:

Strategy/Financial

1. As stated in the Management's Discussion and Analysis, the production cost for both FFB and CPO for FY2015 had increased in line with the increase in fertilizer prices and processing cost.
 - (a) Are the fertilizer sourced from the local suppliers? What are the factors that would likely affect the fertilizer prices?
 - (b) What is the current fertilizer cost per year and the percentage to the total production cost?
 - (c) Would the Board foresee any significant increase in fertilizer cost in 2016 and what measures would be taken to minimize the adverse impact from the price increase?
2. We noted that 22,290 hectares of land owned by the Group are concentrated in Pahang, out of which 21,373 hectares or 96% are planted. As stated in the Group Executive Chairman's Statement, the Group will endeavor to expand its plantation hectareage by acquiring land not only in Malaysia, but beyond its shores.

Is there any potential acquisition identified currently?

3. As reported in the Group Executive Chairman's Statement, currently, one of the Group's mill and two of its estates had been awarded with Certification of Compliance to the Malaysian Palm Oil Board Code of Practices.

Would the Board pursue the certification for other estates and mills? What is the estimated timeframe for the Group to achieve the full certification?

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

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4. Note 30 to the Financial Statements on Material Litigation reported a pending legal case between FEHB and Kampung Aur Oil Palm Company Sdn Bhd (KAOP) and Majlis Ugama Islam dan Adat Resam Melayu Pahang.
 - (a) What was the accumulated legal fees incurred to-date and the amount expected to be incurred in the coming years? Was the expected amount provided in the accounts for FY2015?
 - (b) What was the advice from the Company's solicitors on the probable outcome of the Court's decision?
 - (c) Could the Board share with the shareholders the estimated financial impact on the Group in the event the decision is not in favour of the Company?

Corporate Governance

1. In accordance with the Recommendation 2.2 of the MCCG2012 (the Code), the Board should explicitly disclose in the annual report its gender diversity policies and targets and the measures taken to meet those targets. Also, 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 on board composition having regard to the mix of skills, independence and diversity (including gender diversity). In this respect, we noticed that the Board has addressed the board composition in the areas of mix of skills and independence but there was no disclosure on the policy for gender diversity.

We hope the Board would look into this disclosure as required under MCCG 2012 and the Main Market Listing Requirements in the future Annual Reports.

2. To publish the Company's Memorandum and Articles of Association ("M & A") on the Company's website for the benefits of all shareholders

We would appreciate if the Board could present the points raised here, and their related answers, for shareholders present at the forthcoming AGM. At the same time, we await a written reply as soon as possible for our records, and for posting on our website for the benefits of all stakeholders.

Thank you.

Yours sincerely



LYA RAHMAN
General Manager
Corporate Services

RBB/LY/LH/AGM2016