



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

8 June 2022

BY EMAIL

The Board of Directors
FAR EAST HOLDINGS BERHAD
Level 23, Menara Zenith
Jalan Putra Square 6
25200 Kuantan
Pahang

Attention: Cik Noor Anisah binti Sabarudin
Company Secretary

Dear Directors,

Re: 48th Annual General Meeting ("AGM") of Far East Holdings Berhad ("FAR EAST" or the "Company") to be held on Wednesday, 15 June 2022

In the interest of minority shareholders and all other stakeholders of the Company, we would like to raise the following questions: -

Operational & Financial Matters

1. The Group registered an 8.4% decline in FFB production to 289,985MT in FY2021. However, the yield improved in most estates in the last 4 months of 2021. The Group recorded higher FFB yield of 17.01MT per hectare compared to the average yield in Pahang State and Peninsular Malaysia in 2021 of 15.43MT per hectare and 16.24MT respectively. (page 44 of Annual Report (AR) 2021)
 - (a) What are the reasons for the improvement in yield in the last 4 months of 2021?
 - (b) Did the yield improvement sustain into the first 5 months of this year?
 - (c) What is the outlook for the remaining of 2022?
2. In FY2021, the average cost of FFB for the Group is recorded at RM246 per MT, 20% higher compared to the previous year of RM205 per MT, mainly due to higher

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

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No. 30, JALAN SULTAN ISMAIL

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fertiliser cost and continuous maintenance work on roads and drains especially in flood prone areas. The Group closely monitors the operating expense at estate level as part of the cost control initiatives. (page 45 of AR 2021)

- (a) How much was the increase in fertiliser cost in FY2021 compared to FY2020? How is the trend since the end of 2021?
 - (b) How much did the Group spend on maintenance work on roads and drains last year?
3. In FY2021, 205.40 hectares had been replanted and this reflects the Group's continuous efforts to improve its age profile and achieve better yields. 670 hectares are scheduled for replanting from 2022 to 2025. (page 46 of AR 2021)
- (a) How much did the Group spend to replant 205.4 hectares in FY2021?
 - (b) What is the estimated capex to replant 670 hectares over the next 4 years?
4. The Group's revenue from milling operations declined 5% to RM533.10 million in FY2021, mainly due to lower FFB processed by both mills. KKSB and WWSB recorded a total of 435,520MT FFB processed, down 13% year-on-year. The production capacity of both mills remains at 60MT per hour. (page 46 of AR 2021) *- ms Selly*
- (a) What was the average utilisation rate for both mills in FY2021?
 - (b) What is the current average utilisation rate?
5. For FY2021, the Group reached a total headcount of 271 people made up primarily of employees in estates who represent 56% of Group's employees. The number of foreign labourers had decreased from 655 in FY2020 to 512 in FY2021. The Group's human capital policy calls for fair and equal opportunities where the remuneration policy strives to be competitive and rewarding performance without discrimination of any form. In support of national initiatives, the Group complies with the national minimum wage requirement. (page 47 of AR 2021)
- (a) How many of the Group's workers are earning minimum wage?
 - (b) How much additional labour cost per year will the Group incur from the increase in minimum wage from RM1,200 to RM1,500/month?

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(c) Do you have any plans to hire more foreign workers? How many additional workers do you need to run at optimal capacity?

6. The Group's financial result for FY2022 is expected to be commendable on the back of stable FFB production and favorable average CPO and PK prices. (page 48 of AR 2021)

What is the Group's projected growth in FFB production for FY2022?

Corporate Governance Matters

7. Practice 5.2 of the Malaysian Code on Corporate Governance 2021 stipulates that at least half of the board should comprise of Independent Directors. As at FYE 2021, only 3 out of 9 of the Company's directors were Independent Directors and this is not in line with Practice 5.2. Does the Company intend to apply Practice 5.2, and if yes, by when?
8. Practice 5.8 of the Malaysian Code of Corporate Governance stipulates that the Nomination Committee should be chaired by an Independent Director or the Senior Independent Director. For FYE 2021, the company did not apply Practice 5.8. Does the Company intend to apply Practice 5.8, and if yes, by when?

Please present the questions raised herein, and the related answers, to the shareholders present at the forthcoming AGM. At the same time, we await a written reply as soon as possible for our records.

Thank you.

Yours sincerely



Devanesan Evanson
Chief Executive Officer
DE/JT/FRONTKEN/AGM2022

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